



CONTRACT TO CHARTER A PUBLIC SCHOOL ACADEMY  
AND RELATED DOCUMENTS

ISSUED TO

ISLAND CITY ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

BY THE

CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)

JULY 1, 2021

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**REAUTHORIZING RESOLUTION**

**REAUTHORIZATION OF PUBLIC SCHOOL ACADEMY****Island City Academy**

## Recitals:

1. At its December 17, 2015, meeting this board authorized the issuance of a contract to charter as a public school academy to Island City Academy. On July 1, 2016, the contract was effective.
2. The contract of this academy expires June 30, 2021.
3. The Governor John Engler Center for Charter Schools has completed its evaluation and assessment of the operation and performance of Island City Academy.
4. The university president or designee has recommended the reissuance of a contract to charter as a public school academy to Island City 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 Island City 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 Island City 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 Island City Academy is able to comply with all terms and conditions of the contract.

CMU BDT APPROVED

Date: 12/3/2020Signature: Mary Jane Flanagan





**BOARD OF TRUSTEES**

**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.

**CMU BDT APPROVED**

Date: 2/15/18  
Signature: *My Hancock*

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

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

### **Method of Selection and Appointment**

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

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

Date: 2/15/18

Signature: my Hanagar

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

### **Length of Term**

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

### **Removal and Suspension**

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

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

### **Number of Directors**

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

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

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

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

CMU BDT APPROVED

Date: 2/15/18

Signature: m. J. Flanagan

### **Oath of Public Office**

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

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

Amended by Board of Trustees: 18-0215

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

CMU BDT APPROVED

Date: 2/15/18

Signature: my Hanegea

**TERMS AND CONDITIONS OF CONTRACT**

**TERMS AND CONDITIONS  
OF CONTRACT**

**DATED: JULY 1, 2021**

**ISSUED BY**

**CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES**

**CONFIRMING THE STATUS OF**

**ISLAND CITY ACADEMY**

**AS A**

**PUBLIC SCHOOL ACADEMY**

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

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

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

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

WHEREAS, the Central Michigan University Board of Trustees has considered and has approved the issuance of a contract to Island City 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 Island City 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. Certain Definitions. 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 Island City 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 December 3, 2020, 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 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, 2021, Issued by the Central Michigan University Board of Trustees Confirming the Status of Island City 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. Captions. The captions and headings used in this Contract are for convenience only and shall not be used in construing the provisions of this Contract.

Section 1.3. Gender and Number. The 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. Statutory Definitions. Statutory terms defined in the Code shall have the same meaning in this Contract.

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

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

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

## **ARTICLE II**

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

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

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

Section 2.3. Financial Obligations of the Academy Are Separate From the State of Michigan, University Board and the University. Any contract, mortgage, loan or other instrument of indebtedness entered into by the Academy and a third party shall not in any way constitute an obligation, either general, special, or moral, of the State of Michigan, the University Board, or the University. Neither the full faith and credit nor the taxing power of the State of Michigan or any agency of the State, nor the full faith and credit of the University Board or the University shall ever be pledged for the payment of any Academy contract, mortgage, loan or other instrument of indebtedness.

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

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

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

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

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

Section 3.2. University Board as Fiscal Agent for the Academy. The University Board is the fiscal agent for the Academy. As fiscal agent, the University Board assumes no responsibility for the financial condition of the Academy. The University Board is not liable for any debt or liability incurred by or on behalf of the Academy Board, or for any expenditure approved by or on behalf of the Academy Board. Except as provided in the Oversight, Compliance and Reporting Agreement and Article X of these Terms and Conditions, the University Board shall promptly, within ten (10) business days of receipt, forward to the Academy all state school aid funds or other public or private funds received by the University Board for the benefit of the Academy. The responsibilities of the University Board, the State of Michigan, and the Academy are set forth in the Fiscal Agent Agreement incorporated herein as Schedule 3.

Section 3.3. Oversight Responsibilities of the University Board. The University Board has the responsibility to oversee the Academy's compliance with the Contract and all Applicable Law. The

responsibilities of the Academy and the University Board are set forth in the Oversight, Compliance and Reporting Agreement and incorporated herein as Schedule 4.

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

Section 3.5. University Board Approval of Condemnation. In the event that the Academy desires to acquire property pursuant to the Uniform Condemnation Procedures Act or other applicable statutes, it shall obtain express written permission for such acquisition from the University Board. The Academy shall submit a written request to the Center describing the proposed acquisition and the purpose for which the Academy desires to acquire the property. Provided the Academy Board submits the written request to the Center at least sixty (60) days before the University Board's next regular meeting, the University Board may vote on whether to give express written permission for the acquisition at its next regular meeting.

Section 3.6. Authorization to Employ or Contract. The University Board authorizes the Academy Board to employ or contract for personnel according to the position information outlined in Schedule 5. The Academy Board shall prohibit any individual from being employed by the Academy or an Educational Service Provider in more than one (1) full-time position and simultaneously being compensated at a full-time rate for each of these positions. An employee hired by the Academy shall be an employee of the Academy for all purposes and not an employee of the University for any purpose. With respect to Academy employees, the Academy shall have the power and responsibility to (i) 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. Teacher Certification. Except as otherwise provided by law, the Academy shall use certificated teachers according to State Board rule.

Section 3.8. Administrator and Teacher Evaluation Systems. The Academy Board shall adopt, implement and maintain a rigorous, transparent, and fair performance evaluation system for its teachers and school administrators that complies with Applicable Law. If the Academy enters into 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. Reimbursement of University Board Services. The University Board shall be reimbursed for the actual cost of University services associated with responding to third party subpoenas and freedom of information act (FOIA) requests under the following circumstances:

If the University receives a subpoena or FOIA request from a third party (including the Academy, its counsel, the Academy's ESP or its counsel) demanding the production of Academy documents related



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

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

Section 4.1. Limitation on Actions in Performance of Governmental Functions. The Academy shall act exclusively as a governmental entity and shall not undertake any action inconsistent with its status as a 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. Incompatible Public Offices and Conflicts of Interest Statutes. The Academy shall comply with the Incompatible Public Offices statute, being MCL 15.181 et seq. of the Michigan Compiled Laws, and the Contracts of Public Servants with Public Entities statute, being MCL 15.321 et seq. of the Michigan Compiled Laws. The Academy Board shall ensure compliance with Applicable Law relating to conflicts of interest. Notwithstanding any other provision of this Contract, the following shall be deemed prohibited conflicts of interest for purposes of this Contract:

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

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

- (a) No person shall be appointed or reappointed to serve as an Academy Board member if the person's mother, mother-in-law, father, father-in-law, son, son-in-law, daughter, daughter-in-law, sister, sister-in-law, brother, brother-in-law, spouse or 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. Oath of Public Office. Before entering upon the duties of a public school board member, each Academy Board member shall take the constitutional oath of office as required by the Code and as set forth in the Method of Selection, Appointment and Removal Resolution.

Section 4.7. Academy Counsel. The Academy Board shall select, retain and pay legal counsel to represent the Academy. The Academy shall not retain any attorney to represent the Academy if the attorney

or the attorney's law firm also represents the Academy's Educational Service Provider or any person or entity leasing real property to the Academy, if any.

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

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

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

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

## **ARTICLE VI OPERATING REQUIREMENTS**

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

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

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

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

Section 6.5. Methods of Pupil Assessment. The Academy shall properly administer the academic assessments identified in Schedule 7e and in accordance with the requirements detailed in the Master Calendar. The Academy 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. Application and Enrollment of Students. The Academy shall comply with the application and enrollment requirements identified in Schedule 7f.

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

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

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

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

Section 6.11. Annual Financial Statement Audit. The Academy shall conduct an annual financial statement audit prepared and reviewed by an independent certified public accountant. The Academy 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. Contributions and Fund Raising. The Academy may solicit and receive contributions and donations as permitted by law. No solicitation shall indicate that a contribution to the Academy is for the benefit of Central Michigan University.

Section 6.14. Disqualified Organizational or Contractual Affiliations. The Academy shall comply with all state and federal law applicable to public schools concerning church-state issues. To the extent disqualified under the state or federal constitutions, the Academy shall not be organized by a church or other religious organization and shall not have any organizational or contractual affiliation with or constitute a church or other religious organization. Nothing in this Section shall be deemed to diminish or enlarge the civil and political rights, privileges and capacities of any person on account of his or her religious belief.

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

Section 6.16. Matriculation Agreements. Before the Academy Board approves a matriculation agreement with another public school, the Academy shall provide a draft copy of the agreement to the Center for review. Any matriculation agreement entered into by the Academy shall be added to Schedule 7f through a contract amendment approved in accordance with the Contract.

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

## **ARTICLE VII TUITION PROHIBITED**

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

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

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

## **ARTICLE IX AMENDMENT**

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

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

Section 9.3. Process for Amendment Initiated by the University Board. The University Board, or an authorized designee, may, at any time, propose specific changes in this Contract or may propose a meeting to discuss potential revision of this Contract. The University Board delegates to the Center Director the review and approval of changes or amendments to this Contract. The Academy Board may delegate to a Director of the Academy the review and negotiation of changes or amendments to this Contract. The Contract shall be amended as requested by the University Board upon a majority vote of the Academy Board.

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

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

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

## **ARTICLE X**

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

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

- (a) Failure of the Academy to demonstrate improved pupil academic achievement for all groups of pupils or abide by and meet the educational goal and related measures set forth in this Contract;
- (b) Failure of the Academy to comply with all Applicable Law;
- (c) Failure of the Academy to meet generally accepted public sector accounting principles and to demonstrate sound fiscal stewardship; or
- (d) The existence of one or more other grounds for revocation as specified in this Contract.

Section 10.2. Other Grounds for Revocation. In addition to the statutory grounds for revocation set forth in Section 10.1 and the grounds for an automatic revocation set forth in Section 10.3, the University

Board may revoke this Contract, pursuant to the procedures set forth in Section 10.6, upon a determination that one or more of the following has occurred:

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

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

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

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

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

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

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

Section 10.5. Grounds and Procedures for University Termination of Contract. The University Board, in its sole discretion, reserves the right to terminate the Contract (i) for any reason or for no reason provided that such termination shall not take place less than six (6) months from the date of the University Board’s action; or (ii) if there is a change in Applicable Law that the University Board, in its sole discretion, determines impairs its rights and obligations under the Contract or requires the University Board to make changes in the Contract that are not in the best interest of the University Board or the University, then such termination shall take effect at the end of the current Academy fiscal year. Following University Board approval, the Center Director shall provide notice of the termination to the Academy. If during the period between the University Board action to terminate and the effective date of termination, the Academy has violated the Contract or Applicable Law, the Contract may be revoked or suspended sooner pursuant to this Article X. If this Contract is terminated pursuant to this Section 10.5, the revocation procedures in Section 10.6 shall not apply.

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

- (a) Notice of Intent to Revoke. The Center Director, upon reasonable belief that grounds for revocation of the Contract exist, shall notify the Academy Board of such grounds by issuing the Academy Board a Notice of Intent to Revoke for non-compliance with the Contract or Applicable Law. The Notice of Intent to Revoke shall be in writing and shall set forth in sufficient detail the alleged grounds for revocation.



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

Except as otherwise provided in this subsection, reconstitution of the Academy does not prohibit the Department from issuing an order under section 507 of the Code, MCL 380.507, directing the automatic closure of the Academy's site(s).

- (e) Request for Revocation Hearing. The Center Director may initiate a revocation hearing before the University Charter Schools Hearing Panel if the Center Director determines that any of the following has occurred:
  - (i) the Academy Board has failed to respond to the Notice of Intent to Revoke as set forth in Section 10.6(b);
  - (ii) the Academy Board's response to the Notice of Intent to Revoke is non-responsive;
  - (iii) the Academy Board's response admits violations of the Contract or Applicable Law which the Center Director deems cannot be remedied or cannot be remedied in an appropriate

- period of time, or for which the Center Director determines that a Plan of Correction cannot be formulated;
- (iv) the Academy Board's response contains denials that are not supported by sufficient documentation or other evidence showing compliance with the Contract or Applicable Law;
- (v) the Academy Board has not complied with part or all of a Plan of Correction established in Section 10.6(c);
- (vi) the Academy Board has engaged in actions that jeopardize the financial or educational integrity of the Academy; or
- (vii) the Academy Board has been issued multiple or repeated Notices of Intent to Revoke.

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

- (f) Hearing before the University Charter Schools Hearing Panel. Within thirty (30) days of receipt of a request for revocation hearing, the Hearing Panel shall convene a revocation hearing. The Hearing Panel shall provide a copy of the notice of hearing to the Center and the Academy Board at least ten (10) days before the hearing. The purpose of the Hearing Panel is to gather facts surrounding the Center Director's request for Contract revocation, and to make a recommendation to the University Board on whether the Contract should be revoked. The revocation hearing shall be held at a location, date and time as determined by the Center Director and shall not last more than three hours. The hearing shall be transcribed and the cost shall be divided equally between the University and the Academy. The Center Director or his or her designee, and the Academy Board or its designee, shall each have equal time to make their presentation to the Hearing Panel. Although each party is permitted to submit affidavits and exhibits in support of their positions, the Hearing Panel will not hear testimony from any witnesses for either side. The Hearing Panel may, however, question the Center Director and the Academy Board. Within thirty (30) days of the revocation hearing, the Hearing Panel shall make a recommendation to the University Board concerning the revocation of the Contract. For good cause, the Hearing Panel may extend any time deadline set forth in this subsection. A copy of the Hearing Panel's recommendation shall be provided to the Center and the Academy Board at the same time that the recommendation is sent to the University Board.
- (g) University Board Decision. If the Hearing Panel's recommendation is submitted to the University Board at least fourteen (14) days before the University Board's next regular meeting, the University Board shall consider the Hearing Panel's recommendation at its next regular meeting and vote on whether to revoke the Contract. The University Board reserves the right to modify, reject or approve all or any part of the Hearing Panel's recommendation. The University Board shall have available to it copies of the Hearing Panel's recommendation and the transcript from the hearing. The University Board may waive the fourteen (14) day submission requirement or hold a special board meeting to consider the Hearing Panel's recommendation. A copy of the University Board's decision shall be provided to the Center, the Academy Board and the Department.
- (h) Effective Date of Revocation. If the University Board votes to revoke the Contract, the revocation shall be effective on the date of the University Board's act of revocation, or at a later date as determined by the University Board.
- (i) Disposition of State School Aid Funds. Notwithstanding any other provision of the Contract, any state school aid funds received by the University Board after a recommendation is made

by the Hearing Panel to revoke the Contract, or a decision by the University Board to revoke the Contract, may be withheld by the University Board or returned to the Michigan Department of Treasury upon request. 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. Contract Suspension. The University Board's process for suspending the Contract is as follows:

- (a) The Center Director Action. If the Center Director determines, in his or her sole discretion, that certain conditions or circumstances exist such that the Academy Board:
  - (i) has placed staff or students at risk;
  - (ii) is not properly exercising its fiduciary obligations to protect and preserve the Academy's public funds and property;
  - (iii) has lost its right to occupancy of the physical facilities described in Schedule 6, and cannot find another suitable physical facility for the Academy prior to the expiration or termination of its right to occupy its existing physical facilities;
  - (iv) has failed to secure or has lost the necessary fire, health, and safety approvals as required by Schedule 6;
  - (v) has willfully or intentionally violated this Contract or Applicable Law; or
  - (vi) has violated Section 10.2(g) or (h),

then the Center Director may immediately suspend the Contract, pending completion of the procedures set forth in Section 10.6. A copy of the suspension notice, setting forth the grounds for suspension, shall be sent to the Academy Board and to the Hearing Panel. If this subsection is implemented, the notice and hearing procedures set forth in Section 10.6 shall be expedited as much as possible.

- (b) Disposition of State School Aid Funds. Notwithstanding any other provision of the Contract, any state school aid funds received by the University Board after a decision by the Center Director to suspend the Contract, shall be retained by the University Board for the Academy until the Contract is reinstated, or shall be returned to the Michigan Department of Treasury upon the State's request.
- (c) Immediate Revocation Proceeding. If the Academy Board, after receiving a notice of Contract suspension from the Center Director, continues to engage in conduct or activities that are covered by the suspension notice, the Hearing Panel may immediately convene a revocation hearing in accordance with the procedures set forth in section 10.6(e) of this Contract. The Hearing Panel has the authority to accelerate the 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. Conservator; Appointment By University President. Notwithstanding any other provision of the Contract, in the event that the University President, in his or her sole discretion, determines that the health, safety and welfare of Academy students, property or funds are at risk, the University President, after consulting with the University Board Chairperson, may appoint a person to serve as the

Conservator of the Academy. Upon appointment, the Conservator shall have all the powers and authority of the Academy Board under this Contract and Applicable Law and shall act in the place and stead of the Academy Board. The University President shall appoint the Conservator for a definite term which may be extended in writing at his or her sole discretion. During the appointment, the Academy Board members and their terms in office are suspended and all powers of the Academy Board are suspended. All appointments made under this provision must be presented to the University Board for final determination at its next regularly scheduled meeting. During their appointment, the Conservator shall have the following powers:

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

Section 10.9. Academy Dissolution Account. If the University Board terminates, revokes or fails to issue a new Contract to the Academy, the Center Director shall notify the Academy that, beginning thirty (30) days after notification of the University Board's decision, the University Board may direct up to \$10,000 from each subsequent State School Aid Fund payment, not to exceed a combined total of \$30,000, to a separate Academy account ("Academy Dissolution Account") to be used exclusively to pay the costs associated with the wind-up and dissolution responsibilities of the Academy. Within five (5) business days of the Center Director's notice, the Academy Board Treasurer shall provide the Center Director, in a form and manner determined by the Center, with account detail information and authorization to direct such funds to the Academy Dissolution Account. The Academy Dissolution Account shall be under the sole care, custody and control of the Academy Board, and such funds shall not be used by the Academy to pay any other Academy debt or obligation until such time as all the wind-up and dissolution expenses have been satisfied. An intercept agreement entered into by the Academy and a third-party lender or trustee shall include language that the third party lender or trustee acknowledges and consents to the funding of the Academy's dissolution account in accordance with this Contract. Any unspent funds remaining in the Academy's dissolution account after payment of all wind-up and dissolution expenses shall be returned to the Academy.

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

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

- (a) The Academy Board is responsible for establishing, approving, and amending an annual budget in accordance with the Uniform Budgeting and Accounting Act, MCL 141.421, et seq. The Academy Board shall submit to the Center a copy of its annual budget for the upcoming fiscal year in accordance with the Master Calendar. The budget must detail budgeted expenditures at the object level as described in the Department's Michigan School Accounting Manual. In addition, the Academy Board is responsible for approving all revisions and amendments to the annual budget. In accordance with the Master Calendar, revisions or amendments to the Academy's budget shall be submitted to the Center following Academy Board approval.
- (b) Unless exempted from transmitting under section 1219 of the Code, MCL 380.1219, the Academy, on or before July 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. Insurance. The Academy Board shall secure and maintain in its own name, as the "first named insured," insurance coverage as required by the University's insurance carrier.

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

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

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

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

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

Section 11.3. Legal Liabilities and Covenant Against Suit. The Academy acknowledges and agrees that it has no authority to extend the faith and credit of the University or to enter into a contract that would bind the University. The Academy also is limited in its authority to contract by the amount of funds obtained from the state school aid fund, as provided hereunder, or from other independent sources. The Academy hereby covenants not to sue the University Board, the University or any of its Trustees, officers, employees, agents or representatives for any matters that arise under this Contract. The University does not assume any obligation with respect to any director, employee, agent, parent, guardian, student, or independent

contractor of the Academy, and no such person shall have the right or standing to bring suit against the University Board, the University or any of its Trustees, employees, agents, or independent contractors as a result of the issuance, non-issuance, oversight, revocation, termination or suspension of this Contract.

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

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

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

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

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

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

- (a) Information to be provided by the Academy. In accordance with Applicable Law, the Academy shall make information concerning its operation and management, including, without limitation, information in Schedule 8 available to the public and the Center.
- (b) Information to be provided by Educational Service Provider. The agreement between the Academy and the Educational Service Provider shall contain a provision requiring the Educational Service Provider to make information concerning the operation and management of the Academy, including the information in Schedule 8, available to the Academy as deemed necessary by the Academy Board in order to enable the Academy to fully satisfy its obligations under paragraph 11.9 (a) above.

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

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. Notices. Any and all notices permitted or required to be given hereunder shall be deemed duly given: (i) upon actual delivery, if delivery is by hand; or (ii) upon receipt by the transmitting party of confirmation or answer back if delivery is by facsimile or electronic mail; or (iii) upon delivery into United States mail if delivery is by postage paid first class mail. Each such notice shall be sent to the respective party at the address indicated below or to any other address or person as the respective party may designate by notice delivered pursuant hereto:

If to the University Board:	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 Island City Academy 6421 S. Clinton Trail Eaton Rapids, MI 48827

Section 12.2. Severability. If any provision in this Contract is held to be invalid or unenforceable, it shall be ineffective only to the extent of the invalidity, without affecting or impairing the validity and enforceability of the remainder of the provision or the remaining provisions of this Contract. If any provision of this Contract shall be or become in violation of any local, state or federal law, such provision shall be considered null and void, and all other provisions shall remain in full force and effect.

Section 12.3. Successors and Assigns. The terms and provisions of this Contract are binding on and shall inure to the benefit of the parties and their respective successors and permitted assigns.



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

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

Section 12.6. Non-Waiver. Except as provided herein, no term or provision of this Contract shall be deemed waived and no breach or default shall be deemed excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. No consent by any party to, or waiver of, a breach or default by the other, whether expressed or implied, shall constitute consent to, waiver of, or excuse for any different or subsequent breach or default.

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

Section 12.8. Counterparts. This Contract may be executed in any number of counterparts. Each counterpart so executed shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

Section 12.9. Term of Contract. This Contract is for a fixed term and shall terminate at the end of the Contract term without any further action of either the University Board or the Academy. This Contract shall commence on the date first set forth above and shall remain in full force and effect for a period of five (5) academic years and shall terminate on June 30, 2026, unless sooner revoked, terminated, or suspended pursuant to Article X of these Terms and Conditions. Pursuant to University Board policy, the standards by which the Academy may be considered for the issuance of a new contract will be guided by the following core questions:

Is the Academy's academic program successful?

Is the Academy's organization viable?

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

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

Section 12.10. Indemnification of University. As a condition to receiving a grant of authority from the University Board to operate a public school pursuant to the Terms and Conditions of this Contract, the Academy agrees to indemnify, defend and hold harmless the University Board, the University and its officers, employees, agents or representatives from and against all demands, claims, actions, suits, causes of action, losses, judgments, liabilities, damages, fines, penalties, forfeitures, or any other liabilities or losses of any kind whatsoever, including costs and expenses (not limited to reasonable attorney fees, expert and other professional fees) settlement and prosecution imposed upon or incurred by the University, and not caused by the sole negligence of the University, which arise out of or are in any manner connected with the University Board's approval of the public school academy application, the University Board's consideration of or issuance of a Contract, the Academy's preparation for or operation of a public school, or which are incurred as a result of the reliance by the University Board, the University and its officers, employees, agents or representatives upon information supplied by the Academy, or which arise out of the

Academy's failure to comply with this Contract or Applicable Law. The foregoing provision shall not be deemed a relinquishment or waiver of any kind of Section 7 of the Governmental Liability for Negligence Act, being Act No. 170, Public Acts of Michigan, 1964.

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

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

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

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

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

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

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

Section 12.18. Disposition of Academy Assets Upon Termination or Revocation of Contract. Following termination or revocation of the Contract, the Academy shall follow the applicable wind-up and dissolution provisions set forth in the Academy's articles of incorporation, the Code, and Applicable Law.

Section 12.19. Student Privacy. 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. List of Uses for Student Directory Information; Opt Out Form; Notice to Student's Parent or Legal Guardian.

- (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. Partnership Agreement. 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.

ISLAND CITY ACADEMY

By:  \_\_\_\_\_  
Board President

Date: May 26, 2021

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  
Richard K. Studley, Chair

Date: 05/24/2021

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.

ISLAND CITY ACADEMY

By: \_\_\_\_\_  
Board President

Date: \_\_\_\_\_

## **CONTRACT SCHEDULES**

### **Schedules**

Restated Articles of Incorporation .....	1
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**CONTRACT SCHEDULE 1**

**RESTATED ARTICLES OF INCORPORATION**



**FILED****OCT 25 2017**ADMINISTRATOR  
CORPORATIONS DIVISION

MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU								
Date Received <b>OCT 05 2017</b>								
<b>OCT 20 2017</b>	This document is effective on the date filed, unless a subsequent effective date within 90- days after received date is stated in the document							
Name Island City Academy Address 6421 S. Clinton Trl. <table border="1"> <tr> <td>City</td> <td>State</td> <td>Zip</td> </tr> <tr> <td>Eaton Rapids</td> <td>MI</td> <td>48827</td> </tr> </table>		City	State	Zip	Eaton Rapids	MI	48827	TranInfo:1 22398723-1 10/04/17 Chk#: 5157 Amt: \$60.00 ID: ISLAND CITY ACADEMY  EFFECTIVE DATE:
City	State	Zip						
Eaton Rapids	MI	48827						

743518

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

**OF**

**ISLAND CITY 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: Island City Academy.

The corporation identification number ("CID") assigned by the Bureau is: 743518.

The corporation has used no other names.

The date of filing the original Articles of Incorporation was: July 26, 1996.

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: Island City 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 David Sysum.

The address of its registered office in Michigan is: 6421 S. Clinton Trl., Eaton Rapids, MI 48827.

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 27 day of September 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 27 day of September, 2017.

By: 

Mr. David Sysum, President

**CONTRACT SCHEDULE 2**

**AMENDED BYLAWS**

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**ISLAND CITY ACADEMY**

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**AMENDED BYLAWS**  
**OF**  
**ISLAND CITY ACADEMY**

**ARTICLE I**  
**NAME**

This organization shall be called Island City Academy (the "Academy" or the "corporation").

**ARTICLE II**  
**FORM OF ACADEMY**

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

**ARTICLE III**  
**OFFICES**

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

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

**ARTICLE IV**  
**BOARD OF DIRECTORS**

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

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

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

Section 5. Qualifications of Academy Board Members. To be qualified to serve on 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. Tenure. Each Director shall hold office until the Director's replacement, death, resignation, removal or until the expiration of the term, whichever occurs first.

Section 8. Removal and Suspension. If the University Board determines that the service in office of a Director of the Academy Board is no longer necessary, then the University Board may remove

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

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

Section 11. Compensation. A Director of the Academy 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. Annual and Regular Meetings. The Academy Board shall hold an annual meeting each year. The Academy Board must provide, by resolution, the time and place, within the State of Michigan, for the holding of regular monthly meetings. The Academy Board shall provide notice of the annual and all regular meetings as required by the Open Meetings Act.

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

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

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

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

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

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

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

## **ARTICLE VI COMMITTEES**

Section 1. Committees. The Academy Board, by resolution, may designate one or more committees. Each committee is to consist of one or more Directors selected by the Academy Board. As provided in the resolution as initially adopted, and as thereafter supplemented or amended by further resolution, the committees shall have such powers as delegated by the Academy Board, except (i) filling of vacancies in the officers of the Academy Board or committees created pursuant to this Section; (ii) amending the Articles of Incorporation or 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 1. Number. 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.

Section 2. Election and Term of Office. The Academy Board shall elect the initial officers at its first duly noticed meeting. Thereafter, the officers of the Academy 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. Removal. Any officer or agent elected or appointed by the Academy Board may be removed by the Academy Board whenever in its judgment the best interests of the corporation would be served thereby.

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

Section 5. President. The President of the Academy 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. Vice-President. 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. Treasurer. 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. Assistants and Acting Officers. The Assistants to the officers, if any, selected by the Academy Board, shall perform such duties and have such authority as shall from time to time be delegated or assigned to them by the Secretary or Treasurer or by the Academy Board. The Academy Board shall have the power to appoint any member of the Academy Board to perform the duties of an officer whenever, for any reason, it is impractical for such officer to act personally. Such acting officer so appointed shall have the powers of and be subject to all the restrictions upon the officer to whose office the acting officer is so appointed except as the Academy Board may by resolution otherwise determine.

Section 10. Salaries. Officers of the 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. Filling More Than One Office. Subject to the statute concerning the Incompatible Public Offices, Act No. 566 of the Public Acts of 1978, being Sections 15.181 to 15.185 of the Michigan Compiled Laws, any two offices of the corporation except those of President and Vice-President may be held by the same person, but no officer shall execute, acknowledge or verify any instrument in more than one capacity.

## **ARTICLE VIII CONTRACTS, LOANS, CHECKS AND DEPOSITS; SPECIAL CORPORATE ACTS**

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

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

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

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

Section 5. Voting of Gifted, Bequested or Transferred Securities Owned by this Corporation. Subject always to the specific directions of the Academy Board, any shares or other securities issued by any other corporation and owned or controlled by this corporation may be voted at any meeting of security holders of such other corporation by the President of this corporation or by proxy appointed by the President, or in the absence of the President and the President's proxy, by the Secretary or Treasurer of this corporation or by proxy appointed by the Secretary or Treasurer. Such proxy or consent in respect to any

shares or other securities issued by any other corporation and owned by this corporation shall be executed in the name of this corporation by the President, the Secretary or the Treasurer of this corporation without necessity of any authorization by the Academy Board, affixation of corporate seal or countersignature or attestation by another officer. Any person or persons designated in the manner above stated as the proxy or proxies of this corporation shall have full right, power and authority to vote the shares or other securities issued by such other corporation and owned by this corporation the same as such shares or other securities might be voted by this corporation. This section shall in no way be interpreted to permit the corporation to invest any of its surplus funds in any shares or other securities issued by any other corporation. This section is intended to apply, however, to all gifts, bequests or other transfers of shares or other securities issued by any other corporation which are received by the corporation.

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

The University Board authorizes the Academy Board to employ or contract for personnel according to the position information outlined in Schedule 5. However, the Academy Board shall prohibit any individual from being employed by the Academy, an Educational Service Provider or an employee leasing company involved in the operation of the Academy, in more than one (1) full-time position and simultaneously being compensated at a full-time rate for each of these positions. An employee hired by the Academy 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;
- (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.

## **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 26 day of May, 2021.

  
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 Island City Academy ("Academy"), a public school academy.

#### **Preliminary Recitals**

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

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

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

#### **ARTICLE I** **DEFINITIONS AND INTERPRETATIONS**

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

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

"Agreement" means this Fiscal Agent Agreement.

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

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

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

"State" means the State of Michigan.

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

## **ARTICLE II**

### **FISCAL AGENT DUTIES**

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

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

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

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

Section 3.2. State School Aid Payment Overpayments and Penalties. The State, through its Department of Education, has sole responsibility for determining State School Aid Payment overpayments to the Academy and the method and time period for repayment by the Academy. The State, through its Department of Education, has sole responsibility for assessing State School Aid penalties against the Academy for noncompliance with the Code and the State School Aid Act of 1979, as amended.

Section 3.3. Method of Payment. Each State School Aid Payment for the Academy will be made to the Fiscal Agent by the State Treasurer by issuing a warrant and delivering the warrant to the Fiscal Agent by electronic funds transfer into an account specified by the Fiscal Agent, or by such other means deemed acceptable to the Fiscal Agent. The State shall make State School Aid Payments at the times specified in the State School Aid Act of 1979, as amended.

#### **ARTICLE IV** **ACADEMY DUTIES**

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

Section 4.2. Academy Account. The Academy is authorized to establish an account in the name of the Academy. Signatories to the 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. Mid-Year Transfers. Funding for students transferring into or out of the Academy during the school year shall be in accordance with the State School Aid Act of 1979 or applicable State Board rules.

Section 4.5. Repayment of Overpayment. The Academy shall be directly responsible for reimbursing the State for any 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. Records. The Fiscal Agent shall keep books of record and account of all transactions relating to the receipts, disbursements, allocations and application of the State School Aid Payments and Other Funds received, deposited or transferred for the benefit of the Academy, and these books shall be available for inspection at reasonable hours and under reasonable conditions by the Academy and the State.

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

## **ARTICLE VI**

### **CONCERNING THE FISCAL AGENT**

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

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

The Fiscal Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Fiscal Agent be responsible for the consequences of any error of judgment; and the Fiscal Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its gross negligence or willful default.

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

**This space left intentionally blank.**

**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 Island City Academy.

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

Date: January 25, 2021

**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 Island City Academy ("Academy"), a public school academy.

#### **Preliminary Recitals**

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

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

### **ARTICLE I** **DEFINITIONS AND INTERPRETATIONS**

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

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

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

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

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

### **ARTICLE II** **OVERSIGHT, COMPLIANCE AND REPORTING RESPONSIBILITIES**

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

- a. Monitor and evaluate if the Academy Board is properly governing the Academy and following the Amended Bylaws set forth in the Contract.
- b. Monitor and evaluate the Academy's academic performance and progress toward achieving the educational goal and related measures set forth in Contract Schedule 7b.
- c. Monitor and evaluate the Academy's implementation, delivery, and support of the educational program and curriculum as set forth in Contract Schedules 7c and 7d, respectively.

- d. Monitor and evaluate the Academy's application and enrollment procedures as set forth in Contract Schedule 7f.
- e. Monitor and evaluate the Academy's organizational and financial viability.
- f. Monitor and evaluate the Academy's fiscal stewardship and use of public resources.
- g. Monitor and evaluate the records, internal controls or operations of the Academy.
- h. Monitor and evaluate if the Academy is staffed with qualified personnel and that appropriate background checks have been conducted.
- i. Monitor and evaluate if the Academy is providing a safe learning environment.
- j. Request evidence that the Academy has obtained the necessary permits and certificates to operate as a public school from the applicable governmental agencies, including, without limitation, the Michigan Department of Licensing and Regulatory Affairs' Bureau of Construction Codes and local health departments.
- k. Conduct comprehensive on-site reviews to assess and/or evaluate the Academy's performance.
- l. Monitor and evaluate if the Academy is demonstrating good faith in complying with the Contract, the Revised School Code, and all other Applicable Law.
- m. Request periodic reports from the Academy regarding any aspect of its operation including, but not limited to, information identified in Schedule 8 of the Contract.
- n. Initiate action 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. Compliance and Reporting Duties. The Academy agrees to fulfill the following Compliance and Reporting Duties:

- a. Adopt and properly maintain governing board policies in accordance with Applicable Law.
- b. Comply with the reporting and document submission requirements set forth in the Master Calendar of Reporting Requirements issued annually by the Center.
- c. Comply with any Academy-specific reporting and document submission requirements established by the Center.
- d. Comply with the insurance requirements set forth in Article XI, Section 11.2 of the Terms and Conditions of Contract.
- e. Comply with the Center's Educational Service Provider Policies, as may be amended.

- f. Report any litigation or formal proceedings to the Center including, but not limited to, litigation initiated by or against the Academy alleging violation of any Applicable Law. If the University is a named party, notify the general counsel for the University Board as set forth in Article XII, Section 12.1 of the Terms and Conditions.
- g. The Academy shall not occupy or use any school facility set forth in Schedule 6 of the Contract until such facility has received all fire, health and safety approvals required by Applicable Law and has been approved for occupancy by the Michigan Department of Licensing and Regulatory Affairs' Bureau of Construction Codes.
- h. Permit the Center to inspect the records, internal controls, operations or premises of the Academy at any reasonable time.
- i. Authorize the Center to perform audit and evaluation studies using Academy data including, but not limited to, personally identifiable information about the Academy's students and staff submitted by the Academy to agencies including, but not limited to, Center for Educational Performance and Information ("CEPI"), Office of Educational Assessment and Accountability ("OEAA") and the Michigan Department of Education ("MDE"). Pursuant to this authorization, the Center shall abide by the regulations that govern the use of student data within the Family Educational Rights and Privacy Act (FERPA - 34 CFR Part 99), the Michigan Identity Theft Protection Act of 2004, and the Privacy Act of 1974.
- j. Upon request, the Academy Board shall provide the Center with a written report, along with supporting data, assessing the Academy's progress toward achieving the educational goal and related measures outlined in Contract Schedule 7b.
- k. Upon request, provide the Center with copies or view access to data, documents or information submitted to MDE, the Superintendent of Public Instruction, the State Board of Education, CEPI or any other state or federal agency.
- l. If the Academy operates an online or other distance learning program, it shall submit a monthly report to the 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. Waiver of Compliance and Reporting Duties. The University Board, or the Center Director as its authorized designee, may modify or waive any of the Academy's Compliance and Reporting Duties.

### **ARTICLE III** **RECORDS AND REPORTS**

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

## **ARTICLE IV**

### **MISCELLANEOUS**

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

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

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.

**CONTRACT SCHEDULE 5**

**DESCRIPTION OF STAFF RESPONSIBILITIES**

## DESCRIPTION OF STAFF RESPONSIBILITIES

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

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

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

**Performance Evaluation System.** 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 Advance Educational Service, Inc., dba AccessPoint Educational HR ("AccessPoint") and are outlined in the Educational Service Provider Agreement included in this Schedule.

### **Position Responsibilities**

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

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

As stated above, all administrators or other person whose primary responsibility is administering instructional programs or as a chief business official shall meet the certification and continuing education requirements as described in MCL 380.1246. In addition to the position titles identified in

MCL 380.1246, the Michigan Department of Education (“MDE”) will deem an administrator working at a district or school level to be “administering instructional programs” if the person’s position description or day-to-day duties include any or all of the following elements \*:

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

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

### **Instructional Staff**

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

### **Non-Instructional Staff**

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



## CHARTER SCHOOL CLIENT SERVICE AGREEMENT

This AGREEMENT is made this July 1, 2021 by and between Island City Academy (hereinafter referred to as "ACADEMY") and Advance Educational Service, Inc., DBA AccessPoint Educational HR (hereinafter referred to as "AccessPoint") a Michigan Corporation.

### RECITALS

A. ACADEMY is a public-school academy providing public school instruction as a charter school located at 6421 South Clinton Trail, Eaton Rapids, Michigan 48827 pursuant to a contract ("Contract") issued by the Authorizer, Central Michigan University ("Authorizer").

B. ACADEMY operates a public-school academy under the direction of the ACADEMY Board of Directors ("Board").

C. AccessPoint is a Michigan Corporation with its offices at 31700 Middlebelt Road, Suite 230, Farmington Hills, Michigan 48331.

D. AccessPoint offers to Michigan public school academies human resource management, staff employment, payroll, benefit administration, business management and other similar services.

E. ACADEMY desires to engage AccessPoint to perform certain services upon the terms and conditions set forth in this Agreement and pursuant to its authority, ACADEMY hereby contracts with AccessPoint, to the extent permitted by law, specified functions relating to the administration and management services.

THEREFORE, the parties agree as follows:

1. Services Provided by AccessPoint. AccessPoint shall provide contract personnel services as outlined in this Agreement. Under the policy direction of the Board, AccessPoint shall provide educational, management, operation, and administration services to the ACADEMY. ACADEMY may also purchase business services from AccessPoint as indicated in this Agreement and documented through the "Administrative Services Addendum" incorporated into this Agreement as Exhibit B.

a) Selection of Covered Employees. AccessPoint, at the recommendation of the Chief Administrator, shall employ and designate to ACADEMY all such qualified and certified faculty and staff which are listed as "Work Force Positions" on Exhibit A to this Agreement, as may be necessary to accomplish the educational mission of ACADEMY consistent with the Board approved budget. AccessPoint reserves the right at any time during the term of this Agreement, on notice to Academy, and with its concurrence, to re-designate a Covered Employee to an Excluded Work Force Position. The designated Excluded Work Force Positions shall not be covered by this Agreement unless otherwise mutually agreed.

AccessPoint shall comply with all Federal and State statutes and administrative requirements including, but not limited to, the Immigration Reform and Control Act.

b) Employee Agreements and Compensation. Compensation for all Covered Employees including, but not limited to, health care and retirement benefits shall be established by ACADEMY, through its budget, and implemented by AccessPoint. The terms and conditions of such employment shall be set forth in an employment agreement between AccessPoint and each employee. The agreements between AccessPoint and each employee assigned to the Academy will not include a non-compete agreement of

any nature. Information regarding all costs, including the employment costs, annual salary and benefit costs by individual assigned to ACADEMY by AccessPoint, will be provided to the Board by AccessPoint upon request.

c) Health Care Insurance. AccessPoint shall provide all qualified Covered Employees assigned to ACADEMY who are not covered by a spouse's plan, comprehensive medical care insurance. In addition, AccessPoint shall be responsible for COBRA compliance and continuation of health benefit plans to terminated Covered Employees and qualified dependents, subject to the continuation of this Agreement. If this Agreement terminates, all responsibilities with regard to continuation of health insurance cease consistent with Federal and State statutes.

d) Retirement Plan. AccessPoint shall make available to all qualified Covered Employees a retirement plan pursuant to IRC Section 401(k).

e) Payroll Taxes. As the employer, AccessPoint shall report and pay all applicable federal, state and local employee and employer payroll taxes from AccessPoint's own accounts.

f) Payroll Records. AccessPoint shall maintain and verify all required payroll and benefit records.

g) Policies and Procedures. Except as provided for in 1 (j), all payroll, benefit and personnel policies and procedures for Covered Employees shall be established by AccessPoint in collaboration with ACADEMY. Evaluation and compensation systems shall comply with the Michigan Revised School Code ("Code").

h) Worker's Compensation Insurance. AccessPoint shall maintain Worker's Compensation insurance during the term of this Agreement on all Covered Employees assigned to work for ACADEMY under this Agreement. Upon written request, AccessPoint shall provide a Certificate of Insurance verifying coverage of Worker's Compensation insurance.

i) At-Will Employment Relationship. AccessPoint retains the right to hire or not hire any Covered Employee candidate for employment or terminate with or without cause any employee with written notice to the ACADEMY. Hiring, evaluation, disciplining and/or termination of the School Leader will be done in consultation with Academy through its President.

j) Implementation and Supervision of Policies and Procedures. During the term of this Agreement, AccessPoint shall have the right and authority to implement and supervise ACADEMY's policies and procedures relating to the Covered Employees. AccessPoint shall make every reasonable effort to act in the best interest of ACADEMY with regard to ACADEMY's policy and procedure in exercising control over Covered Employees. ACADEMY agrees to cooperate and assist AccessPoint in the implementation and supervision of all such policies and procedures. All personnel policies and directives related to Covered Employees shall be made with approval of AccessPoint. The Academy shall select and acquire the evaluation system or systems used to conduct professional staff members' evaluations. The Academy shall also establish the corresponding policies and procedures for the evaluations.

k) Recruiting of AccessPoint Relationship Employees. Academy acknowledges that the AccessPoint employees who advise and service the Academy on human resources, benefits, or other issues ("Relationship Employees") also provide services to other AccessPoint clients and are highly skilled, trained and often have unique value to AccessPoint's business. If, during the term of this Agreement or during the two (2) years following the termination of this Agreement, Academy hires an AccessPoint Relationship Employee, Academy agrees to pay AccessPoint an amount equal to 200% of the Relationship

Employee's gross annual salary from AccessPoint (the "Recruiting Commission"). The Recruiting Commission shall be due to AccessPoint ten (10) days after the former AccessPoint Relationship Employee begins employment with the Client.

## **2. Hiring, Evaluating, Supervising, Disciplining and Firing**

a) AccessPoint shall have the ultimate authority and control over hiring, evaluating, supervising, disciplining and firing of Covered Employees consistent with the ACADEMY approved budget, subject to j above. ACADEMY may recommend the hiring or termination of a Covered Employee, it being understood that AccessPoint retains full control over all personnel decisions involving Covered Employees, and ultimate authority to resolve and decide employee grievances and disputes consistent with budgetary limitations. AccessPoint shall consult, seek agreement, and coordinate with its Chief Administrator assigned to ACADEMY concerning any hiring, evaluating, supervising, disciplining, and termination of assigned staff before formal action is taken. ACADEMY Board will collaborate with AccessPoint on the selection, compensation and evaluation of the Chief Administrator.

b) On-site Supervision. AccessPoint shall be responsible for on-site supervision directly and through its Chief Administrator assigned to ACADEMY. The Chief Administrator will serve as the liaison to the ACADEMY Board on behalf of AccessPoint. The Chief Administrator shall be the on-site consultant for AccessPoint and shall assist AccessPoint with its administrative and personnel responsibilities on ACADEMY premises. As to all administrative and personnel matters, the Chief Administrator shall coordinate with and report to designated AccessPoint managers and officers at AccessPoint's home office. AccessPoint, after consulting with the Chief Administrator, shall determine the procedures to be employed by Covered Employees in the day-to-day performance of their job responsibilities. AccessPoint shall make every effort to act in the best interests of ACADEMY with regard to ACADEMY's policy and procedure in exercising control over the Covered Employees. AccessPoint shall make certain that all appropriate guidelines concerning AccessPoint's oversight of Covered Employees is followed by said Chief Administrator and that its Chief Administrator shall comply with all AccessPoint directives dealing with its responsibilities herein above set forth.

## **3. AccessPoint Requirements.**

a) Compliance with Applicable Criteria. AccessPoint assumes sole responsibility for assuring that all services set forth in Paragraphs 1 and 2 provided by AccessPoint are provided in compliance with and conform to (i) all applicable federal, state and local government laws, rules and regulations, including, but not limited to the Code, all civil rights laws, Bullard-Plawecki Employee Right to Know Act, Whistleblower's Protection Act, Fair Labor Standards Act, and Fair Credit Reporting Act; (ii) all pertinent policies of those accrediting agencies from which ACADEMY has secured or is seeking accreditation, and the Michigan Department of Education; and (iii) all other applicable policies of ACADEMY. AccessPoint shall promptly provide to ACADEMY, within twenty-four hours of receipt, all notices, reports or correspondence from individuals or governmental agencies that assert claims, deficiencies or charges against ACADEMY or AccessPoint that otherwise threaten the suspension, revocation, or any other action adverse to any approval, authorization, certificate, determination, finances, license or permit required or necessary to own or operate ACADEMY.

b) Employment Laws. AccessPoint shall comply with all applicable federal, state and local employment laws. AccessPoint shall comply with the Fair Labor Standards Act and control all overtime.

4. ACADEMY Requirements. ACADEMY shall provide the following:

a) Personnel Requirements. Advise AccessPoint of the faculty and staff required by ACADEMY to perform its mission, consistent with its approved budget.

b) Insurance. Maintain casualty and premises liability insurance on all school buildings and premises and to maintain professional liability insurance pertaining to the staff that could result in a claim against ACADEMY and name AccessPoint as an additional insured.

c) Financial Reports. Prepare annual budgets and periodic financial reports as required by the Contract with the Authorizer, statute or as desired by the Board.

d) Employment Laws. ACADEMY shall comply with all applicable federal, state and local employment laws. ACADEMY shall comply with the Fair Labor Standards Act and report all overtime to AccessPoint.

e) Records. ACADEMY shall maintain actual time records and verify the accuracy of all wage and hour information provided to AccessPoint at the end of each pay period. ACADEMY shall verify the accuracy of all wage and salary reports which shall be supplied to ACADEMY by AccessPoint at the end of each pay period. ACADEMY shall not pay any wages, salaries or other compensation, including employee benefits, without informing AccessPoint in writing.

f) Employee Benefits. ACADEMY shall provide to AccessPoint a written statement with regard to all policies concerning employee compensation, evaluation and benefits. These policies shall comply with all federal, state and local governmental laws and regulations.

g) Safety Requirements. ACADEMY shall comply with all safety, health and work laws, regulations and rules at its own expense. ACADEMY and AccessPoint shall also comply with all safe work practices and use of protective equipment required by federal, state or local law. All accidents involving Covered Employees shall be reported immediately to AccessPoint by the Chief Administrator or designee. ACADEMY shall cooperate with AccessPoint's Worker's Compensation carrier and liability insurance carrier who shall have the right to inspect ACADEMY's property.

h) Discipline, Layoff, or Termination of Covered Employees. ACADEMY agrees to comply with all AccessPoint personnel policies and procedures, directives, both general and specific, regarding the discipline, layoff, or termination of Covered Employees to the extent those directives reasonably consider the policies, procedures, rules, regulations, mission and curriculum established by the ACADEMY Board. ACADEMY further agrees to immediately notify AccessPoint of any material change in the current business operations of ACADEMY.

i) Personnel Issues. In the event ACADEMY becomes dissatisfied with the performance of any Covered Employee AccessPoint shall be notified, in writing, setting forth the nature of the dissatisfaction, the proposed remedial action, and any specific action requested.

j) Employee Background Checks. ACADEMY or its designated subcontractor (approved by AccessPoint) shall be responsible for performing all pre-employment, background, license and eligibility review and other screening and investigation required by federal, state or local law, including the Michigan Revised School Code (the "Code"), as if employed by ACADEMY directly. The results of the screening and investigation will be reported to AccessPoint in accordance with State law, MDE and/or the Authorizer's procedures. All fees incurred by AccessPoint in connection with the screening and

investigation shall be billed to and paid by ACADEMY. The results of the screening and investigation of pre-employment records must be made available for review by the Authorizer at the Academy's office.

k) Academic Program. ACADEMY shall be responsible for the development and implementation of all curriculum and educational programming for the Academy. Covered Employees shall be responsible for complying with the Academic Program set forth in the Contract.

l) Designation of School Officials. The Academy agrees to define "school official" in the Academy's annual notification of rights under 20 U.S.C. § 1232g, 34 C.F.R. § 99, the Family Educational Rights and Privacy Act ("FERPA") to include a contractor who performs an institutional service or function for which the Academy would otherwise use its own employees, who is under the direct control of the Academy with respect to the use and maintenance of personally-identifiable information from education records, and who is subject to the requirements of 34 C.F.R. § 99.33(a) governing the use and redisclosure of personally identifiable information from education records. The Board hereby designates AccessPoint and certain of its employees and subcontractors as school officials of the Academy having a legitimate educational interest such that they are entitled to access to educational records under FERPA. AccessPoint and its employees and subcontractors agree to comply with FERPA and corresponding regulations applicable to school officials. Except as set forth in this Paragraph or as expressly acknowledged in writing by the Board, no employee of AccessPoint shall be deemed to be an agent of the Academy.

5. Term of Agreement. This Agreement shall commence on July 1, 2021 and continue for a period of three years, expiring July 1, 2024. Either party may cancel this Agreement with or without cause at the end of the second year of this agreement with 60 days prior written notice. If the ACADEMY and/or AccessPoint becomes obligated for Michigan Public School Employees Retirement System (MPERS) or an unexpected fee or tax is instituted, (e.g., State service tax fee) either party may immediately invoke the 90-day termination notice provision at any time during the contract. Termination of this Agreement shall not affect the continuation of the obligations of either party incurred during the term of the Agreement. The parties acknowledge that as part of any contract reauthorization with the Authorizer, it may require ACADEMY and AccessPoint to submit an entirely new Agreement for review by the Authorizer.

6. Service Fee. A Service Fee shall be charged to ACADEMY equal to the total gross pay of all Covered Employees within a class assigned to ACADEMY multiplied times the billing rate for each class of Covered Employees. "Taxable wage limits" is the sum of all earnings by a Covered Employee that are eligible for a particular type of tax (for example: State Unemployment Tax, Federal Unemployment Tax, and Social Security). Each tax is different and has different regulations about limits to the amount of wages that can be considered taxable with respect to that tax

The following billing rates apply:

- i) School Professional (teachers), administrators, and clerical at the billing rate 1.1480 as taxable wage limits are reached.
- ii) Food Service at the billing rate of 1.1692 as taxable wage limits are reached.
- iii) ACADEMY acknowledges that AccessPoint's cost for any item covered by the Service Fee may be more or less than the amount collected using the Service Fee rates.
- iv) The Service Fee shall be billed once per pay period and due upon receipt.

v) The Service Fee shall be adjusted upon the effective date of any increase or decrease in employee wage rates, payroll taxes, worker's compensation premiums, or employee benefit program changes. AccessPoint shall give ACADEMY thirty (30) days written notice of any change in the Service Fee, subject to AccessPoint's timely notice from any third party involved. This provision does not pertain to monthly fee rates which may vary because of the hours worked by Covered Employees.

**7. Costs.** ACADEMY shall pay and may advance funds for all additional costs or expenses incurred by AccessPoint that are incidental to the performance of this Agreement. AccessPoint shall provide documentation for all costs and expenses to the Academy for approval by the ACADEMY Board at its next regularly scheduled meeting. These additional costs or expenses may include, but are not limited to, employee replacement costs, hiring temporary personnel, fidelity bonding, and ACADEMY approved training programs. AccessPoint's total billings to ACADEMY, however, for the Fees described in Paragraph 6 and the Costs described in this Paragraph shall not exceed the total budget amount approved by the ACADEMY Board, provided that AccessPoint is only obligated to provide services equal to that amount. Additional costs shall be billed once per month and are due upon receipt. AccessPoint shall provide reasonable notice, or seek approval, as may be practicable, before costs are incurred. Any services to be provided by AccessPoint that are included in their fee but are performed by a subcontractor shall not be charged to, reimbursed by or passed through as an additional cost to the Academy. No corporate costs of AccessPoint shall be charged to, or reimbursed by, the Academy.

**8. Payment of Service Fees and Costs.** ACADEMY shall execute a Wire Transfer to AccessPoint, from the designated ACADEMY account in an amount equal to the Service Fees described in Paragraph 6 by the due date on the properly documented invoice. ACADEMY agrees to pay AccessPoint for the Costs described in Paragraph 7 of this Agreement within ten business days upon receipt of a properly documented invoice, incurred pursuant to this Agreement, subject to ratification by the ACADEMY Board. If there is any disputed amount to an invoice, the non-disputed amount shall be ratified. If there is a disputed amount, whether ratified by the ACADEMY Board or not, the parties shall meet within fourteen (14) days to discuss and attempt to resolve the disputed amount prior to submitting the matter to arbitration as addressed in Paragraph 12. If for any reason not attributable to AccessPoint, payment is not made when due, ACADEMY agrees pay AccessPoint interest on the amount due at a rate of three (3) percent of the delinquent amount plus one and one-half percent (1.5%) of the delinquent amount per month for any period of delinquency over one month.

**9. Insurance:** The Academy's insurance policies will be in compliance with the Michigan Universities Self Insurance Corporation (M.U.S.I.C.) requirements and in accordance with the limits required by Authorizer. The Academy will be the first named insured and the Authorizer will also be named as an additional insured.

a) **Vehicle Insurance.** ACADEMY shall provide liability insurance for any Covered Employee of AccessPoint assigned to ACADEMY driving any vehicle while in the employment of AccessPoint for ACADEMY. The policy shall insure against bodily injury and property damage with a minimum combined single limit (CSL) of \$1,000,000. ACADEMY shall also provide personal injury protection coverage of \$1,000,000. ACADEMY shall name AccessPoint as a certificate holder on these policies with thirty (30) days advance notice of cancellation or material change in such policies.

b) **General Liability Insurance.** ACADEMY shall maintain a comprehensive general liability insurance policy in the amount of \$1,000,000 (CSL) insuring ACADEMY against bodily injury and property damage liability caused by ACADEMY's premises operations or activities conducted off premises related to operation of ACADEMY. The policy shall include blanket contractual liability and personal injury

coverage. ACADEMY shall name AccessPoint as an additional insured on this policy with thirty (30) days advance written notice of cancellation or material change.

c) Professional Liability Insurance, ACADEMY shall provide professional liability insurance, including sexual abuse coverage, in the amount of \$1,000,000 naming AccessPoint as an additional insured. ACADEMY shall maintain a Worker's Compensation policy with an "if any" provision.

d) AccessPoint M.U.S.I.C. Insurance Coverage, AccessPoint shall maintain a comprehensive general liability, errors & omissions, directors & officers, school leader's errors & omissions, auto liability and employment practices liability insurance policy, each of which will be not less than \$1,000,000.00 as well as any such insurance policy in the amount as required by the Charter Contract and the Michigan Universities Self Insurance Corporation. In the event the Authorizer or M.U.S.I.C. requests any change in coverage by AccessPoint, AccessPoint 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. AccessPoint's insurance is separate from and in addition to the insurance the Academy is required to obtain under the Contract. The policy shall include blanket contractual liability, crime, and personal injury coverage. AccessPoint shall name ACADEMY as an additional insured on this policy with thirty (30) days advance written notice of cancellation or material change.

#### **10. Termination of Agreement.**

a) This Agreement shall terminate and AccessPoint shall be relieved of all responsibility under this Agreement, as of the ending date of the last payroll period immediately preceding any of the following events:

- i) ACADEMY files for bankruptcy or becomes insolvent;
- ii) The facility where Covered Employees are engaged in work for ACADEMY is closed permanently;
- iii) ACADEMY requests a layoff of 25 % of the workforce;
- iv) ACADEMY and its successors and assigns discontinue operation;
- v) ACADEMY meets the definition of a financially distressed business as set forth in the Worker Assistance and Retraining Notification Act.
- vi) ACADEMY's Contract with authorizer is revoked, terminated or not renewed. The termination of this Agreement shall automatically occur as of the date the Academy's contract is revoked, terminated or not renewed.
- vii) Any other reason set forth in this Agreement, including as identified in Paragraph 4 of this Agreement that constitutes a default under the Agreement or allows AccessPoint to terminate this Agreement.
- viii) State or authorizer mandated shut down (dissolution) of ACADEMY

b) ACADEMY may terminate this Agreement prior to the end of the term specified in Paragraph 5 or in the event that AccessPoint shall fail to remedy a material breach within 60 days after notice from the Board, provided however that if the nature of the breach is such that the cure cannot be reasonably accomplished within 60 days, then the cure period should be extended, so long as AccessPoint proceeds to cure with reasonable dispatch. Material breach includes, but is not limited to: (1) AccessPoint's failure to account for its expenditures or to pay ACADEMY operating costs as specifically noted in this agreement (provided funds are available to do so), (2) failure of AccessPoint to follow mission, policies, procedures, rules, regulations or curriculum duly adopted by the ACADEMY Board and communicated to AccessPoint, provided that such mission, policies, procedures, rules, regulations or curriculum are not inconsistent with the Contract, as amended, this Agreement, or in violation of applicable law, (3) receipt by the Board of unsatisfactory reports from AccessPoint or from an educational consultant retained by the Board about matters concerning AccessPoint's performance or the performance of the staff which are not reasonably corrected or explained; or (4) AccessPoint's failure to abide by all applicable laws in its administration of this Agreement (5) failure by AccessPoint to hire, retain, or terminate employees consistent with the Board's reasonable expectations, policies, procedures, rules, regulations, mission or curriculum. (6) Any action or inaction by AccessPoint that is not cured within 60 days of notice thereof which causes the Academy's contract with the authorizer to be revoked, terminated, suspended or which causes that contract to be put in jeopardy of revocation, termination or suspension by the authorizer is a material breach.

c) In the event ACADEMY terminates this Agreement pursuant to this Paragraph, ACADEMY shall pay all charges due under this Agreement through the last date of services provided by AccessPoint.

d) In the event that the Academy is required (i) to close an Academy site pursuant to a notice issued by the State School Reform/Redesign Officer under Section [507] [528] [561] of the Code, MCL [380.507][380.528][380.561]; or (ii) to undergo a reconstitution pursuant to Section [507][528][561] of the Code, MCL [380.507][380.528][380.561], and the Contract Terms and Conditions, 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 AccessPoint shall have no recourse against the Academy or the University Board for implementing such site closure or reconstitution.

e) Both parties agree to make all efforts necessary to attempt to remedy a breach of this Agreement. If a breach cannot be remedied, the parties agree to work cooperatively to transition management and operations of the Academy with minimal disruption to the school's operations.

f) Upon termination or expiration of the Agreement, or the Agreement is terminated due to a Contract revocation, reconstitution, termination or non-renewal, AccessPoint 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 educational service provider ("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 AccessPoint 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.



**11. Indemnification.**

a) AccessPoint. AccessPoint shall indemnify and hold ACADEMY, including its officers, directors, board members and agents, harmless from any and all claims, including employment related claims by AccessPoint Covered Employees or applicants, administrative determinations, judgments, damages, reimbursements, back pay, penalties, fines, costs or loss, demands, suits, including reasonable attorney's fees or other forms of liability that may arise out of, or by reason of, any noncompliance by AccessPoint with any agreements, covenants, warranties, or undertakings of AccessPoint contained in or made pursuant to this Agreement and any misrepresentation or breach of the representations and warranties of AccessPoint contained in or made pursuant to this Agreement or for wrongful or negligent acts. In addition, AccessPoint shall reimburse ACADEMY for any and all legal expenses and costs associated with the defense of any such claim, demand or suit. This indemnification shall include all wrongful or negligent acts of AccessPoint or any failure on AccessPoint's part to perform any of its duties during the term of this Agreement, including alleged violations of federal, state and local laws and regulations. AccessPoint shall not be responsible to indemnify ACADEMY for the acts or omissions of an unlicensed individual that occur when that individual is not under the supervision of a Covered Employee. The indemnification requirements of this paragraph may be met by the purchase of insurance in a form and amounts acceptable to ACADEMY and shall be not less than \$1,000,000 per occurrence.

b) ACADEMY. ACADEMY shall, to the extent permitted by law, indemnify and hold AccessPoint, including its officers, directors and agents harmless from all wrongful or negligent acts committed by ACADEMY or any Covered Employees acting under the direction or supervision of the ACADEMY Board. This includes violations of federal, state or local laws and regulations. ACADEMY shall indemnify AccessPoint against any claims, administrative determinations, judgments, damages, reimbursement, back pay, penalties, fines, costs or loss, including reasonable attorney fees resulting from such wrongful or negligent acts. The indemnification requirements of this paragraph may be met by the purchase of insurance in a form and amounts acceptable to AccessPoint and shall be not less than \$1,000,000 per occurrence.

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

**12. Arbitration.** In the event of a dispute regarding a breach, alleged breach, validity or interpretation of any provision of this Agreement, both ACADEMY and AccessPoint agree to submit such disputes, except as either party may be seeking injunctive relief, to final and binding arbitration as the sole and exclusive remedy for such disputes. Said disputes shall be submitted to the Michigan Mediation and Arbitration Services ("MMAS") and governed by the Michigan Court Rules and Michigan Arbitration Act.

The arbitration hearing will be held in Oakland County and will be the exclusive remedy for resolving the disagreement. Either party may file for arbitration but must do so with MMAS within ninety (90) calendar days of the event precipitating the disagreement, or within 90 days the party reasonably discovers the precipitating event or within the applicable statute of limitations, whichever is sooner.

If arbitration is requested by either ACADEMY or AccessPoint, the parties shall be entitled to be represented by attorneys and/or counsel of their choice. The parties shall equally split the filing fee, and any administrative fees or costs assessed by MMAS, regardless of who requests the arbitration. The parties will split the arbitrator's fees and expenses, and each party will pay its own costs and attorney fees in connection with the arbitration, except as those costs and fees may be reallocated by the arbitrator in the award of damages in accordance with this Agreement or the relevant state or federal statute.

If arbitration is requested, the arbitrator shall allow both parties the right to conduct limited and reasonable discovery, which may include depositions, and for a period of time necessary for the parties to reasonably prepare for the arbitration hearing. The arbitrator is authorized to issue subpoenas to summon witnesses, which subpoenas may be enforced in a court of competent jurisdiction.

The arbitrator may award any and all remedies allowable by the cause of action pled in the request for arbitration, including but not limited to equitable relief and money damages. The arbitrator shall issue a written decision, containing his/her findings of fact and conclusions of law. The arbitrator's award will be final and binding on both parties and may be enforced in a court of competent jurisdiction. The Authorizer shall be notified of said decision and, upon request, the written decision shall be made available. The Academy shall be responsible for notifying the Authorizer of the decision by the arbitrator and providing the Authorizer with a copy of the decision.

**13. Entire Agreement.** This document, being executed in multiple and identical counterparts all of which shall constitute part of the Agreement, contain the entire Agreement between the parties with regard to the subject matter of this Agreement. All previous negotiations, statements and preliminary instruments of the parties and their respective representatives are merged into this Agreement. No modification of this Agreement shall be valid or binding unless such modification is in writing, dated and signed by the authorized representative of each party and must be done in a manner consistent with the Authorizer's Educational Service Provider Policies. The conditions of this Agreement extend to and bind the subsidiaries, successors and assigns of each party.

**14. Notices.** All notices required or permitted by this Agreement shall be in writing and delivered personally or by first class mail, postage prepaid to the address of each party that is shown above.

If one of the parties to this Agreement changes his/her or its address, they shall within thirty (30) days notify the other party, in writing, of the new address. Notice shall be deemed received on the date it is delivered or mailed.

**15. Responsibility for Performance of Agreement.** Each party, their successors and assigns shall be jointly and severally responsible for the performance of their obligations under this Agreement.

**16. Severability and Validity.** The invalidity or unenforceability of any provision or part of this Agreement shall not affect the validity or enforceability of any other provision or part of this Agreement.

**17. Contract Interpretation.** The Parties acknowledge that this Agreement and the language contained in this Agreement are the result of negotiations between the parties and no part of this Agreement shall be construed against either party by virtue of authorship.

**18. No Third-Party Rights.** This Agreement is intended solely for the benefit of AccessPoint and ACADEMY, and it shall not be construed to create any benefits for or rights in any other person or entity, including Covered Employees, or their representatives except as specified in 11c of this Agreement.

**19. Waiver of Breach.** The waiver by one party to this Agreement of a breach of this Agreement by the other party shall not operate as or be construed as a waiver of any subsequent breach or breaches by the other party.

**20. Caption Headings.** The captions headings for each provision of this Agreement are not part of this Agreement nor shall they be used to construe the provision more broadly or narrowly than the text would indicate.

**21. Necessary Documents.** The parties shall execute all necessary documents required to carry out the terms and intent of this Agreement.

**22. Governing Law.** The Agreement shall be construed under the law of the State of Michigan.

**23. Counterparts.** This Agreement may be executed in identical counterparts, each of which shall be deemed an original.

**24. Assignment.** The Agreement may not be assigned by either party without the written consent of the other party, prior notification to the Authorizer and prior approval of the ACADEMY Board, except that AccessPoint may assign its rights and duties to a subsidiary within the AccessPoint organization upon 60 days' written notice to the ACADEMY Board and Authorizer and provided the ACADEMY Board approves said assignment. Any such assignment must be done in a manner consistent with the Authorizer's Educational Service Provider Policies.

**25. ACADEMY Board's Constitutional Duty.** No provision of this Agreement shall or is intended to interfere with the ACADEMY Board's duty to exercise its statutory, contractual and fiduciary responsibilities governing the operation of ACADEMY as provided under Michigan law. This Agreement does not prohibit the ACADEMY Board from acting as an independent, self-governing public body, or allow public decisions to be made other than in compliance with the Open Meetings Act.

**26. Governmental Immunity.** No provision of this Agreement is intended to restrict the ACADEMY Board from waiving or requiring it to assert its governmental immunity. Nothing in this paragraph shall prohibit AccessPoint from asserting any defense that may be available to it under this Agreement or under Michigan law.

**27. Financial, Educational, Employee and Student Records.** Financial, educational, and student records pertaining to ACADEMY are ACADEMY property, and such records may be subject to the provisions of the Michigan Freedom of Information Act. All ACADEMY records shall be physically or electronically available,

upon request, at ACADEMY's physical facilities and shall be kept in accordance with applicable state and federal requirements. Except as permitted under applicable law, AccessPoint shall not restrict the authorizer's, the public's, or the independent auditor's access to ACADEMY's records consistent with applicable statutes.

Except as permitted under the Code, AccessPoint 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 AccessPoint receives information that is part of an Academy student's education records, AccessPoint shall not sell or otherwise provide the information to any other person except as permitted under the Code. For purposes of this section, the terms "education records" and "personally identifiable information" shall have the same meaning as those terms in section 1136 of the Code, MCL 380.1136.

**28. Independent Auditor and Legal Counsel.** AccessPoint shall not select or designate the independent auditor, accounting firm or legal counsel for ACADEMY. All finance and other records of AccessPoint relating to ACADEMY will be made available to the ACADEMY, the ACADEMY's independent auditor and the Authorizer upon request.

**29. Procurement of Equipment, Materials, and Supplies.** If AccessPoint procures equipment, materials, and supplies at the request of or on behalf of ACADEMY, AccessPoint shall not include any added fees or charges with the cost of the equipment, materials, and supplies purchased from third parties. Any equipment, materials, or supplies purchased by AccessPoint on behalf of or as the agent of ACADEMY are the property of ACADEMY. When making a purchase on behalf of or as agent of ACADEMY, AccessPoint shall comply with the Code, including but not limited to, Sections 1267 and 1274 of the Code (MCL 380.1267 and 380.1274) as if ACADEMY were making a purchase directly from a third party.

**30. ACADEMY Proprietary Rights.** ACADEMY owns all proprietary rights to curriculum or educational materials that:

- a) are both directly developed and paid for by ACADEMY.
- b) were developed by AccessPoint at the direction of the ACADEMY Board with ACADEMY funds.

All educational materials and teaching techniques used by ACADEMY are subject to disclosure under the Revised School Code and the Freedom of Information Act.

**31. AccessPoint Proprietary Rights.** AccessPoint owns all proprietary rights over curriculum, educational or ACADEMY management materials:

- a) previously developed or copyrighted by AccessPoint or
- b) curriculum, educational or ACADEMY management materials that are specifically developed by unreimbursed AccessPoint funds for ACADEMY or
- c) materials that are not otherwise dedicated for the specific purpose of developing ACADEMY curriculum, educational or ACADEMY management materials.

All educational materials and teaching techniques used by are subject to disclosure under the Code and the Freedom of Information Act.

**32. Employment Liability.** AccessPoint is the employer of record for employee compensation, collection of payroll taxes and withholdings, worker's compensation and unemployment liability and payment of benefits, all of which are set forth in this Agreement. AccessPoint accepts full liability and is responsible for paying all salaries, benefits, payroll taxes, worker's compensation, unemployment compensation and liability insurance for its employees leased to the ACADEMY or working on ACADEMY operations irrespective of whether AccessPoint receives an advancement of its cost or the payment of services from the ACADEMY.

**33. Marketing and Development.** Should AccessPoint provide marketing and development services to ACADEMY, the cost paid by or charged to ACADEMY shall be limited to those costs specific to the ACADEMY program and shall not include any costs for the marketing and development of AccessPoint.

**34. Compliance with Authorizer's Contract.** ACADEMY and AccessPoint intend for this Agreement to comply with the Contract issued by the Authorizer to ACADEMY and the Education Service Provider Policies issued by Authorizer's Charter Schools Office. To the extent any provision of this Agreement is inconsistent with the Contract or Policies that provision is invalid, and the Contract and Policies shall govern. Any additional costs of compliance because of changes mandated by the Authorizer will be borne by ACADEMY and subject to AccessPoint's ability to perform. If the additional costs are deemed excessive by the ACADEMY Board and the matter cannot be resolved, it may opt out of this Agreement by giving 90 days written notice.

**35. DATA SECURITY.** AccessPoint shall not disclose Academy education records or other information not suitable for public release. Academy shall not disclose AccessPoint's employee information, including but not limited to personally identifiable information (PII) and other records not suitable for public release. Both parties shall implement and maintain safeguards necessary to ensure the confidentiality, availability and integrity of education records, employee information, PII and other records not suitable for public release. Both parties shall only use, store, disclose or access education records, PII, and other information not suitable for public release to the extent needed to provide or receive services pursuant to this Agreement and in full compliance with any and all applicable laws and regulations.

If either party becomes aware that data has been accessed, disclosed or acquired without proper authorization and contrary to the terms of this Agreement, prompt notice shall be given to the other party. Both parties shall work together to take such actions to preserve forensic evidence, eliminate the cause of the Data Breach, and provide notice as may be required by law.

This Agreement is executed as of the date first written above.

Academy

By: 

Its: President

Dated: 4-28-2021

AccessPoint

By: 

Its: President

Dated: 4/28/2021



## **Exhibit A**

### **List of Excluded Workforce Positions at Academy:**

- None

### **List of Covered Workforce Positions at Academy:**

- Chief Administrative Officer/Chief Administrator
- Business Manager
- Office Manager
- Teacher
- Paraprofessional
- Library Services
- Reading Specialist
- Food Service

## **Exhibit B**

### **Administrative Services Addendum**

A client service Agreement ("Agreement") was entered into between Advance Educational Services, Inc., dba AccessPoint Educational HR (hereinafter "Access Point") and Island City Academy (hereinafter "Academy") effective July 1, 2019. It is the intent of the parties that AccessPoint provide administrative accounting services to the Academy. Therefore, the Agreement is amended to add the following terms and conditions:

**1. Access Point's Duties.**

a. Maintenance and operation of an accounting system and files for funds utilized by the Academy as required by the Michigan School Accounting Manual.

Access Point will maintain systems per the above parameters using an accounting system called Microsoft GP Dynamics. This system is widely used by businesses both large and small throughout the US and internationally. Access Point will combine this system with a series of customized reports that conform to both Authorizer and State of Michigan requirements for charter schools.

b. Preparation of an annual operating budget and budget amendments as necessary.

Pursuant to the Uniform Budget and Accounting Act, MCL 141.422b, the Academy Board is responsible for designating the Chief Administrative Officer ("CAO") of the Academy. If the Academy employs a superintendent or a person having general administrative control, then the Academy Board may designate that employee as the CAO of the Academy. If the Academy does not employ a superintendent or person having general administrative control, then the Academy Board shall designate an Academy Board member as the CAO of the Academy. Neither AccessPoint nor any owner, officer, director or employee of AccessPoint shall be designated as the CAO of the Academy, but an AccessPoint employee may assist the CAO in carrying out their duties.

Access Point will assist the school management in the preparation of and distribution of the working documents used to report the Schools financial performance to be suitable for the tracking of an initial budget and ongoing amendments as necessary. On an annual basis, AccessPoint shall provide the Academy Board all of 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 in which the information is available. Within thirty (30) days of receiving the 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.

c. Posting of all financial transactions and maintenance of the general ledger including the following functions:

i. Prepare accounts payable at least twice each month per invoices vouched and approved by Academy.



- ii. Prepare a fiscal year to date budget report showing annual budget, expenditures, and purchase orders received by account number and remaining balance of budget.
- iii. 1099 preparation
- iv. FID preparation and electronic upload.
- v. Preparation for audit and interface with auditors as appropriate.
- vi. Quarterly financial statements, bank reconciliation and quarterly reports to Central Michigan University The Governor John Engler Center for Charter Schools (the "Center"), according to the Center's approved format.
- vii. General assistance with budget forecasting and other services as mutually agreed.
- viii. Monthly financial statements will be provided no more than forty-five days in arrears at least one week prior to each ACADEMY Board meeting to allow time for all Board members to review the information prior to the meeting. These financial statements shall include: a balance sheet, a statement of revenues, expenditures and changes in the fund balance at object level, details with a comparison of budget-to-actual variances, and cash flow statement.
- ix. Annual services in excess of 200 hours subject to charges per Exhibit 2. Additional services requested by Board or to provided and billed as outlined in Exhibit 2.

The outline of the services listed in 1.c is detailed in the attachment "Exhibit 1".

- d. Access Point shall prepare year-to-date fund general ledgers and trial balances at year end in preparation for the annual audit.
- e. The books and accounting records, file documents, etc. must remain on site at the Academy.
- f. From time to time, the Academy may desire to employ Access Point to perform other services not referenced in this agreement. Arrangements for such services will be made by separate contract or addendum.
- g. All documents prepared for or on behalf of the Board or its agents will remain confidential and shall not be shared by Access Point with any outside individual(s) or entity, except for the Board auditor, Board attorney, Board members or administrative staff assigned to the Academy, without specific written approval of the Board President or his/her designee.
- h. No provision of the Agreement or the Administrative Services Addendum shall limit the Academy Board treasurer's legal obligation to direct that the deposit of all funds received by the Academy be placed in the Academy's depository account as required by law. The signatories on the Academy Board accounts shall remain solely Academy Board members or properly designated Academy Board employee(s). Interest income earned on Academy accounts shall accrue to the Academy.

## **2. Island City Academy's Duties.**

- a. On a weekly basis, the Academy will send approved and coded bills to Access Point for payment.
- b. On a monthly basis, the Academy will send copies of all deposits made during the month and any bank statements to Access Point.
- c. It is the duty of the Academy to ensure that the information sent to Access Point is accurate. The Academy agrees that Access Point cannot be held responsible for any errors in the reports

or work provided to the Academy, if it is based on errors in the information provided by the Academy.

- d. Make a good faith effort to provide the necessary information to Access Point for the preparation of the reports contemplated by this Agreement by the date Access Point requests.

### 3. Fee

For specifically enumerated items on this exhibit, AccessPoint Educational HR will charge a monthly fee of \$1500.00 billed monthly, due upon receipt, not to exceed an annualized total of \$18,000.00.

### 4. Independent Contractor Status

Access Point agrees to employ and compensate its own staff; trained, directly employed and supervised by Access Point. Access Point agrees that its employees will be properly qualified and will use reasonable care in performing their duties. All state and federal law requirements for employees shall be complied with. Access Point shall have no right or responsibility to bind the Academy contractually or financially in any way and Access Point does not act as an agent for the Academy. Access Point will not have access or authority to expend funds on behalf of the Academy and shall be limited in its authority to prepare disbursements and reports based on the approved information provided by the authorized designated personnel of the Academy or designated agents of the Academy. The foregoing representations and assurances apply to the services referenced in this Administrative Services Addendum and to the Agreement to which it amends. Both parties acknowledge that Access Point is not serving as a fiduciary for the Academy.

This Addendum to the Agreement is effective as of the date first written above.

Island City Academy

By: 

Its: President

Dated: 4-28-2021

Advance Educational Services. Inc.

By: 

Its: Pr

Dated: 4-28-2021

**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 Plan.....	6-4
Financing Agreement.....	6-5
Mortgage Agreement .....	6-49
Warranty Deed .....	6-66
Office of Fire Safety Approval .....	6-67
Certificates of Use and Occupancy .....	6-68

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 Island City Academy (the "Academy") is as follows:

Address: 6421 S. Clinton Trail  
Eaton Rapids, MI 48827

Description: The Academy is located in a single-story, vinyl-sided facility that consists of 24,036 total square feet. The facility consists of a central office suite with reception area, one teacher's lounge, twelve classrooms, an art room, four restrooms, a library, a large multipurpose room and a secure vestibule area. The facility also includes several mechanical rooms and storage closets. A storage room, consisting of 1,800 square feet, is accessible from the back of the multipurpose room. The storage area has electricity, but does not have heating and cooling systems. This storage area is not used for student instruction. The Site includes an asphalt parking lot and large playground areas.

Configuration of Grade Levels: Kindergarten through Eighth Grade.

Term of Use: Term of Contract.

Name of School District and Intermediate School District:

Local: Eaton Rapids Public Schools  
ISD: Eaton Regional Education Service Agency

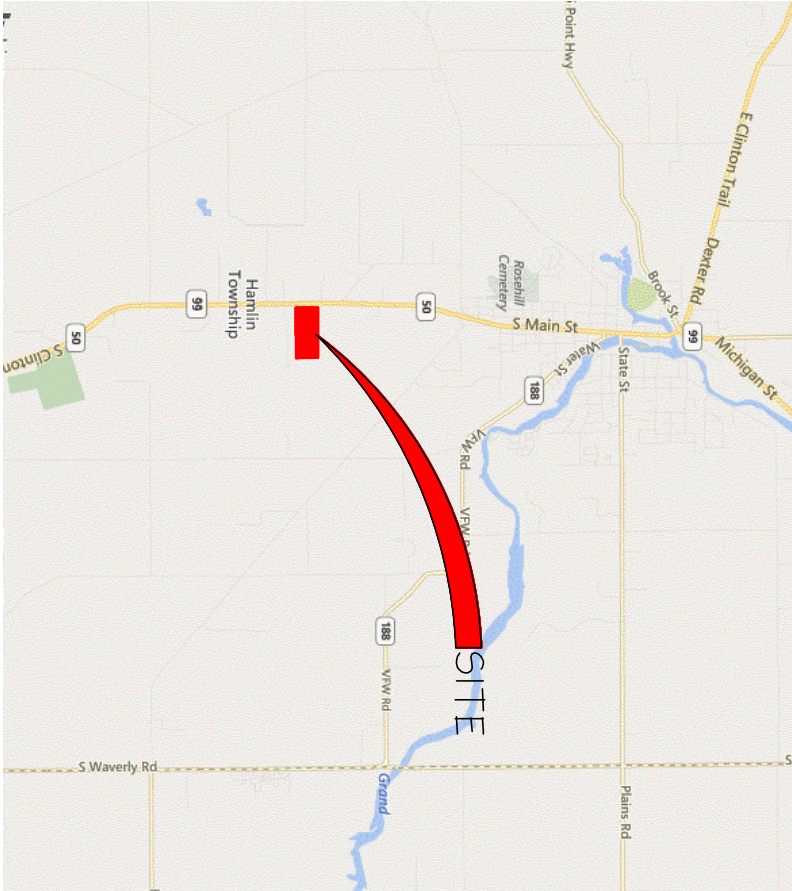
3. It is acknowledged and agreed that the information identified below, about this Site, is provided on the following pages, or must be provided to the satisfaction of the University Board or its designee, before the Academy may operate as a public school in this state.

- 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, 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.



LOCATION MAP - HAMLIN TOWNSHIP - EATON COUNTY.  
NOT TO SCALE

LEGAL DESCRIPTION:  
COMM ON W SEC. LINE N 02 DEG. 07'56"E 329  
FT FROM W 1/4 COR, N 02 DEG. 07'56"E 400  
FT, S 87 DEG. 30'19"E 1000 FT, S 02 DEG  
07'56"E 729 FT TO A PT ON EM 1/4 LINE, N  
87 DEG 30'19"W 400 FT, N02 DEG 07'56"E 213  
FT, N 87 DEG 30'19"W 300 FT, N 02 DEG  
07'56"E 166 FT, N 87 DEG 30'19"W 300 FT  
TO BEG. SEC. 15, T1N,R34W, HAMLIN TTP  
9-1-99

PREPARED FOR:



**DAILEY ENGINEERING, INC.**  
8485 STEPHENSON ROAD  
ONSTED, MI 49265

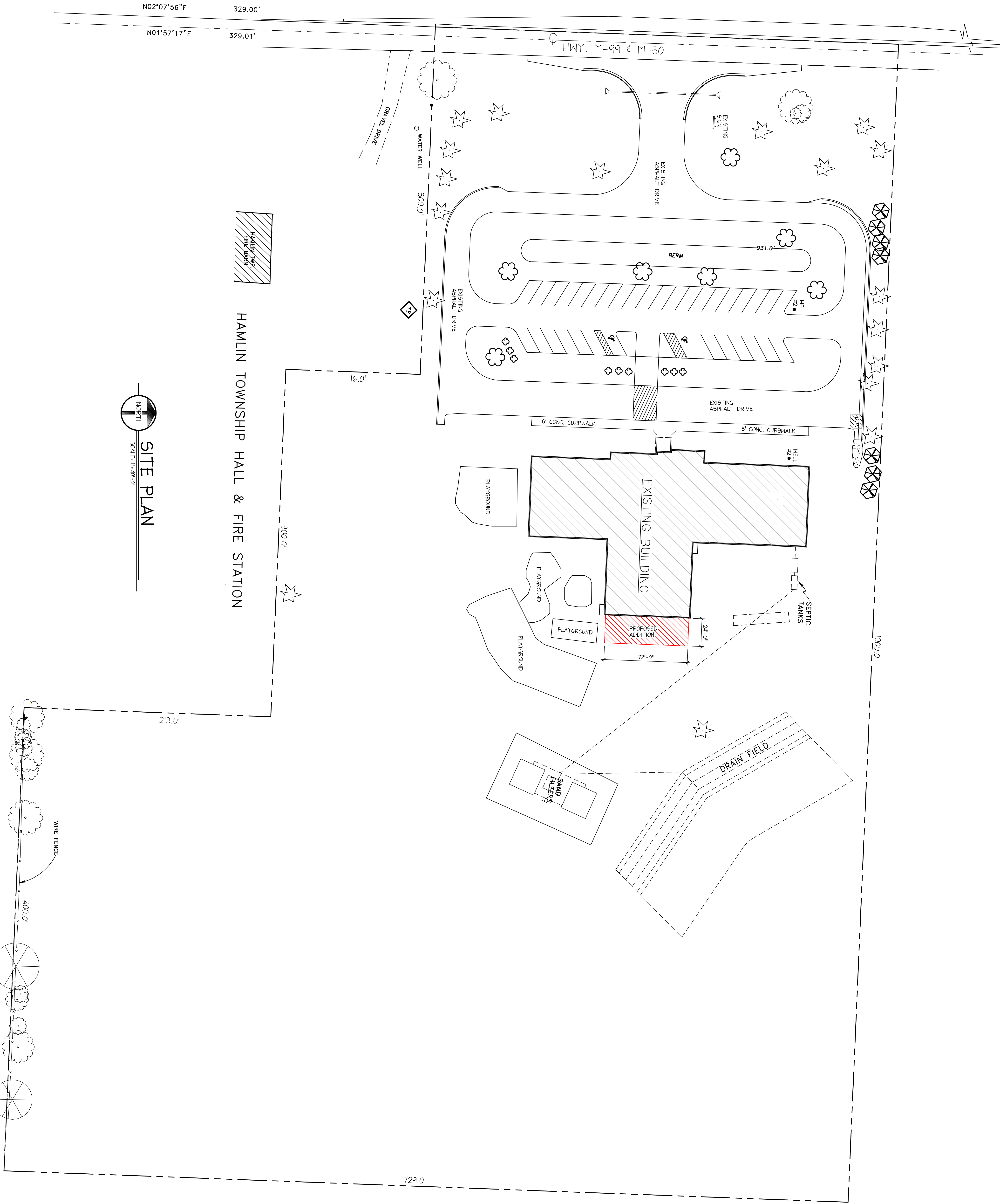
PH. # (517) 467-9000  
FAX # (517) 467-9010  
EMAIL - todd@dailey@me.com

**ISLAND CITY ACADEMY**  
**6421 SOUTH CLINTON TRIAL**  
**EATON RAPIDS, MICHIGAN 48827**

DRAWN BY: M. FOWLER CHK'D. BY: TA DAILEY APP'D. BY:

**SITE PLAN**

DATE: 02/29/2016 REV: 0 DRAWING NO. **C1**



**SITE PLAN**  
SCALE: 1"=40'-0"







Execution

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FINANCING AGREEMENT

Between

MJK CAPITAL CORPORATION

and the

ISLAND CITY ACADEMY

---

Dated as of August 1, 1999

---

THIS FINANCING AGREEMENT dated as of August 1, 1999 (this "Agreement") by and between MJK CAPITAL CORPORATION, a corporation duly organized and existing under the laws of the State of Minnesota (together with its successors and assigns, "MJK"), whose address is 5500 Wayzata Boulevard, Suite 800, Minneapolis, Minnesota 55416, and ISLAND CITY ACADEMY ("Island City"), a public school academy operating under the laws of the state of Michigan, whose address is 103 Albers, Eaton Rapids, Michigan 48827.

#### **WITNESSETH:**

WHEREAS, Island City is authorized by law to hold and own in its own name for educational purposes real and personal property, or interests therein, by purchase, lease, installment purchase agreement, land contract, option, or condemnation, and subject to security interests or other liens; and

WHEREAS, Island City has determined that it is necessary and desirable to acquire and improve educational facilities and to finance such acquisition and improvement pursuant to this Agreement; and

WHEREAS, MJK has agreed to finance the acquisition and improvement of such educational facilities (the "Project") pursuant to the terms and conditions of this Agreement; and

WHEREAS, Island City has the authority under applicable State of Michigan laws to enter into this Agreement;

NOW, THEREFORE, in the joint and mutual exercise of their powers, and in consideration of the mutual covenants herein contained, the parties hereto recite and agree as follows:

#### **ARTICLE I**

##### **DEFINITIONS AND EXHIBITS**

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Agreement, have the meanings herein specified.

**Agreement**: This Financing Agreement, and any duly authorized and executed amendment hereto.

**Assignment**: The Assignment Agreement, dated as of the date hereof, between MJK as assignor and the Trustee as assignee, and any duly authorized and executed amendment thereto.

**Beneficial Owner:** Any owner or affiliated owners of a majority in principal amount of certificates of participation issued under the Trust Agreement, including initially and without limitation the Federated Municipal Opportunities Fund, Fund Number 2234.

**Certificate Account:** The Certificate Account in the Trust Fund which is established by the Trust Agreement.

**Code:** The Internal Revenue Code of 1986, as now or hereafter amended, and the regulation and revenue rulings and procedures issued pursuant thereto from time to time.

**Contractor:** Will H. Hall & Son, Inc., whose address is 1415 Dort Highway, Flint, Michigan 48506, and any subcontractor.

**Fiscal Agent:** Central Michigan University Board of Trustees.

**Insurance and Casualty Award Account:** The Insurance and Casualty Award Account in the Trust Fund which is established by the Trust Agreement.

**Interest:** The portion of any Purchase Payment designated as interest in the attached Exhibit B.

**Island City Representative:** The Board President of Island City or any person authorized by law to act on his/her behalf under or with respect to this Agreement, as evidenced by a Board resolution conferring such authority and given to MJK or an MJK Representative.

**MJK Representative:** Any Vice President of MJK or any other person authorized to act on behalf of MJK under or with respect to this Agreement, as evidenced by a certificate conferring such authority executed by any Vice President of MJK, given to Island City or a Island City Representative.

**Mortgage:** The Mortgage Agreement as of the date hereof, given by Island City with respect to the Project, and any duly authorized and executed amendment thereto.

**Net Proceeds:** Any insurance proceeds or condemnation award paid with respect to the Project, remaining after payment therefrom of all expenses incurred in the collection thereof.

**Payment Date:** The date upon which any Purchase Payment is due and payable as provided in the attached Exhibit B.

**Permitted Encumbrances:** As of any particular time: (i) liens for taxes and assessments not then delinquent, or which Island City may, pursuant to provisions of Article VII hereof, permit to remain unpaid; (ii) this Agreement; (iii) the Mortgage; (iv) the Assignment; (v) any mechanic's, laborer's, materialmen's, supplier's or vendor's lien or right not filed or perfected in

the manner prescribed by law, or which Island City may, pursuant to provisions of Article VII hereof, permit to remain unpaid; (vi) minor defects and irregularities in the title to the Project which do not in the aggregate materially impair the use of the Project for the purposes for which it is or may reasonably be expected to be held; (vii) easements, exceptions or reservations for the purpose of pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, alleys, highways, railroad purposes, drainage and sewage purposes, dikes, canals, laterals, ditches, the removal of oil, gas, coal or other minerals, and other like purposes, or for the joint or common use of real property, facilities and equipment, which do not materially impair the use of the Project for the purposes for which it is or may reasonably be expected to be held; (viii) rights reserved to or vested in any municipality or governmental or other public authority to control or regulate or use in any manner any portion of the Project which do not materially impair the use of the Project for the purposes for which it is or may reasonably be expected to be held; (ix) any obligations or duties affecting any portion of the Project of any municipality or governmental or other public authority; with respect to any right, power, franchise, grant, license or permit; and (x) present and future valid zoning laws and ordinances.

**Pledged Revenues:** An amount equal to twenty percent (20%) of the state school aid revenues to be received by Island City from the State.

**Prepayment Price:** As of any Payment Date, the amount so designated and set forth opposite such date in Exhibit B.

**Principal:** The portion of any Purchase Payment designated as Principal in the attached Exhibit B.

**Project:** The real and personal property described generally on Agreement Exhibit A.

**Project Acquisition Account:** The Project Acquisition Account in the Trust Fund which is established by the Trust Agreement.

**Project Cost:** With respect to the Project, the following:

(a) Obligations incurred for labor and to contractors, builders and materialmen in connection with the design, acquisition, installation and construction of the Project, including obligations for machinery, materials and equipment therefor;

(b) The costs of land acquisition and construction of site improvements required for the acquisition, installation and construction of the Project, including obligations for machinery, materials and equipment therefor;

(c) The cost of any indemnity and surety bonds obtained in connection with the Project, the fees and expenses of the Trustee during construction, taxes and other municipal governmental charges levied or assessed during construction upon the Project

or any property acquired therefor, and the premiums for insurance, if any, in connection with the Project during construction;

(d) Fees and expenses of engineers and architects for surveys and estimates and other preliminary investigations, preparation of plans, drawings and specifications, and supervising acquisition, installation and construction, as well as for the performance of all other duties of engineers and architects, as are specifically required in relation to the acquisition, installation and construction of the Project, including the cost of such services as may have been performed by employees of the State; and

(e) Expenses of administration, supervision and inspection properly chargeable to the Project, administrative fees of the Issuer and the State, legal expenses and fees, financing charges, credit enhancement fees, title insurance fees, cost of audits and of preparing, offering and issuing certificates of participation in this Agreement, and initial fees of the Trustee, incident to the acquisition, installation, construction and financing of the Project.

**Purchase Payment:** The semiannual payments due from Island City to MJK under Section 5.1 of this Agreement.

**Purchase Payment Deposit:** The monthly payments required to be made by Island City pursuant to Section 5.1 of this Agreement.

**Reserve Account:** The Reserve Account in the Trust Fund which is established by the Trust Agreement.

**State:** The State of Michigan.

**State Aid Agreement:** The State School Aid Payment Agreement and Direction, dated the date hereof, between Island City and MJK, and acknowledged by the Fiscal Agent.

**State and Federal Laws or Laws:** The Constitution and laws of the State, any ordinance, rule or regulation of any agency or political subdivision of the State, and any law of the United States, and any rule or regulation of any federal agency.

**Term of this Agreement or Agreement Term:** The period during which this Agreement remains in effect as specified in Sections 4.1 and 4.2.

**Trust Agreement:** The Trust Agreement dated as of the date hereof, between Island City, MJK and the Trustee, and any duly authorized and executed amendment thereto.

**Trustee:** U.S. Bank Trust National Association, in St. Paul, Minnesota, a national banking association, or any successor trustee under the Trust Agreement.

Section 1.2. Exhibits.

The following Exhibits are attached to and by reference made a part of this Agreement:

**Exhibit A:** A description of the Project.

**Exhibit B:** The schedule of Purchase Payments to be paid by Island City to MJK, showing the date and amount of each Purchase Payment and the amount thereof comprising Interest, the corresponding Prepayment Price, and the date and amount of the Purchase Payment Deposits.

**Exhibit C:** A form of Certificate of Acceptance of Island City.

## **ARTICLE II**

### **REPRESENTATION, COVENANTS AND WARRANTIES**

2.1. Representations, Covenants and Warranties of Island City. Island City represents, covenants and warrants as follows:

- (a) Island City is a public school academy, governed by the Constitution and laws of the State. Island City has complied and will continue to comply with all laws, rules and regulations of the State or federal government or agencies thereof relating to the licensing, accreditation, and operation of Island City and its educational programs.
- (b) State and Federal Law authorizes Island City to acquire, operate and maintain the Project; to enter into this Agreement, the State Aid Agreement, the Mortgage and the Trust Agreement and the transactions contemplated hereby; and to carry out its obligations under this Agreement, the State Aid Agreement, the Mortgage and the Trust Agreement.
- (c) The officers of Island City executing this Agreement, the State Aid Agreement, the Mortgage and the Trust Agreement and the documents contemplated hereby and thereby have been duly authorized to execute and deliver this Agreement, the State Aid Agreement, the Mortgage and the Trust Agreement and such documents under the terms and provisions of a resolution of Island City's governing body or by other appropriate official action.
- (d) Island City has complied with all open meeting laws, all public bidding laws and all other State and Federal Laws applicable to this Agreement and the acquisition of the Project by Island City.

- (e) Except as provided under the terms of this Agreement, the Mortgage and the Assignment, Island City will not transfer, lease, assign, mortgage or encumber the Project.
- (f) Island City will use the Project during the Agreement Term only as a public school academy organized under State law.
- (g) During the Term of this Agreement, Island City will not take or permit any of its officers to take any action with respect to the Agreement or the Project which would cause Interest to become includable in gross income of the recipient for federal income tax purposes under the Code and Island City will take all actions necessary to ensure that interest remains not includable in gross income of the recipient for federal income tax purposes under the Code, insofar as it has the power and authority to do so. Without limiting the generality of the foregoing, Island City represents, covenants and warrants:
  - (i) to enter into no management contract with respect to the Project unless such contract meets the requirements of Revenue Procedure 97-13, if applicable, and any applicable Treasury Regulations relating thereto;
  - (ii) to make no use of the Project that would cause the Agreement to be deemed "federally guaranteed" within the meaning of Section 149(d) of the Code;
  - (iii) to make no use of the Project that would cause the Agreement to be deemed a "private activity bond" within the meaning of Section 141 of the Code; and
  - (iv) to take no action that would cause the Agreement to become an "arbitrage bond" within the meaning of Section 103(b)(2) of the Code.
- (h) Island City will file with the Internal Revenue Service the information reporting statement required by Section 149(e) of the Code.
- (i) The economic useful life of the Project is substantially greater than the Agreement Term.
- (j) There is no litigation, action, suit or proceeding pending or before any court, administrative agency, arbitrator or governmental body that challenges the organization or existence of Island City; the authority of Island City or its officers or its employees to enter into this Agreement and the documents contemplated thereby; and proper authorization, approval and/or execution of this Agreement and other documents contemplated thereby; or the ability of Island City to perform its obligations under this Agreement and the transactions contemplated thereby.

- (k) No event exists that constitutes, or with the passage of time, will constitute an "event of default" as defined in Section 12.1 hereof, and Island City is not presently in default under, and no event exists that with the passage of time would constitute an event of default under, any agreement or instrument to which Island City is a party or by which Island City or its property is bound.
- (l) The Official Statement of Island City dated August 25, 1999, relating to this Agreement and the certificates of participation therein issued under the Trust Agreement, as of its date and as of the date of execution of this Agreement does not contain any untrue statement or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.
- (m) Upon payment of the portion of Project Costs constituting the acquisition price for the portion of the Project constituting real property with proceeds of this Agreement deposited by MJK in the Project Acquisition Account, Island City will be the lawful owner of and have good and marketable title to the Project, free of all liens and encumbrances, other than Permitted Encumbrances.
- (n) The Project is exempt from property taxes levied by the State or any taxing authority therein, and Island City shall take all actions legally within its power to ensure that the Project does not during the Term of this Agreement become subject to such property taxes.
- (o) Island City has provided to MJK full, true and correct copies of Island City's Charter, Articles of Incorporation and Bylaws, as amended to the date hereof. Island City understands that certain provisions of such Charter, Articles of Incorporation and Bylaws are being relied upon by MJK for purposes of determining that the Interest portion of the Purchase Payments distributed to registered owners of the Certificates of Participation issued under the Trust Agreement is not includable in gross income for federal income tax purposes. Island City agrees that it will not make or authorize any change to such Charter, Articles of Incorporation or Bylaws or assent to any such change proposed by others (including, without limitation, any such change resulting from the renewal of the Charter), unless and until Island City has received an opinion from an attorney or firm of attorneys, nationally recognized as bond counsel, to the effect that the proposed change will not result in such Interest portion being included in gross income for federal income tax purposes.

Section 2.2. Representations Covenants and Warranties of MJK. MJK represents, covenants and warrants as follows:

- (a) MJK is a corporation duly organized, existing and in good standing under the laws of the state of Minnesota; has full and complete power to enter into this



Agreement, the Mortgage, the Assignment, the State Aid Agreement and the Trust Agreement and to enter into and carry out the transactions contemplated hereby, and to carry out its obligations under this Agreement, the Mortgage, the Assignment, the State Aid Agreement and the Trust Agreement; and has duly authorized the execution and delivery of this Agreement, the Mortgage, the Assignment, the State Aid Agreement and the Trust Agreement.

- (b) Neither the execution and delivery of this Agreement, the Mortgage, the Assignment, the State Aid Agreement and the Trust Agreement nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which MJK is now a party or by which MJK or its property is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of MJK, or upon the Project, except Permitted Encumbrances.

### **ARTICLE III**

#### **AGREEMENT TO FINANCE**

Section 3.1. Agreement. MJK hereby finances the acquisition of the Project for Island City, and Island City finances the acquisition of the Project with MJK, upon the terms and conditions set forth in this Agreement.

Section 3.2. MJK Access to Project. Island City hereby agrees that MJK and MJK's assigns (including, without limitation, the Trustee and the Beneficial Owner) shall have the right at all reasonable times to examine and inspect the Project. Island City further agrees that MJK and MJK's assigns (including, without limitation, the Beneficial Owner) shall have such rights as may be reasonably necessary to cause the proper maintenance of the Project in the event of failure by Island City to perform its obligations hereunder.

Section 3.3. Environmental. Island City hereby represents and warrants to MJK and MJK's assigns (including, without limitation, the Trustee and the Beneficial Owner) that, to the best of its knowledge, the Project is free from all pollutants or contaminants as defined by State and Federal Law and all hazardous substances as defined by State and Federal Law. Island City further hereby warrants and covenants that it will keep the Project free from all pollutants or contaminants as defined by State and Federal Law and all hazardous substances as defined by State and Federal Law. Island City covenants and agrees to indemnify and hold harmless to the maximum extent permitted by law MJK and MJK's assigns (including, without limitation, the Trustee and the Beneficial Owner), from and against all penalties, claims, damages, liabilities, costs and expenses, including, without limitation, reasonable attorney's fees, incurred or imposed upon the MJK and MJK's assigns (including, without limitation, the Trustee and the Beneficial Owner), directly or indirectly, which arise out of the location on, required removal of, or drainage

or leakage from the Project of any such pollutant or contaminant or hazardous substance present on the Project not occasioned by the acts or omissions of MJK or MJK's assigns (including, without limitation, the Trustee and the Beneficial Owner). To the extent permitted by law, the provisions of this Section 3.3 shall survive the termination of this Agreement.

## **ARTICLE IV**

### **TERM OF AGREEMENT**

Section 4.1. Term of Agreement. This Agreement shall be and remain in effect with respect to the Project for a Agreement Term commencing on the date of execution hereof and continuing until terminated as provided in Section 4.2.

Section 4.2. Termination of Agreement Term. The Term of this Agreement will terminate upon the occurrence of the first of the following events:

- (a) the prepayment by Island City of its obligations under this Agreement pursuant to Article X; or
- (b) the payment by Island City of all Purchase Payments required to be paid by Island City hereunder.

## **ARTICLE V**

### **PURCHASE PAYMENTS**

Section 5.1. Purchase Payments; Purchase Payment Deposits. Island City shall pay semiannual Purchase Payments with respect to the Project, at the times and in the amounts as set forth in Exhibit B. The Purchase Payments shall be payable to MJK at its address specified in the first paragraph hereof, or to such other person or entity and at such other address as MJK may designate by written notice to Island City, in lawful money of the United States of America. In order to assure MJK that amounts will be available to pay the Purchase Payments when due, Island City shall pay monthly Purchase Payment Deposits, at the times and in the amounts as set forth in Exhibit B. Such Purchase Payment Deposits shall be held, invested and credited against Purchase Payments otherwise due as provided in Section 3.04(h) of the Trust Agreement. The Purchase Payment Deposits shall be payable to MJK at its address specified in the first paragraph hereof, or to such other person or entity and at such other address as MJK may designate by written notice to Island City, in lawful money of the United States of America.

Section 5.2. Purchase Payment Components. A portion of each Purchase Payment is paid as and represents the payment of Interest and the balance, if any, of each Purchase Payment is paid as, and represents the payment of, Principal. Exhibit B hereto sets forth such components of each Purchase Payment.

Section 5.3. Purchase Payments to be Unconditional. The obligation of Island City to make Purchase Payments due with respect to the Project or any other payments required hereunder is an obligation of Island City to which its full faith and credit are pledged and shall be absolute and unconditional in all events. Notwithstanding any dispute between Island City and MJK or any other person, Island City shall make all Purchase Payments and other payments required hereunder when due and shall not withhold any Purchase Payment or other payment pending final resolution of such dispute nor shall Island City assert any right of set-off or counterclaim against its obligation to make such Purchase Payments or other payments required under this Agreement. Island City's obligation to make Purchase Payments or other payments during the Agreement Term shall not be abated through accident or unforeseen circumstances. However, nothing herein shall be construed to release MJK from the performance of its obligations hereunder; and if MJK should fail to perform any such obligation, Island City may institute such legal action against MJK as Island City may deem necessary to compel the performance of such obligation.

Section 5.4. Pledge and Assignment of Pledged Revenues. Island City hereby pledges, transfers, assigns and sets over to MJK and its assigns for the Term of this Agreement, the Pledged Revenues, and agrees MJK shall have a security interest in all of the right, title and interest of Island City in and to the Pledged Revenues, whether now or hereafter owned, existing, arising or acquired, to secure payment of the Purchase Payments and Purchase Payment Deposits to the extent necessary to pay the Purchase Payments and Purchase Payment Deposits when due. Island City has agreed to enter into the State Aid Agreement with MJK, acknowledged by the Fiscal Agent, in order to direct the Fiscal Agent to pay the Pledged Revenues to the Trustee. The Trustee shall be entitled to collect and receive all of such Pledged Revenues from the Fiscal Agent pursuant to the provisions of Section 3.03 of the Trust Agreement.

Section 5.5. Additional Obligations. During the Term of this Agreement, Island City shall not issue any debt for any purpose, incur any obligation for borrowed money for any purpose, guarantee any debt for any purpose, or enter into any capitalized lease, purchase money security interest, sale-leaseback, lease-leaseback or other monetary obligation in connection with the acquisition of a capital asset, unless (i) the aggregate amount of such debt or other obligation outstanding after such issuance or incurrence does not exceed \$250,000, or (ii) such debt or other obligation is incurred in accordance with Section 5.7 hereof. Island City shall not incur any obligation payable wholly or in part from Pledged Revenues, except as provided in Section 5.7 hereof.

Section 5.6. Other Payments. In addition to the Purchase Payment Deposits and Purchase Payments required hereunder, Island City shall also pay when due the fees and expenses of the Trustee as required by the Trust Agreement, any amounts required by Article VIII hereof, and any other payments required to be paid by Island City pursuant to this Agreement, the Mortgage, or the Trust Agreement.

Section 5.7. Additional Parity Lien Obligations. Island City and MJK may amend this Agreement and the Mortgage and provide for additional Purchase Payments and Purchase

Payment Deposits with respect to additional improvements to the Project or additional school facilities of Island City, payable from the Certificate Account held by the Trustee under the Trust Agreement and the Pledged Revenues on a parity with the Purchase Payments and Purchase Payment Deposits presently owing under Exhibit B upon the following conditions:

(a) upon any such amendment there shall be deposited in the Reserve Account maintained under the Trust Agreement an amount necessary to cause the amount therein to equal the Reserve Requirement (as defined in the Trust Agreement) taking into account the execution of such Agreement amendment; and

(b) the proceeds of the Agreement amendment are to be used to finance the improvement of the Project or additions thereto or the acquisition or installation of equipment therein or the acquisition, construction and/or renovation of, an additional school facility of Island City and/or the acquisition or installation of equipment thereon, and Island City obtains a written report from an independent consultant satisfactory to the Trustee and the Beneficial Owner who is not within the regular employ of Island City and has a reputation for skill and experience in such work, which report sets forth and states the estimated Pledged Revenues which will be available for deposit in the Pledged Revenues Account created under the Trust Agreement for each of the three calendar years following the year in which it is estimated the improvements, additions, equipment or new facilities financed by the Agreement amendment are to be placed in service, will not be less than one hundred twenty-five percent (125%) of the maximum Principal and Interest to become due on this Agreement (including the proposed amendment thereto) in any calendar year after which such improvements, additions, equipment or new facilities are expected to be placed in service; and

(c) the Pledged Revenues deposited in the Pledged Revenues Account prior to such amendment shall have been sufficient to pay all Purchase Payments and Purchase Payment Deposits theretofore owing during the Agreement Term and would have been sufficient to pay, in addition, the maximum additional Purchase Payments and Purchase Payment Deposits to become due on this Agreement (including the proposed amendment) in each calendar year if such maximum additional Purchase Payments and Purchase Payment Deposits would have been due during such period.

## **ARTICLE VI**

### **ACQUISITION OF PROJECT**

Section 6.1. Project Costs; Payment of Cost. MJK and Island City agree that, in order to provide money to pay Project Costs when required, MJK shall deposit or cause to be deposited with the Trustee on the date of execution hereof the amount specified in Section 2.08 of the Trust Agreement. Such moneys shall be deposited in the Project Acquisition Account, the Certificate Account, and the Reserve Account as specified in said Section 2.08. Island City reserves the right to modify or add items to the Project as listed on Exhibit A. No such change in the Project

shall increase the amount of moneys required to be deposited by MJK pursuant to this Section 6.1, or alter the Purchase Payments, Purchase Payment Deposits or Prepayment Prices set forth on Exhibit B, but if any change increases the Project Costs beyond the amount available in the Project Acquisition Account to pay it, Island City shall, prior to undertaking such change, deliver to the Trustee moneys sufficient to pay such excess Project Costs.

The moneys on hand from time to time in the Project Acquisition Account held by the Trustee shall be made available for payment of the Project Costs, in the manner provided in the Trust Agreement. In the event the moneys in the Project Acquisition Account are not sufficient to pay the entire cost of the Project, MJK shall not be required to provide additional moneys for this purpose. If the amount of excess Project Costs exceeds \$50,000, Island City shall give written notice thereof to MJK and MJK's assigns (including, without limitation, the Trustee and the Beneficial Owner). In the event the moneys in the Project Acquisition Account are not sufficient to pay the entire cost of the Project, Island City shall provide the additional moneys necessary to pay such cost, unless MJK, with the consent of the Beneficial Owner, shall agree in writing to a reduction of the Project so that the moneys in the Project Acquisition Account are sufficient to pay the remaining costs thereof. Such reduction shall not alter the Purchase Payments, Purchase Payment Deposits or Prepayment Prices set forth on Exhibit B.

Section 6.2. Island City to Act as Agent; Acquisition of Project. MJK hereby irrevocably appoints Island City as its agent in connection with the acquisition of the Project. Island City shall cause to be obtained a written mortgagee's policy of title insurance with respect to the Project insuring that the Trustee has a first lien on the Project, such policy of title insurance to be in the amount of the aggregate principal sum of all Purchase Payments payable hereunder. Island City, as agent of MJK, has or will acquire title to the Project and enter into all contracts providing for the acquisition of the Project. Upon acquisition of the Project, Island City shall execute and deliver to MJK a Certificate of Acceptance substantially in the form attached hereto as Exhibit C.

## **ARTICLE VII**

### **MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS**

Section 7.1. Maintenance and Modification of Project by Island City. Island City shall, at its own expense, maintain, preserve and keep the Project in good repair, working order and condition, and shall from time to time make all repairs, replacements and improvements necessary to keep the Project in such condition. MJK shall have no responsibility for any of these repairs, replacements or improvements. In addition, Island City shall, at its own expense, have the right to remodel the Project or to make additions, modifications and improvements thereto. All such additions, modifications and improvements shall thereafter comprise part of the Project and be subject to the provisions of this Agreement. Such additions, modifications and improvements shall not in any way damage the Project nor cause it to be used for purposes other than those authorized under the provisions of State Law and shall be done in a good and workmanlike manner and in compliance with State and Federal law; and the Project, upon

completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value not less than the value of the Project immediately prior to the making of such additions, modifications and improvements. Any property for which a substitution or replacement is made pursuant to this Section may be disposed of by Island City in such manner and on such terms as are determined by Island City. Island City will not permit any mechanic's or other lien to be established or remain against the Project for labor or material furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by Island City pursuant to this Section; provided that if any such lien is established and Island City shall first notify MJK of Island City's intention to do so, and if no event of default or event that with the passage of time would constitute an event of default hereunder exists, Island City may in good faith and with due diligence contest any lien filed or established against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom but only if Island City prior to the initiation of such contest provides the Trustee with full security against any such loss or forfeiture, in form satisfactory to MJK, the Trustee and the Beneficial Owner. MJK will cooperate fully with Island City in any such contest, upon the request and at the expense of Island City.

Section 7.2. Taxes, Other Government Charges and Utility Charges. Island City shall also pay when due all gas, water, steam, electricity, heat, power, telephone, and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project, and MJK shall have no responsibility therefor. Island City shall also pay all property and excise taxes and governmental charges of any kind whatsoever which may at any time be lawfully assessed or levied against or with respect to the Project or any part thereof, and which become due during the Term of this Agreement with respect thereto; and all special assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, Island City shall be obligated to pay only such installments as are required to be paid during the Term of this Agreement as and when the same become due. Island City shall not be required to pay any federal, state, or local income, inheritance, estate, succession, transfer, gift, franchise, gross receipts, profit, excess profit, capital stock, corporate, or other similar tax payable by MJK, its successors or assigns, unless such tax is made in lieu of or as a substitute for any real estate or other tax upon the Project.

If no event of default or event that with the passage of time would constitute an event of default exists hereunder, Island City may, at Island City's expense and in Island City's name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom but only prior to the initiation of such appeal if Island City provides the Trustee with full security against any loss which may result from nonpayment, in form satisfactory to MJK, the Trustee and the Beneficial Owner.

Section 7.3. Liability Insurance. Island City shall procure and maintain continuously in effect with respect to the Project, comprehensive general accident and public liability insurance

covering any liability arising out of or in any way relating to the maintenance, use or operation of the Project or any part thereof, under which Island City, MJK and the Trustee are named as insureds, in an amount not less than \$1,000,000 combined single limit for bodily injuries and property damage and will cause all Contractors to maintain similar insurance against all similar liabilities on their part. The Net Proceeds of all such insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds may be paid.

Section 7.4. Indemnification. Island City assumes all risks and liabilities, whether or not covered by insurance, for loss or damage to the Project and for injury to or death of any person or damage to any property, whether such injury or death be with respect to agents or employees of Island City or of third parties, and whether such property damage be to Island City's property or the property of others. Island City hereby assumes responsibility for, agrees to defend and to reimburse MJK, the Trustee and the Beneficial Owner with respect to all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable attorney's fees) whatsoever kind and nature, imposed on, incurred by or asserted against MJK, the Trustee or the Beneficial Owner that in any way relate to or arise out of a claim, suit or proceeding based in whole or in part upon the construction or operation of the Project, except to the extent such liabilities arise from the wilfull misconduct of the indemnified party.

Section 7.5. Property Insurance. Island City shall have and assume the risk of loss with respect to the Project, and shall procure and maintain continuously in effect during the Term of this Agreement with respect to the Project, to the extent of the full replacement cost of the Project, other than land and building foundations, all-risk insurance, subject only to the standard exclusions contained in the policy, in such amount as will be at least sufficient so that a claim may be made for the full replacement cost of any part thereof damaged or destroyed, but in any event not less than the applicable Prepayment Price, and including business interruption insurance in an amount sufficient to pay Purchase Payments and Purchase Payment Deposits for a period of twelve months. All policies (or endorsements or riders) evidencing insurance required in this Section shall be carried in the names of Island City and Trustee as their respective interests may appear and name the Trustee as loss payee. The Net Proceeds of insurance required by this Section shall be applied as provided in Article VIII; provided that the Net Proceeds of business interruption insurance shall be applied to the payment of Purchase Payments and Purchase Payment Deposits.

Section 7.6. Worker's Compensation Insurance. If required by State law, Island City shall carry workers' compensation insurance covering all employees on, in, near or about the Project, and upon request, shall furnish to MJK and the Trustee certificates evidencing such coverage throughout the Term of this Agreement.

Section 7.7. Other Insurance and Requirements for All Insurance. In addition to the insurance otherwise specifically required by this Agreement, Island City shall obtain and maintain during the Term of this Agreement such other insurance policies covering such other risks and in such amounts as are customarily maintained by educational institutions similar to

Island City in the ordinary course of their business. All insurance required by this Article may be carried under a separate policy or a rider or endorsement; shall be taken out and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State; and shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to all parties including the Trustee at least thirty (30) days before the cancellation or revision becomes effective. Island City shall deposit with the Trustee policies evidencing any such insurance procured by it, or a certificate or certificates of the respective insurers stating that such insurance is in full force and effect. Before the expiration of any such policy, Island City shall furnish to MJK and the Trustee evidence that the policy has been renewed or replaced by another policy conforming to the provisions of this Article, unless such insurance is no longer obtainable in which event Island City shall notify MJK of this fact.

Section 7.8. Advances. If Island City shall fail to perform any of its obligations under this Agreement, MJK may, but shall not be obligated to take such action as may be necessary to cure such failure, including the advancement of money, and Island City shall be obligated to repay all such advances on demand with interest at the maximum rate permitted by law or 12%, whichever is less, from the date of the advance to the date of repayment.

Section 7.9. Liens. Island City shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Project or the Pledged Revenues other than Permitted Encumbrances. Except as expressly provided in this Article, Island City shall promptly, at its own expense, take such action as may be necessary duly to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

## ARTICLE VIII

### DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS

Section 8.1. Damage, Destruction and Condemnation. If (i) the Project or any portion thereof is destroyed or is damaged by fire or other casualty or (ii) title to or the temporary use of the Project or any part thereof, or the interest of Island City or MJK in the Project or any part thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, Island City shall be entitled to the Net Proceeds of any insurance or condemnation award and shall apply such Net Proceeds: (i) to the prompt repair or restoration of the Project by Island City, but Island City shall be obligated to continue to pay the Purchase Payments due with respect to the Project during such repair or restoration, or (ii) to the exercise of its option to prepay its obligations under this Agreement in accordance with Article X.

Section 8.2. Notice. In the event that Island City elects to repair or restore the Project upon an event of damage, destruction or condemnation, Island City shall give written notice of such election to Trustee and Beneficial Owner. Such notice shall be in a form reasonably



acceptable to Trustee and Beneficial Owner, but shall include, at a minimum, a description of the work to be performed in reasonable detail, an estimate of the timetable for completion of the work, the cost of the work and the sources of money available to pay such cost.

Section 8.3. Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair or restoration of the Project, Island City shall, at the option of MJK, either: (i) prior to the commencement of any repair or restoration, deposit with the Trustee any amount in excess of the Net Proceeds necessary to pay in full such cost and then complete or cause to be completed such work, and Island City agrees that if by reason of any such insufficiency of the Net Proceeds, Island City shall make any payments pursuant to the provisions of this Section 8.3, Island City shall not be entitled to any diminution of the Purchase Payments due with respect to the Project; or (ii) exercise its option to prepay its obligations under this Agreement in accordance with Article X, in which event the Net Proceeds shall be used toward this purpose.

Section 8.4. Cooperation of MJK. MJK shall cooperate fully with Island City at the expense of Island City in filing any proof of loss with respect to any insurance policy covering the casualties described in Section 8.1 hereof and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Project or any part thereof and will, to the extent it may lawfully do so, permit Island City to litigate in any proceeding resulting therefrom in the name of and on behalf of MJK. In no event will MJK voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim or any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the written consent of Island City.

Section 8.5. Other Requirements. Any Net Proceeds received by Island City pursuant to this Article VIII shall be deposited with the Trustee in the Insurance and Casualty Award Account, and shall be disbursed for costs of repair or restoration pursuant to the provisions of Section 3.05 of the Trust Agreement, or transferred to the Redemption Account for payment of the Prepayment Price. No Net Proceeds shall be disbursed for repair and restoration until Island City submits to the Trustee and the Beneficial Owner plans and specifications for such repair and restoration, all licenses and permits necessary therefor, a fixed price or guaranteed maximum price construction contract, payment and performance bonds reasonably satisfactory to the Trustee and the Beneficial Owner, and evidence of all insurance with respect thereto required by this Financing Agreement. Upon completion of the Project as repaired or restored, Island City shall execute and deliver to MJK a certificate substantially in the form of the Certificate of Acceptance attached hereto as Exhibit C.

Section 8.6. Condemnation of Other Property Owned by Island City. Island City shall be entitled to the Net Proceeds of any condemnation award or portion thereof made for destruction of, damage to or taking of its property not included in the Project.

## ARTICLE IX

### ISLAND CITY'S EQUIPMENT; WARRANTIES

Section 9.1. Installation of Island City's Equipment. Island City may at any time and from time to time, in its sole discretion and its own expense, install items of moveable machinery, standard office partition, railings, doors, lighting fixtures, and such other equipment as may in Island City's judgment be necessary for its purposes, in or upon the Project. All such items shall remain the sole property of Island City, in which MJK shall have no interest, and may be modified or removed by Island City at any time but only in the ordinary course of Island City's business, provided that Island City shall repair and restore any and all damage to the Project resulting from the installation, modification or removal of any such items and that the value of the Project, after the modification or removal, shall not be diminished. Nothing in this Agreement shall prevent Island City from purchasing items to be installed pursuant to this Section under a conditional sale or lease with option to purchase contract, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Project and provided further that Island City shall comply with Section 5.5 hereof.

Section 9.2. Design of Project. MJK shall have no responsibility in connection with the selection of the Project, the design of the Project or its suitability for the use intended by Island City.

Section 9.3. Construction, Installation and Maintenance of Project. MJK shall have no obligation to construct, install, erect, test, inspect, service or maintain the Project or any portion thereof under any circumstances, but such actions shall be the obligation of Island City.

Section 9.4. Warranties. MJK hereby assigns to Island City for and during the Term of this Agreement, all of its interest, if any, in all warranties and guarantees or other contract rights against the architect for the Project, any contractor with respect to the Project and any manufacturer for the Project, expressed or implied, issued on or applicable to the Project, and MJK hereby authorizes Island City to obtain the customary services furnished in connection with such warranties and guarantees at Island City's expense. Island City's sole remedy for the breach of such warranties and guarantees shall be against the manufacturer or supplier of such portion of the Project or such contractor or architect, and not against MJK, nor shall such matter have any effect whatsoever on the rights of the MJK with respect to this Agreement, including the right to receive full and timely payments hereunder. Island City expressly acknowledges that MJK does not make and has not made any representation or warranty whatsoever as to the existence or availability of such warranties of the manufacturer or supplier of any portion of the Project.

Section 9.5. Disclaimer of Warranties. **MJK MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESSED OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY ISLAND CITY OF THE**

**PROJECT, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROJECT.** In no event shall MJK be liable for any incidental, indirect, special or consequential damage in connection with the existence, furnishing, functioning or Island City's use of any portion of the Project provided for in this Agreement.

## **ARTICLE X**

### **OPTION TO PURCHASE**

Section 10.1. When Available. Island City shall have the option to prepay its obligations under this Agreement on any Payment Date on or after August 1, 2009, but only if Island City is not in default under this Agreement and only in the manner provided in this Article. Island City shall have the option to prepay its obligations under this Agreement on any Payment Date upon the occurrence of the damage, destruction or condemnation of the Project as described in Article VIII hereof.

Section 10.2. Exercise of Option. Island City shall give notice to MJK and the Trustee of its intention to exercise its option not less than forty-five (45) days prior to the Payment Date on which the option is to be exercised, and shall deposit with MJK on the date of exercise an amount equal to all Purchase Payments and any other amounts then due or past due and the applicable Prepayment Price as shown in Exhibit B. The closing shall be on the Payment Date on which the option is to be exercised at the office of MJK.

Section 10.3. Release of MJK's Interest. Upon exercise by Island City of its option to prepay its obligations under this Agreement, Island City shall have no further obligations under this Agreement, except as set forth in Sections 3.3 and 7.4, and MJK and its officers shall, at the expense of Island City, take all actions necessary to release the Mortgage and to authorize, execute and deliver to Island City any and all documents necessary to vest in Island City, all right, title and interest in and to the Project, free and clear of all liens, interests and encumbrances created by MJK or its assigns.

Section 10.4. Last Purchase Payment. Island City shall be deemed to have completed its purchase of the Project upon payment of all Purchase Payments and other amounts due hereunder, and in such event the provisions of Section 10.3 shall apply.

## **ARTICLE XI**

### **ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING**

Section 11.1. Assignment by MJK. MJK shall not assign its obligations under this Agreement and no purported assignment thereof shall be effective. All of MJK's rights, title and/or interest in and to this Agreement, the Purchase Payments, the Purchase Payment Deposits and other amounts due hereunder and the Project may be assigned and reassigned in whole or in part to one or more assignees or subassignees by MJK at any time, without the consent of the

Island City. No such assignment shall be effective as against Island City unless and until the assignor shall have filed with Island City a copy or written notice thereof identifying the assignee. Island City hereby acknowledges the assignment by MJK of this Agreement to the Trustee pursuant to the Assignment. Island City shall pay all Purchase Payment Deposits, Purchase Payments and any other amounts due hereunder and the Prepayment Price, if applicable, to or at the direction of MJK or the assignee named in the most recent assignment or notice of assignment filed with Island City. During the Agreement Term Island City shall keep a written record of all such assignments.

Section 11.2. Assignment by Island City. This Agreement may not be assigned by Island City without the written consent of MJK, the Trustee and the Beneficial Owner.

Section 11.3. Restriction on Mortgage or Sale of Project by Island City. Other than Permitted Encumbrances, Island City will not mortgage, sell, assign, transfer or convey the Project or the Pledged Revenues or any portion thereof during the Term of this Agreement without the written consent of MJK, the Trustee and the Beneficial Owner, provided that Island City may transfer cash in the ordinary course of business to procure goods and services.

## **ARTICLE XII**

### **EVENTS OF DEFAULT AND REMEDIES**

Section 12.1. Events of Default Defined. The following shall be “events of default” under this Agreement and the terms “events of default” and “default” shall mean, whenever they are used in this Agreement, with respect to the Project, any one or more of the following events:

(i) Failure by Island City to pay any Purchase Payment on the date due; or failure by Island City to pay any Purchase Payment Deposit or other payment required to be paid hereunder on the date due and the continuation of said failure for a period of three (3) business days after telephonic or telegraphic notice given by MJK or the Trustee that the Purchase Payment Deposit or other payment referred to in such notice has not been received, such telephonic or telegraphic notice to be subsequently confirmed in writing, or after written notice.

(ii) Failure by Island City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clause (i) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to Island City by MJK or the Trustee, unless MJK or the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, MJK and the Trustee will not unreasonably withhold its consent to an extension of such time to sixty (60) days if corrective action is instituted by Island City within the applicable period and diligently pursued until the default is corrected.

(iii) The filing by Island City of a voluntary petition in bankruptcy, or failure by Island City promptly to lift any execution, garnishment or attachment of such consequence as would impair the ability of Island City to carry on its operations at the Project, or adjudication of Island City as a bankrupt, or assignment by Island City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to Island City in any proceedings instituted under the provisions of the Federal Bankruptcy Statute, as amended, or under any similar acts which may hereafter be enacted.

(iv) The loss by Island City of its charter under the laws of the State.

(v) Any representation or warranty made by Island City herein is false or misleading in any material respect.

(vi) There shall be entered against Island City in a court of competent jurisdiction a judgment in excess of \$50,000 which is not released, bonded, satisfied, vacated or stayed within sixty (60) days after its entry or levy.

(vii) A default or event of default shall occur under the Mortgage, the State Aid Agreement or the Trust Agreement.

The provisions of this Section 12.1 and Section 12.2 are subject to the following limitation: if by reason of force majeure Island City is unable in whole or part to carry out its obligations under this Agreement with respect to the Project, other than the obligation of Island City to pay Purchase Payments and Purchase Payment Deposits with respect thereto which shall be paid when due notwithstanding the provisions of this paragraph, MJK or Island City shall not be deemed in default during the reasonable continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or any of its departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any other cause of event not reasonably within the control of Island City and not resulting from its negligence. Island City agrees, however, to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its obligations under this Agreement; provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of Island City and Island City shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in its judgment unfavorable to Island City.

Section 12.2. Remedies on Default. Whenever any event of default referred to in Section 12.1 hereof shall have happened and be continuing with respect to the Project, MJK shall have the right, at its option and without any further demand or notice, to take one or any combination of the following remedial steps:

(i) MJK may declare the then applicable Prepayment Price set forth on Exhibit B to be due and payable by Island City, whereupon such Prepayment Price shall be immediately due and payable.

(ii) To the extent permitted by law, MJK may repossess the Project by giving Island City written notice to surrender the Project to MJK, whereupon Island City shall do so in the manner provided in Section 12.3. Island City shall continue to be responsible for the payment of the Purchase Payments. When the default is cured, if MJK has not sold the Project and/or foreclosed the Mortgage pursuant to Clause (iii) or (iv), MJK shall return possession of the Project to Island City at Island City's expense.

(iii) Foreclose the Mortgage and take possession of the Project. In such event, MJK may sell the Project or any portion thereof in a commercially reasonable manner at public or private sale in accordance with applicable State laws. MJK shall apply the proceeds of such sale to pay the following items in the following order: (a) costs incurred in repossessing the Project from Island City; (b) reasonable expenses of sale; (c) any Purchase Payments or other amounts due hereunder then outstanding and unpaid; and (d) the applicable Prepayment Price. Island City shall continue to be responsible for the payment of any Purchase Payments or other amounts due hereunder then outstanding and unpaid and the applicable Prepayment Price except to the extent MJK obtains moneys for the payment thereof as provided in this Clause. MJK shall pay Island City any sale proceeds not needed for the purposes specified above.

(iv) MJK may take any other remedy available at law or in equity to require Island City to perform its obligations hereunder or to enforce the Mortgage.

Section 12.3. Delay; Notice. No delay or omission to exercise any right or power accruing upon any default hereunder or under the Mortgage shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle any party to exercise any remedy reserved to it in this Agreement it shall not be necessary to give any notice, other than such notice as may be required in this Agreement.

Section 12.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to MJK is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or the Mortgage or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 12.5. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Agreement should default under any of the provisions hereof and the non defaulting party or Beneficial Owner should employ attorneys or incur other expenses for the collection of

moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefore pay to the nondefaulting party or Beneficial Owner the reasonable fee of such attorneys and such other expenses so incurred by the nondefaulting party or Beneficial Owner.

Section 12.6. No Additional Waiver Implied By One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 12.7. Late Charges. Whenever any event of default referred to in Section 12.1, clause (i) hereof shall have happened and be continuing with respect to the Project, MJK shall have the right, at its option and without further demand or notice, to require a late payment charge equal to two percent (2%) of the delinquent Purchase Payment, and Island City shall be obligated to pay the same immediately upon receipt of MJK's written invoice therefore.

Section 12.8. Determination of Taxability. "Determination of Taxability" means (a) the issuance of a 30-day letter, a revenue agent's report or a statutory notice of deficiency by the Internal Revenue Service, or a decision of a court of competent jurisdiction or the receipt by MJK or the Trustee of an opinion of an attorney or firm of attorneys nationally recognized as bond counsel which asserts, holds or provides in effect that the interest portion of the Purchase Payments payable under this Agreement which is received by the registered or beneficial owners of the certificates of participation in this Agreement issued pursuant to the Trust Agreement is includable in the gross income of such recipients for federal income tax purposes, (b) the failure of the Trustee to receive, within thirty (30) days after receipt by the Trustee of a written request from the registered owners of not less than a majority in principal amount of the certificates of participation in this Agreement issued pursuant to the Trust Agreement, an opinion of an attorney or firm of attorneys nationally recognized as bond counsel to the effect that the interest portion of the Purchase Payments payable under this Agreement which is received by the registered or beneficial owners of the such certificates of participation is excludable from gross income of such recipients for federal income tax purposes, or (c) the assessment by the Internal Revenue Service, pursuant to a statutory notice of deficiency, of a tax based on the assertion that this Agreement is a specified private activity bond described in Section 57(a)(5)(C) of the Code. Upon the occurrence of a Determination of Taxability, Island City shall prepay its obligations under this Agreement within thirty (30) days after the date of the Determination of Taxability for an amount equal to one hundred and three percent (103%) of the Principal remaining unpaid hereunder plus interest accrued to the payment date. Upon payment of such amount and any other amounts then due and owing hereunder and unpaid by Island City, the provisions of Section 10.3 hereof shall apply.

Section 12.9. Notice of Default. Island City shall notify MJK and the Trustee immediately if it becomes aware of the occurrence of any event of default hereunder or of any fact, condition or event which, with the giving of notice or passing of time or both, would

become an event of default, describing the event of default and the actions being taken to remedy the same.

## **ARTICLE XIII**

### **TITLE**

During the Term of this Agreement, legal title to the Project and any and all repairs, replacements, substitutions and modifications thereto shall be in Island City, subject to Permitted Encumbrances. Upon termination of this Agreement for either of the reasons specified in Section 4.2, Clauses (a) and (b), MJK or the Trustee, at the expense of Island City, shall release, or cause to be released, the Mortgage and other liens and encumbrances created by MJK or its assigns. In either of such events, MJK or the Trustee shall execute and deliver to Island City such documents as Island City may request to evidence such release.

## **ARTICLE XIV**

### **ADMINISTRATIVE PROVISIONS**

Section 14.1. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given on the earlier of (i) delivery or (ii) three days following deposit in the United States mail in certified or registered form with postage fully prepaid to the addresses shown in Section 6.05 of the Trust Agreement. MJK and Island City, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 14.2. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon MJK and Island City and their respective successors and assigns.

Section 14.3. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 14.4. Amendments, Charges and Modifications. This Agreement may be amended or any of its terms modified only by written amendment authorized and executed by Island City and MJK or MJK's assigns, and in accordance with the provisions of the Trust Agreement.

Section 14.5. Further Assurances and Corrective Instruments. MJK and Island City agree that they will, if necessary, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project or for carrying out the expressed intention of this Agreement.



Section 14.6. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14.7. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

Section 14.8. MJK and Island City Representatives. Whenever under the provisions of this Agreement the approval of MJK or Island City is required, or MJK or Island City is required to take some action at the request of the other, such approval of such request shall be given for MJK by a MJK Representative, and any party hereto shall be authorized to rely upon any such approval or request.

Section 14.9. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Agreement.

Section 14.10. Continuing Disclosure. (a) Limited Exemption from Rule. The Securities and Exchange Commission (the "SEC") has promulgated amendments to Rule 15c2-12 under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) (as in effect and interpreted from time to time, the "Rule") which govern the obligations of certain underwriters to require that issuers of municipal obligations enter into contracts for the benefit of the holders thereof to provide continuing disclosure with respect to the obligations. Island City hereby finds, determines and declares that the Agreement and certificates of participation therein (the "Certificates") are exempt from the application of paragraph (b)(5) of the Rule by reason of the exemption granted in paragraph (d)(2) thereof. Specifically, this Island City hereby finds that the only "obligated person" (within the meaning of the Rule) with respect to the Agreement and Certificates is Island City and that, giving effect to the issuance of the Agreement and Certificates and any other securities required to be integrated with the Agreement and Certificates, there will be approximately \$1,755,000 (and, in any event, no more than \$10 million) in principal amount of municipal securities outstanding on the date of issuance of the Agreement and Certificates as to which Island City is an obligated person (excluding municipal securities exempt from the Rule under paragraph (d)(1) thereof because, among other things, they were issued in minimum denominations of \$100,000). In making such finding, Island City hereby represents that it has not issued within the six months before the date of issuance of the Agreement and Certificates and that it reasonably expects that it will not issue within six months after the date of issuance of the Agreement and Certificates, other securities of Island City of substantially the same security and providing financing for the same general purpose or purposes as the Agreement and Certificates. The exemption from the Rule for the Agreement and Certificates is conditioned upon Island City agreeing to provide certain continuing disclosure as hereinafter provided.

(b) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Agreement and Certificates and the security therefor and to permit

participating underwriters in the primary offering of the Agreement and Certificates to comply with paragraph (b)(5) of the Rule, which will enhance the marketability of the Agreement and Certificates, Island City hereby makes the covenants and agreements contained in this Section 14.10 for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Certificates.

If Island City fails to comply with any provisions of this Section 14.10, any person aggrieved thereby, including the Owners of any outstanding Certificates, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this Section 14.10, including an action for specific performance or a writ of mandamus. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this Section 14.10 constitute a default under the Agreement or under any other provision of this Agreement.

As used in this Section 14.10, "Owner" means, in respect of a Certificate, the registered owner or owners thereof appearing in the register maintained by the Trustee or any "Constructive Owner" (as hereinafter defined) thereof, if such Constructive Owner provides to the Trustee evidence of such beneficial ownership in form and substance reasonably satisfactory to the Trustee. As used herein, "Constructive Owner" means, in respect of a Certificate, any person or entity which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Certificate (including persons or entities holding Certificates through nominees, depositories or other intermediaries), or (ii) is treated as the owner of the Certificate for federal income tax purposes, and includes the Beneficial Owner.

(c) Information To Be Disclosed. Island City will provide, either directly or indirectly through an agent designated by Island City, the following information at the following times in an appropriate manner:

(1) At least annually to the state information depository then designated or operated by the State of Michigan (the "State Depository"), if any, or, if no State Depository then exists, to any person or entity upon request, the information (the "Disclosure Information") of the general type contained in the Official Statement, being Island City's financial statements for Island City's most recently completed Fiscal Year, which information may be unaudited (if in response to a request, the most recent Fiscal Year ending not less than 180 days before the date of the request).

The Island City Representative is hereby designated as the proper recipient of requests for Disclosure Information.

Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to each then nationally recognized municipal securities information repository under

the Rule or the SEC. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. Island City shall clearly identify in the Disclosure Information each document so incorporated by reference.

If the Disclosure Information is changed because it is no longer compiled or publicly available or this paragraph (c)(1) is amended as permitted by subsection (d), then Island City shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of information provided.

(2) In a timely manner, to the Municipal Securities Rulemaking Board and to the State Depository, if any, notice of the occurrence of any of the following events which is a Material Fact (as hereinafter defined):

- (A) Principal and interest payment delinquencies;
- (B) Non-payment related defaults;
- (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) Substitution of credit or liquidity providers, or their failure to perform;
- (F) Adverse tax opinions or events affecting the tax-exempt status of the security;
- (G) Modifications to rights of security holders;
- (H) Bond calls;
- (I) Defeasances;
- (J) Release, substitution, or sale of property securing repayment of the securities; and
- (K) Rating changes.

As used herein, a "Material Fact" is a fact as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Certificate or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, a "Material Fact" is also an event that would be deemed "material" for purposes of the purchase, holding or sale of a Certificate within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

(3) In a timely manner, to the Municipal Securities Rulemaking Board and to the State Depository, if any, notice of the occurrence of any of the following events or conditions:

(A) the amendment or supplementing of this Section 14.10 pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by Island City under subsection (d)(2); and

(B) the termination of the obligations of Island City under this Section 14.10 pursuant to subsection (d);

(C) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and

(D) any change in the Fiscal Year of Island City.

(d) Term; Amendments; Interpretation. The covenants of Island City in this Section 14.10 shall remain in effect so long as any Certificates are outstanding. Notwithstanding the preceding sentence, however, the obligations of Island City under this Section 14.10 shall terminate and be without further effect as of any date on which Island City delivers to the Trustee an opinion of bond counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of Island City to comply with the requirements of this Section 14.10 will not cause participating underwriters in the primary offering of the Certificates to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.

This Section 14.10 may be amended or supplemented by Island City from time to time, without notice to or the consent of the Owners of any Certificates, by a resolution of Island City filed in the office of the recording officer of Island City accompanied by an opinion of bond counsel, who may rely on certificates of Island City and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of Island City or the type of operations conducted by Island City, or (b) is required by, or better complies with, the provisions of paragraph (d)(2) of the Rule; (ii) this Section 14.10 as so amended or supplemented would have complied with the requirements of paragraph (d)(2) of the Rule at the time of the primary offering of the Certificates, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Owners under the Rule. This Section 14.10 is entered into to comply with, and should be construed so as to satisfy the requirements of, paragraph (d)(2) of the Rule.

(e) Limitation of Liability of Island City. None of the agreements or obligations of Island City contained in this Section 14.10 shall be construed to constitute an indebtedness of Island

City within the meaning of any constitutional or statutory provisions whatsoever or constitute a pledge of the general credit of Island City.

Section 14.11. Additional Disclosure. In addition to the requirements of Section 14.10, Island City shall provide to MJK, the Trustee and the Beneficial Owner (i) within 120 days after the end of each Fiscal Year, audited financial statements of Island City for such Fiscal Year, (ii) no later than seven (7) days after submission to the State, the pupil count number furnished by Island City to the State as the basis for calculation and receipt of State school aid revenues, (iii) within 45 days after the end of each fiscal quarter, unaudited financial statements of Island City for such fiscal quarter and cumulative for all fiscal quarters in such Fiscal Year to date; (iv) upon being sent to the Trustee, copies of all requests for disbursements from the Project Acquisition Account and the Insurance and Casualty Award Account under the Trust Agreement; (i) all Material Facts, if any, disclosed pursuant to Section 14.10(c)(2) hereof, at the same time as such disclosure is made pursuant thereto; (vi) within seven (7) days of the beginning of each month, current enrollment data; (vii) within seven (7) days of any change thereto, the amount of State school aid revenues allocated per pupil by the State to Island City; and (viii) within seven (7) days after adoption by the Board, the annual budget of Island City.

IN WITNESS WHEREOF, MJK has caused this Financing Agreement to be executed in its corporate name by its duly authorized officer, and Island City has caused this Financing Agreement to be executed in its name by its duly authorized officer, as of the date first above written.

MJK CAPITAL CORPORATION

By \_\_\_\_\_  
Its Vice President

ISLAND CITY ACADEMY

By \_\_\_\_\_  
Its Board President

City within the meaning of any constitutional or statutory provisions whatsoever or constitute a pledge of the general credit of Island City.

Section 14.11. Additional Disclosure. In addition to the requirements of Section 14.10, Island City shall provide to MJK, the Trustee and the Beneficial Owner (i) within 120 days after the end of each Fiscal Year, audited financial statements of Island City for such Fiscal Year, (ii) no later than seven (7) days after submission to the State, the pupil count number furnished by Island City to the State as the basis for calculation and receipt of State school aid revenues, (iii) within 45 days after the end of each fiscal quarter, unaudited financial statements of Island City for such fiscal quarter and cumulative for all fiscal quarters in such Fiscal Year to date; (iv) upon being sent to the Trustee, copies of all requests for disbursements from the Project Acquisition Account and the Insurance and Casualty Award Account under the Trust Agreement; (i) all Material Facts, if any, disclosed pursuant to Section 14.10(c)(2) hereof, at the same time as such disclosure is made pursuant thereto; (vi) within seven (7) days of the beginning of each month, current enrollment data; (vii) within seven (7) days of any change thereto, the amount of State school aid revenues allocated per pupil by the State to Island City; and (viii) within seven (7) days after adoption by the Board, the annual budget of Island City.

IN WITNESS WHEREOF, MJK has caused this Financing Agreement to be executed in its corporate name by its duly authorized officer, and Island City has caused this Financing Agreement to be executed in its name by its duly authorized officer, as of the date first above written.

MJK CAPITAL CORPORATION

By

  
Its Vice President

ISLAND CITY ACADEMY

By

  
Its Board President

## **EXHIBIT A**

### **DESCRIPTION OF PROJECT**

A part of the Southwest 1/4 of the Northwest 1/4 of Section 15, T1N, R3W, Hamlin Township, Eaton County, Michigan; described as beginning at a point on the West Section line N02°07'56"E 329.00 feet from the West 1/4 corner; thence N02°07'56"E 400.00 feet along the West line of said Section 15; thence S87°30'19"E 1000.00 feet parallel with the East-West 1/4 line of said Section 15; thence S02°07'56"W 729.00 feet parallel with the said West Section line to a point on the said East-West 1/4 line; thence N87°30'19"W 400.00 feet along the said East-West 1/4 line; thence N02°07'56"E 213.00 feet parallel with said West Section line; thence N87°30'19"W 300.00 feet parallel with the said East-West 1/4 line; thence N02°07'56"E 116.00 feet parallel with said West Section line; thence N87°30'19"W 300.00 feet parallel with the said East-West 1/4 line to the point of beginning, containing 13.00 acres of land more or less, and subject to any easements or rights of way of record.

#### **The Improvements consist of:**

The Improvements consist of an approximately 22,000 sq. ft. facility to be used as a public school academy. The facility to be constructed will include approximately 8,250 sq. ft. to house grades kindergarten through tenth, a 6,000 sq. ft. gymnasium, a media center/library and administrative offices located at 6420 South Clinton Trail, Hamlin Township, Michigan. Site improvements include a left turn lane off of Michigan State Highway 50, asphalt paving, plantings, underground utilities, two (2) wells and septic system, soccer field and outdoor play equipment.

## EXHIBIT B

### PURCHASE PAYMENT SCHEDULE

PAYMENT DATE	PURCHASE PAYMENT AMOUNT	PRINCIPAL PORTION	INTEREST PORTION	PREPAYMENT PRICE
February 1, 2000	63,618.75	0.00	63,618.75	N/A
August 1, 2000	63,618.75	0.00	63,618.75	N/A
February 1, 2001	63,618.75	0.00	63,618.75	N/A
August 1, 2001	63,618.75	0.00	63,618.75	N/A
February 1, 2002	63,618.75	0.00	63,618.75	N/A
August 1, 2002	83,618.75	20,000.00	63,618.75	N/A
February 1, 2003	62,893.75	0.00	62,893.75	N/A
August 1, 2003	82,893.75	20,000.00	62,893.75	N/A
February 1, 2004	62,168.75	0.00	62,168.75	N/A
August 1, 2004	87,168.75	25,000.00	62,168.75	N/A
February 1, 2005	61,262.50	0.00	61,262.50	N/A
August 1, 2005	86,262.50	25,000.00	61,262.50	N/A
February 1, 2006	60,356.25	0.00	60,356.25	N/A
August 1, 2006	90,356.25	30,000.00	60,356.25	N/A
February 1, 2007	59,268.75	0.00	59,268.75	N/A
August 1, 2007	89,268.75	30,000.00	59,268.75	N/A
February 1, 2008	58,181.25	0.00	58,181.25	N/A
August 1, 2008	88,181.25	30,000.00	58,181.25	N/A
February 1, 2009	57,093.75	0.00	57,093.75	N/A
August 1, 2009	92,093.75	35,000.00	57,093.75	1,540,000.00
February 1, 2010	55,825.00	0.00	55,825.00	1,540,000.00
August 1, 2010	90,825.00	35,000.00	55,825.00	1,505,000.00
February 1, 2011	54,556.25	0.00	54,556.25	1,505,000.00
August 1, 2011	94,556.25	40,000.00	54,556.25	1,465,000.00
February 1, 2012	53,106.25	0.00	53,106.25	1,465,000.00
August 1, 2012	93,106.25	40,000.00	53,106.25	1,425,000.00
February 1, 2013	51,656.25	0.00	51,656.25	1,425,000.00
August 1, 2013	96,656.25	45,000.00	51,656.25	1,380,000.00
February 1, 2014	50,025.00	0.00	50,025.00	1,380,000.00
August 1, 2014	100,025.00	50,000.00	50,025.00	1,330,000.00
February 1, 2015	48,212.50	0.00	48,212.50	1,330,000.00
August 1, 2015	98,212.50	50,000.00	48,212.50	1,280,000.00
February 1, 2016	46,400.00	0.00	46,400.00	1,280,000.00
August 1, 2016	101,400.00	55,000.00	46,400.00	1,225,000.00
February 1, 2017	44,406.25	0.00	44,406.25	1,225,000.00
August 1, 2017	104,406.25	60,000.00	44,406.25	1,165,000.00
February 1, 2018	42,231.25	0.00	42,231.25	1,165,000.00
August 1, 2018	107,231.25	65,000.00	42,231.25	1,100,000.00
February 1, 2019	39,875.00	0.00	39,875.00	1,100,000.00
August 1, 2019	109,875.00	70,000.00	39,875.00	1,030,000.00
February 1, 2020	37,337.50	0.00	37,337.50	1,030,000.00



**EXHIBIT B****PURCHASE PAYMENT SCHEDULE**

PAYMENT DATE	PURCHASE PAYMENT AMOUNT	PRINCIPAL PORTION	INTEREST PORTION	PREPAYMENT PRICE
August 1, 2020	112,337.50	75,000.00	37,337.50	955,000.00
February 1, 2021	34,618.75	0.00	34,618.75	955,000.00
August 1, 2021	114,618.75	80,000.00	34,618.75	875,000.00
February 1, 2022	31,718.75	0.00	31,718.75	875,000.00
August 1, 2022	116,718.75	85,000.00	31,718.75	790,000.00
February 1, 2023	28,637.50	0.00	28,637.50	790,000.00
August 1, 2023	118,637.50	90,000.00	28,637.50	700,000.00
February 1, 2024	25,375.00	0.00	25,375.00	700,000.00
August 1, 2024	120,375.00	95,000.00	25,375.00	605,000.00
February 1, 2025	21,931.25	0.00	21,931.25	605,000.00
August 1, 2025	126,931.25	105,000.00	21,931.25	500,000.00
February 1, 2026	18,125.00	0.00	18,125.00	500,000.00
August 1, 2026	128,125.00	110,000.00	18,125.00	390,000.00
February 1, 2027	14,137.50	0.00	14,137.50	390,000.00
August 1, 2027	134,137.50	120,000.00	14,137.50	270,000.00
February 1, 2028	9,787.50	0.00	9,787.50	270,000.00
August 1, 2028	139,787.50	130,000.00	9,787.50	140,000.00
February 1, 2029	5,075.00	0.00	5,075.00	140,000.00
August 1, 2029	145,075.00	140,000.00	5,075.00	-

**EXHIBIT B-1****PURCHASE PAYMENT DEPOSIT SCHEDULE**

PAYMENT DATE	PAYMENT AMOUNT	PRINCIPAL PORTION	INTEREST PORTION
8/26/99	12,723.75	0.00	12,723.75
09/26/99	0.00	0.00	0.00
10/26/99	12,723.75	0.00	12,723.75
11/26/99	12,723.75	0.00	12,723.75
12/26/99	12,723.75	0.00	12,723.75
01/26/00	12,723.75	0.00	12,723.75
02/26/00	0.00	0.00	0.00
03/26/00	12,723.75	0.00	12,723.75
04/26/00	12,723.75	0.00	12,723.75
05/26/00	12,723.75	0.00	12,723.75
06/26/00	12,723.75	0.00	12,723.75
07/26/00	12,723.75	0.00	12,723.75
08/26/00	12,723.75	0.00	12,723.75
09/26/00	0.00	0.00	0.00
10/26/00	12,723.75	0.00	12,723.75
11/26/00	12,723.75	0.00	12,723.75
12/26/00	12,723.75	0.00	12,723.75
01/26/01	12,723.75	0.00	12,723.75
02/26/01	0.00	0.00	0.00
03/26/01	12,723.75	0.00	12,723.75
04/26/01	12,723.75	0.00	12,723.75
05/26/01	12,723.75	0.00	12,723.75
06/26/01	12,723.75	0.00	12,723.75
07/26/01	12,723.75	0.00	12,723.75
08/26/01	14,723.75	2,000.00	12,723.75
09/26/01	2,000.00	2,000.00	0.00
10/26/01	12,723.75	0.00	12,723.75
11/26/01	14,723.75	2,000.00	12,723.75
12/26/01	14,723.75	2,000.00	12,723.75
01/26/02	14,723.75	2,000.00	12,723.75
02/26/02	0.00	0.00	0.00
03/26/02	14,723.75	2,000.00	12,723.75
04/26/02	14,723.75	2,000.00	12,723.75
05/26/02	14,723.75	2,000.00	12,723.75
06/26/02	14,723.75	2,000.00	12,723.75
07/26/02	14,723.75	2,000.00	12,723.75
08/26/02	14,578.75	2,000.00	12,578.75
09/26/02	2,000.00	2,000.00	0.00
10/26/02	12,578.75	0.00	12,578.75
11/26/02	14,578.75	2,000.00	12,578.75
12/26/02	14,578.75	2,000.00	12,578.75

**EXHIBIT B-1****PURCHASE PAYMENT DEPOSIT SCHEDULE**

<u>PAYMENT DATE</u>	<u>PAYMENT AMOUNT</u>	<u>PRINCIPAL PORTION</u>	<u>INTEREST PORTION</u>
01/26/03	14,578.75	2,000.00	12,578.75
02/26/03	0.00	0.00	0.00
03/26/03	14,578.75	2,000.00	12,578.75
04/26/03	14,578.75	2,000.00	12,578.75
05/26/03	14,578.75	2,000.00	12,578.75
06/26/03	14,578.75	2,000.00	12,578.75
07/26/03	14,578.75	2,000.00	12,578.75
08/26/03	14,933.75	2,500.00	12,433.75
09/26/03	0.00	0.00	0.00
10/26/03	14,933.75	2,500.00	12,433.75
11/26/03	14,933.75	2,500.00	12,433.75
12/26/03	14,933.75	2,500.00	12,433.75
01/26/04	14,933.75	2,500.00	12,433.75
02/26/04	0.00	0.00	0.00
03/26/04	14,933.75	2,500.00	12,433.75
04/26/04	14,933.75	2,500.00	12,433.75
05/26/04	14,933.75	2,500.00	12,433.75
06/26/04	14,933.75	2,500.00	12,433.75
07/26/04	14,933.75	2,500.00	12,433.75
08/26/04	14,752.50	2,500.00	12,252.50
09/26/04	2,500.00	2,500.00	0.00
10/26/04	12,252.50	0.00	12,252.50
11/26/04	14,752.50	2,500.00	12,252.50
12/26/04	14,752.50	2,500.00	12,252.50
01/26/05	14,752.50	2,500.00	12,252.50
02/26/05	0.00	0.00	0.00
03/26/05	14,752.50	2,500.00	12,252.50
04/26/05	14,752.50	2,500.00	12,252.50
05/26/05	14,752.50	2,500.00	12,252.50
06/26/05	14,752.50	2,500.00	12,252.50
07/26/05	14,752.50	2,500.00	12,252.50
08/26/05	15,071.25	3,000.00	12,071.25
09/26/05	0.00	0.00	0.00
10/26/05	15,071.25	3,000.00	12,071.25
11/26/05	15,071.25	3,000.00	12,071.25
12/26/05	15,071.25	3,000.00	12,071.25
01/26/06	15,071.25	3,000.00	12,071.25
02/26/06	0.00	0.00	0.00
03/26/06	15,071.25	3,000.00	12,071.25
04/26/06	15,071.25	3,000.00	12,071.25
05/26/06	15,071.25	3,000.00	12,071.25

**EXHIBIT B-1****PURCHASE PAYMENT DEPOSIT SCHEDULE**

<u>PAYMENT DATE</u>	<u>PAYMENT AMOUNT</u>	<u>PRINCIPAL PORTION</u>	<u>INTEREST PORTION</u>
06/26/06	15,071.25	3,000.00	12,071.25
07/26/06	15,071.25	3,000.00	12,071.25
08/26/06	14,853.75	3,000.00	11,853.75
09/26/06	0.00	0.00	0.00
10/26/06	14,853.75	3,000.00	11,853.75
11/26/06	14,853.75	3,000.00	11,853.75
12/26/06	14,853.75	3,000.00	11,853.75
01/26/07	14,853.75	3,000.00	11,853.75
02/26/07	0.00	0.00	0.00
03/26/07	14,853.75	3,000.00	11,853.75
04/26/07	14,853.75	3,000.00	11,853.75
05/26/07	14,853.75	3,000.00	11,853.75
06/26/07	14,853.75	3,000.00	11,853.75
07/26/07	14,853.75	3,000.00	11,853.75
08/26/07	14,636.25	3,000.00	11,636.25
09/26/07	0.00	0.00	0.00
10/26/07	14,636.25	3,000.00	11,636.25
11/26/07	14,636.25	3,000.00	11,636.25
12/26/07	14,636.25	3,000.00	11,636.25
01/26/08	14,636.25	3,000.00	11,636.25
02/26/08	0.00	0.00	0.00
03/26/08	14,636.25	3,000.00	11,636.25
04/26/08	14,636.25	3,000.00	11,636.25
05/26/08	14,636.25	3,000.00	11,636.25
06/26/08	14,636.25	3,000.00	11,636.25
07/26/08	14,636.25	3,000.00	11,636.25
08/26/08	14,918.75	3,500.00	11,418.75
09/26/08	0.00	0.00	0.00
10/26/08	14,918.75	3,500.00	11,418.75
11/26/08	14,918.75	3,500.00	11,418.75
12/26/08	14,918.75	3,500.00	11,418.75
01/26/09	14,918.75	3,500.00	11,418.75
02/26/09	0.00	0.00	0.00
03/26/09	14,918.75	3,500.00	11,418.75
04/26/09	14,918.75	3,500.00	11,418.75
05/26/09	14,918.75	3,500.00	11,418.75
06/26/09	14,918.75	3,500.00	11,418.75
07/26/09	14,918.75	3,500.00	11,418.75
08/26/09	14,665.00	3,500.00	11,165.00
09/26/09	0.00	0.00	0.00
10/26/09	14,665.00	3,500.00	11,165.00

**EXHIBIT B-1****PURCHASE PAYMENT DEPOSIT SCHEDULE**

PAYMENT DATE	PAYMENT AMOUNT	PRINCIPAL PORTION	INTEREST PORTION
11/26/09	14,665.00	3,500.00	11,165.00
12/26/09	14,665.00	3,500.00	11,165.00
01/26/10	14,665.00	3,500.00	11,165.00
02/26/10	0.00	0.00	0.00
03/26/10	14,665.00	3,500.00	11,165.00
04/26/10	14,665.00	3,500.00	11,165.00
05/26/10	14,665.00	3,500.00	11,165.00
06/26/10	14,665.00	3,500.00	11,165.00
07/26/10	14,665.00	3,500.00	11,165.00
08/26/10	14,911.25	4,000.00	10,911.25
09/26/10	0.00	0.00	0.00
10/26/10	14,911.25	4,000.00	10,911.25
11/26/10	14,911.25	4,000.00	10,911.25
12/26/10	14,911.25	4,000.00	10,911.25
01/26/11	14,911.25	4,000.00	10,911.25
02/26/11	0.00	0.00	0.00
03/26/11	14,911.25	4,000.00	10,911.25
04/26/11	14,911.25	4,000.00	10,911.25
05/26/11	14,911.25	4,000.00	10,911.25
06/26/11	14,911.25	4,000.00	10,911.25
07/26/11	14,911.25	4,000.00	10,911.25
08/26/11	14,621.25	4,000.00	10,621.25
09/26/11	0.00	0.00	0.00
10/26/11	14,621.25	4,000.00	10,621.25
11/26/11	14,621.25	4,000.00	10,621.25
12/26/11	14,621.25	4,000.00	10,621.25
01/26/12	14,621.25	4,000.00	10,621.25
02/26/12	0.00	0.00	0.00
03/26/12	14,621.25	4,000.00	10,621.25
04/26/12	14,621.25	4,000.00	10,621.25
05/26/12	14,621.25	4,000.00	10,621.25
06/26/12	14,621.25	4,000.00	10,621.25
07/26/12	14,621.25	4,000.00	10,621.25
08/26/12	14,831.25	4,500.00	10,331.25
09/26/12	0.00	0.00	0.00
10/26/12	14,831.25	4,500.00	10,331.25
11/26/12	14,831.25	4,500.00	10,331.25
12/26/12	14,831.25	4,500.00	10,331.25
01/26/13	14,831.25	4,500.00	10,331.25
02/26/13	0.00	0.00	0.00
03/26/13	14,831.25	4,500.00	10,331.25

**EXHIBIT B-1****PURCHASE PAYMENT DEPOSIT SCHEDULE**

<u>PAYMENT DATE</u>	<u>PAYMENT AMOUNT</u>	<u>PRINCIPAL PORTION</u>	<u>INTEREST PORTION</u>
04/26/13	14,831.25	4,500.00	10,331.25
05/26/13	14,831.25	4,500.00	10,331.25
06/26/13	14,831.25	4,500.00	10,331.25
07/26/13	14,831.25	4,500.00	10,331.25
08/26/13	15,005.00	5,000.00	10,005.00
09/26/13	0.00	0.00	0.00
10/26/13	15,005.00	5,000.00	10,005.00
11/26/13	15,005.00	5,000.00	10,005.00
12/26/13	15,005.00	5,000.00	10,005.00
01/26/14	15,005.00	5,000.00	10,005.00
02/26/14	0.00	0.00	0.00
03/26/14	15,005.00	5,000.00	10,005.00
04/26/14	15,005.00	5,000.00	10,005.00
05/26/14	15,005.00	5,000.00	10,005.00
06/26/14	15,005.00	5,000.00	10,005.00
07/26/14	15,005.00	5,000.00	10,005.00
08/26/14	14,642.50	5,000.00	9,642.50
09/26/14	0.00	0.00	0.00
10/26/14	14,642.50	5,000.00	9,642.50
11/26/14	14,642.50	5,000.00	9,642.50
12/26/14	14,642.50	5,000.00	9,642.50
01/26/15	14,642.50	5,000.00	9,642.50
02/26/15	0.00	0.00	0.00
03/26/15	14,642.50	5,000.00	9,642.50
04/26/15	14,642.50	5,000.00	9,642.50
05/26/15	14,642.50	5,000.00	9,642.50
06/26/15	14,642.50	5,000.00	9,642.50
07/26/15	14,642.50	5,000.00	9,642.50
08/26/15	14,780.00	5,500.00	9,280.00
09/26/15	0.00	0.00	0.00
10/26/15	14,780.00	5,500.00	9,280.00
11/26/15	14,780.00	5,500.00	9,280.00
12/26/15	14,780.00	5,500.00	9,280.00
01/26/16	14,780.00	5,500.00	9,280.00
02/26/16	0.00	0.00	0.00
03/26/16	14,780.00	5,500.00	9,280.00
04/26/16	14,780.00	5,500.00	9,280.00
05/26/16	14,780.00	5,500.00	9,280.00
06/26/16	14,780.00	5,500.00	9,280.00
07/26/16	14,780.00	5,500.00	9,280.00
08/26/16	14,881.25	6,000.00	8,881.25

**EXHIBIT B-1****PURCHASE PAYMENT DEPOSIT SCHEDULE**

<b>PAYMENT DATE</b>	<b>PAYMENT AMOUNT</b>	<b>PRINCIPAL PORTION</b>	<b>INTEREST PORTION</b>
09/26/16	0.00	0.00	0.00
10/26/16	14,881.25	6,000.00	8,881.25
11/26/16	14,881.25	6,000.00	8,881.25
12/26/16	14,881.25	6,000.00	8,881.25
01/26/17	14,881.25	6,000.00	8,881.25
02/26/17	0.00	0.00	0.00
03/26/17	14,881.25	6,000.00	8,881.25
04/26/17	14,881.25	6,000.00	8,881.25
05/26/17	14,881.25	6,000.00	8,881.25
06/26/17	14,881.25	6,000.00	8,881.25
07/26/17	14,881.25	6,000.00	8,881.25
08/26/17	14,946.25	6,500.00	8,446.25
09/26/17	0.00	0.00	0.00
10/26/17	14,946.25	6,500.00	8,446.25
11/26/17	14,946.25	6,500.00	8,446.25
12/26/17	14,946.25	6,500.00	8,446.25
01/26/18	14,946.25	6,500.00	8,446.25
02/26/18	0.00	0.00	0.00
03/26/18	14,946.25	6,500.00	8,446.25
04/26/18	14,946.25	6,500.00	8,446.25
05/26/18	14,946.25	6,500.00	8,446.25
06/26/18	14,946.25	6,500.00	8,446.25
07/26/18	14,946.25	6,500.00	8,446.25
08/26/18	14,975.00	7,000.00	7,975.00
09/26/18	0.00	0.00	0.00
10/26/18	14,975.00	7,000.00	7,975.00
11/26/18	14,975.00	7,000.00	7,975.00
12/26/18	14,975.00	7,000.00	7,975.00
01/26/19	14,975.00	7,000.00	7,975.00
02/26/19	0.00	0.00	0.00
03/26/19	14,975.00	7,000.00	7,975.00
04/26/19	14,975.00	7,000.00	7,975.00
05/26/19	14,975.00	7,000.00	7,975.00
06/26/19	14,975.00	7,000.00	7,975.00
07/26/19	14,975.00	7,000.00	7,975.00
08/26/19	14,967.50	7,500.00	7,467.50
09/26/19	0.00	0.00	0.00
10/26/19	14,967.50	7,500.00	7,467.50
11/26/19	14,967.50	7,500.00	7,467.50
12/26/19	14,967.50	7,500.00	7,467.50
01/26/20	14,967.50	7,500.00	7,467.50

**EXHIBIT B-1****PURCHASE PAYMENT DEPOSIT SCHEDULE**

<u>PAYMENT DATE</u>	<u>PAYMENT AMOUNT</u>	<u>PRINCIPAL PORTION</u>	<u>INTEREST PORTION</u>
02/26/20	0.00	0.00	0.00
03/26/20	14,967.50	7,500.00	7,467.50
04/26/20	14,967.50	7,500.00	7,467.50
05/26/20	14,967.50	7,500.00	7,467.50
06/26/20	14,967.50	7,500.00	7,467.50
07/26/20	14,967.50	7,500.00	7,467.50
08/26/20	14,923.75	8,000.00	6,923.75
09/26/20	0.00	0.00	0.00
10/26/20	14,923.75	8,000.00	6,923.75
11/26/20	14,923.75	8,000.00	6,923.75
12/26/20	14,923.75	8,000.00	6,923.75
01/26/21	14,923.75	8,000.00	6,923.75
02/26/21	0.00	0.00	0.00
03/26/21	14,923.75	8,000.00	6,923.75
04/26/21	14,923.75	8,000.00	6,923.75
05/26/21	14,923.75	8,000.00	6,923.75
06/26/21	14,923.75	8,000.00	6,923.75
07/26/21	14,923.75	8,000.00	6,923.75
08/26/21	14,843.75	8,500.00	6,343.75
09/26/21	0.00	0.00	0.00
10/26/21	14,843.75	8,500.00	6,343.75
11/26/21	14,843.75	8,500.00	6,343.75
12/26/21	14,843.75	8,500.00	6,343.75
01/26/22	14,843.75	8,500.00	6,343.75
02/26/22	0.00	0.00	0.00
03/26/22	14,843.75	8,500.00	6,343.75
04/26/22	14,843.75	8,500.00	6,343.75
05/26/22	14,843.75	8,500.00	6,343.75
06/26/22	14,843.75	8,500.00	6,343.75
07/26/22	14,843.75	8,500.00	6,343.75
08/26/22	14,727.50	9,000.00	5,727.50
09/26/22	0.00	0.00	0.00
10/26/22	14,727.50	9,000.00	5,727.50
11/26/22	14,727.50	9,000.00	5,727.50
12/26/22	14,727.50	9,000.00	5,727.50
01/26/23	14,727.50	9,000.00	5,727.50
02/26/23	0.00	0.00	0.00
03/26/23	14,727.50	9,000.00	5,727.50
04/26/23	14,727.50	9,000.00	5,727.50
05/26/23	14,727.50	9,000.00	5,727.50
06/26/23	14,727.50	9,000.00	5,727.50



**EXHIBIT B-1****PURCHASE PAYMENT DEPOSIT SCHEDULE**

<b>PAYMENT DATE</b>	<b>PAYMENT AMOUNT</b>	<b>PRINCIPAL PORTION</b>	<b>INTEREST PORTION</b>
07/26/23	14,727.50	9,000.00	5,727.50
08/26/23	14,575.00	9,500.00	5,075.00
09/26/23	0.00	0.00	0.00
10/26/23	14,575.00	9,500.00	5,075.00
11/26/23	14,575.00	9,500.00	5,075.00
12/26/23	14,575.00	9,500.00	5,075.00
01/26/24	14,575.00	9,500.00	5,075.00
02/26/24	0.00	0.00	0.00
03/26/24	14,575.00	9,500.00	5,075.00
04/26/24	14,575.00	9,500.00	5,075.00
05/26/24	14,575.00	9,500.00	5,075.00
06/26/24	14,575.00	9,500.00	5,075.00
07/26/24	14,575.00	9,500.00	5,075.00
08/26/24	14,886.25	10,500.00	4,386.25
09/26/24	0.00	0.00	0.00
10/26/24	14,886.25	10,500.00	4,386.25
11/26/24	14,886.25	10,500.00	4,386.25
12/26/24	14,886.25	10,500.00	4,386.25
01/26/25	14,886.25	10,500.00	4,386.25
02/26/25	0.00	0.00	0.00
03/26/25	14,886.25	10,500.00	4,386.25
04/26/25	14,886.25	10,500.00	4,386.25
05/26/25	14,886.25	10,500.00	4,386.25
06/26/25	14,886.25	10,500.00	4,386.25
07/26/25	14,886.25	10,500.00	4,386.25
08/26/25	14,625.00	11,000.00	3,625.00
09/26/25	0.00	0.00	0.00
10/26/25	14,625.00	11,000.00	3,625.00
11/26/25	14,625.00	11,000.00	3,625.00
12/26/25	14,625.00	11,000.00	3,625.00
01/26/26	14,625.00	11,000.00	3,625.00
02/26/26	0.00	0.00	0.00
03/26/26	14,625.00	11,000.00	3,625.00
04/26/26	14,625.00	11,000.00	3,625.00
05/26/26	14,625.00	11,000.00	3,625.00
06/26/26	14,625.00	11,000.00	3,625.00
07/26/26	14,625.00	11,000.00	3,625.00
08/26/26	14,827.50	12,000.00	2,827.50
09/26/26	0.00	0.00	0.00
10/26/26	14,827.50	12,000.00	2,827.50
11/26/26	14,827.50	12,000.00	2,827.50

**EXHIBIT B-1****PURCHASE PAYMENT DEPOSIT SCHEDULE**

<b>PAYMENT DATE</b>	<b>PAYMENT AMOUNT</b>	<b>PRINCIPAL PORTION</b>	<b>INTEREST PORTION</b>
12/26/26	14,827.50	12,000.00	2,827.50
01/26/27	14,827.50	12,000.00	2,827.50
02/26/27	0.00	0.00	0.00
03/26/27	14,827.50	12,000.00	2,827.50
04/26/27	14,827.50	12,000.00	2,827.50
05/26/27	14,827.50	12,000.00	2,827.50
06/26/27	14,827.50	12,000.00	2,827.50
07/26/27	14,827.50	12,000.00	2,827.50
08/26/27	14,957.50	13,000.00	1,957.50
09/26/27	0.00	0.00	0.00
10/26/27	14,957.50	13,000.00	1,957.50
11/26/27	14,957.50	13,000.00	1,957.50
12/26/27	14,957.50	13,000.00	1,957.50
01/26/28	14,957.50	13,000.00	1,957.50
02/26/28	0.00	0.00	0.00
03/26/28	14,957.50	13,000.00	1,957.50
04/26/28	14,957.50	13,000.00	1,957.50
05/26/28	14,957.50	13,000.00	1,957.50
06/26/28	14,957.50	13,000.00	1,957.50
07/26/28	14,957.50	13,000.00	1,957.50
08/26/28	15,015.00	14,000.00	1,015.00
09/26/28	0.00	0.00	0.00
10/26/28	15,015.00	14,000.00	1,015.00
11/26/28	15,015.00	14,000.00	1,015.00
12/26/28	15,015.00	14,000.00	1,015.00
01/26/29	15,015.00	14,000.00	1,015.00
02/26/29	0.00	0.00	0.00
03/26/29	15,015.00	14,000.00	1,015.00
04/26/29	15,015.00	14,000.00	1,015.00
05/26/29	15,015.00	14,000.00	1,015.00
06/26/29	15,015.00	14,000.00	1,015.00
07/26/29	15,015.00	14,000.00	1,015.00

## **EXHIBIT C**

### **ACCEPTANCE CERTIFICATE**

U.S. Bank Trust National Association, as Trustee  
180 East Fifth Street  
St. Paul, Minnesota 55101

Ladies and Gentlemen:

In accordance with the terms of the Financing Agreement dated August 1, 1999 (the "Agreement"), between MJK Capital Corporation ("MJK") and the undersigned ("Island City"), Island City hereby certifies and represents to, and agrees with, the Trustee as follows:

1. The Project, as such term is defined in the Agreement, has been designed, constructed, installed and accepted on the date indicated below.
2. Island City has conducted such inspection and/or testing of the Project as it deems necessary and appropriate and hereby acknowledges that it accepts the Project for all purposes, that the Project has been constructed in accordance with the plans and specifications therefor, and that the Project is available for the use and occupancy of Island City.
3. No event of default, as such term is used in the Agreement, and no event which with notice or lapse of time, or both, would become an event of default, has occurred and is continuing at the date hereof.
4. All Project Costs (as defined in the Agreement) have been paid.
5. Attached hereto are the following documents:
  - (a) An endorsement to the title insurance policy issued to the Trustee indicating that no liens or encumbrances exist against the Project except Permitted Encumbrances.
  - (b) Copies of all insurance policies required by the Agreement.
  - (c) Copies of all lien waivers executed by the Contractor.
  - (d) A Certificate of Occupancy for the Project.

- (e) An ALTA "as-built" survey with respect to the real property included in the Project.
- (f) The Certificate of Approval from the State Fire Marshall.

ISLAND CITY ACADEMY

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Execution**

---

MORTGAGE AGREEMENT

from

ISLAND CITY ACADEMY, AS MORTGAGOR

to

MJK CAPITAL CORPORATION, AS MORTGAGEE

---

Dated as of August 1, 1999

---

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Tax Statement for the real property described  
in this instrument should be sent to:

Island City Academy  
103 Albers  
Eaton Rapids, Michigan 48827

This instrument was drafted by:

Dorsey & Whitney LLP  
220 South Sixth Street  
Minneapolis, Minnesota 55402-1498

Inquiries directed to:

Monte Story, Esq.  
Farhat & Story, P.C.  
4572 South Hagadorn Road, Suite 3  
East Lansing, Michigan 48823-3700

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THIS MORTGAGE AGREEMENT, dated as of August 1, 1999, from Island City Academy (being herein called the "Mortgagor"), a public school academy operating under the laws of the State of Michigan, to MJK Capital Corporation, a corporation duly organized and existing under the laws of the State of Minnesota (together with any successor to its interest hereunder being herein called the "Mortgagee");

W I T N E S S E T H

WHEREAS, the Mortgagor is the owner of certain real property located in the County of Eaton, State of Michigan, legally described in Exhibit A attached hereto and made a part hereof (the "Land"), and Mortgagee has financed the Land and the buildings, structures and improvements located thereon for the Mortgagor by a Financing Agreement dated as of the date hereof (the "Agreement") providing for monthly payments (the "Purchase Payment Deposits") and semi-annual payments (the "Purchase Payments"); and

WHEREAS, each Purchase Payment is allocated as between a payment of principal and a payment of interest (the aggregate of unpaid principal payments being the "Unpaid Principal Component" and the accrued and unpaid interest thereon being the "Unpaid Interest Component") and the Unpaid Principal Component is initially equal to \$1,755,000; and

WHEREAS, this Mortgage is being entered into to provide Mortgagee with a lien on the Land to secure the payment of the Unpaid Principal Component and the Unpaid Interest Component under the Agreement; and

WHEREAS, the Mortgagee has required, as a condition to the issuance of the Agreement, that the Agreement be secured by this Mortgage;

NOW, THEREFORE, THIS MORTGAGE WITNESSETH:

SECTION 1

GRANTING CLAUSES

In consideration of the funds to be made available to the Mortgagor by the Mortgagee, and to secure the payment of the Unpaid Principal Component and the Unpaid Interest Component (which amounts shall remain secured hereby even upon a termination of the Agreement for any reason) and the performance and observance by the Mortgagor of all covenants, agreements and conditions on the Mortgagor's part to be performed and observed herein and in the Agreement, the Mortgagor does hereby grant, bargain, sell, convey, mortgage, grant, a security interest in, assign and pledge unto the Mortgagee and the Mortgagee's



successors and assigns forever all of the right, title and interest of the Mortgagor in and to the following described premises and property (hereinafter collectively referred to as the "Mortgaged Property"):

(a) the Land and all buildings, structures and improvements now on or that may hereafter be placed hereafter on the Land (the "Facilities");

(b) any and all items of fixtures owned by the Mortgagor now or hereafter attached to or installed within or used in connection with the Land and the Facilities, including, but not limited to, any and all partitions, screens, awnings, motors, engines, boilers, furnaces, pipes, plumbing, elevators, cleaning, call and sprinkler systems, fire extinguishing apparatus and equipment, water tanks, gasoline pumps and related equipment, heating, ventilating, air conditioning and air cooling equipment, refrigeration equipment, and gas and electric machinery, appurtenances and equipment, whether or not permanently affixed to the real estate (all such items being referred to herein as the "Fixtures");

(c) all additions, accessions, increases, parts, fittings, accessories, renewals, replacements, substitutions, betterments, repairs and proceeds (including insurance proceeds and condemnation awards) of all and any of the foregoing;

(d) all rents, issues, income and profits from any and all of the foregoing and the right to collection thereof.

TO HAVE AND TO HOLD the Mortgaged Property together with the privileges, hereditaments and appurtenances thereunto belonging or appertaining unto the Mortgagee and the Mortgagee's successors and assigns forever;

SUBJECT TO Permitted Encumbrances (as defined in the Agreement);

PROVIDED, NEVERTHELESS, that these presents are upon the express condition that if the Mortgagor shall pay or cause to be paid the Unpaid Principal Component and the Unpaid Interest Component, and all other amounts due or to become due under the Agreement or the Trust Agreement, at the times and in the manner specified therein according to the true intent and meaning thereof, and the Mortgagor shall well and truly keep, perform and observe all of the covenants and conditions on its part to be kept, performed and observed under this Mortgage and the Agreement, then this Mortgage and the rights hereby granted shall cease, terminate and be void; otherwise, this Mortgage shall be and remain in full force and effect.

THE MORTGAGOR and THE MORTGAGEE further agree as follows:

## SECTION 2

### DEFINITIONS AND GENERAL PROVISIONS

2.1 Definitions. Unless the context hereof clearly requires otherwise, the terms defined in the Agreement shall, when used with initial capital letters herein, have the meanings ascribed to them in the Agreement.

2.2 Exhibit. Attached to and by reference made a part of this Mortgage is Exhibit A, a legal description of the Land and a list of Permitted Encumbrances.

2.3 Rules of Interpretation.

(a) This instrument shall be interpreted in accordance with and governed by the laws of the State of Michigan.

(b) The words "herein" and "hereof" and words of similar import, without reference to any particular section or subdivision, refer to this instrument as a whole rather than to any particular section or subdivision hereof.

(c) References herein to any particular section or subdivision hereof are to the section or subdivision of this instrument as originally executed.

(d) The headings of sections herein are for convenience only and are not a part of this instrument.

(e) Unless the context hereof clearly requires otherwise, the singular shall include the plural and vice versa, and the masculine shall include the feminine and vice-versa.

## SECTION 3

### REPRESENTATIONS OF THE MORTGAGOR

The Mortgagor represents and warrants that the Mortgagor is the lawful owner of and has good and marketable title to the Mortgaged Property, free of all liens and encumbrances, other than Permitted Encumbrances, and has good right and lawful authority to grant, bargain, sell, convey, mortgage, grant a security interest in, assign and pledge the same as provided herein.

## SECTION 4

### COVENANTS OF THE MORTGAGOR

The Mortgagor covenants and agrees as follows:

4.1 Further Instruments of Assurance. The Mortgagor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such mortgages or instruments supplemental hereto and such further acts, instruments and transfers as the Mortgagee may reasonably require for the better assuring, transferring, assigning and confirming unto the Mortgagee an of the Mortgaged Property; and the Mortgagor shall not make, do, execute or suffer any act or thing whereby the Mortgagor's estate or interest in or title to the Mortgaged Property or any part thereof shall or may be impaired or charged or encumbered in any manner whatsoever without the written consent of the Mortgagee, except as permitted by the Agreement and except by Permitted Encumbrances.

4.2 Compliance with Laws. The Mortgagor shall comply with all laws, ordinances, rules and regulations of any governmental authority affecting the Mortgaged Property to which the Mortgagor or the Mortgaged Property is subject.

4.3 Payment of Purchase Payments and Purchase Payment Deposits. The Mortgagor shall promptly pay or cause to be paid the Purchase Payments and Purchase Payment Deposits due under the Agreement in accordance with the terms and provisions of the Agreement.

4.4 Governmental Reports. The Mortgagor shall file or cause to be filed or furnished all reports, returns or other information that may from time to time be required to be filed or furnished with respect to the Project or the Mortgaged Property by a governmental authority.

## SECTION 5

### RELEASE OF AND ADDITIONS TO MORTGAGED PROPERTY

5.1 Release of Mortgaged Property. The Mortgagee shall have the right at any time, and from time to time, at its discretion, to release from the lien of this Mortgage all or any part of the Mortgaged Property without in any way prejudicing its rights with respect to all of the Mortgaged Property not so released.

5.2 Additions to Mortgaged Property. In the event any additional improvements or fixtures owned by the Mortgagor, or not herein specifically identified shall be or in the future become a part of the Mortgaged Property by location or installation on the Land or otherwise,

then this Mortgage shall immediately attach and to and constitute a lien or security interest against such additional items without further act or deed of the Mortgagor.

## SECTION 6

### INSURANCE PROCEEDS AND CONDEMNATION AWARDS

6.1 Application of Insurance Proceeds. Should any of the Mortgaged Property be damaged or destroyed, all proceeds of insurance maintained pursuant to the Agreement and payable with respect to the Mortgaged Property so damaged or destroyed shall be collected and applied in accordance with the Agreement.

6.2 Application of Condemnation Awards. Should any of the Mortgaged Property be taken by exercise of the power of eminent domain, any award or consideration for the property so taken shall be collected and applied in accordance with the Agreement.

## SECTION 7

### DEFAULTS AND REMEDIES

7.1 Events of Default. If any of the following events occurs, it is hereby defined as and declared to be and to constitute an Event of Default:

- (a) an Event of Default shall occur under the Agreement;
- (b) the Mortgagor shall fail to pay, when due, any other indebtedness imposed by this Mortgage and such failure to pay continues for thirty (30) days after written notice of such failure to pay given by the Mortgagee to the Mortgagor,
- (c) the Mortgagor shall fail to perform any other covenant to be performed by the Mortgagor under this Mortgage or the Agreement and such failure to perform continues for thirty days after written notice thereof given by the Mortgagee to the Mortgagor, unless such default is incapable of being cured within 30 days, in which case Mortgagor shall be allowed such additional time as is reasonably necessary to cure the default with diligence;
- (d) any warranty of title made by the Mortgagor in this Mortgage shall be breached;

(e) any representation or warranty made by the Mortgagor in any financial statements or reports submitted to the Mortgagee by or on behalf of the Mortgagor shall prove false or materially misleading;

(f) any representations made by or on behalf of the Mortgagor under the Agreement, this Mortgage or in any document or certificate furnished to the Mortgagee in connection herewith or pursuant hereto shall prove at any time to be incorrect or misleading in any material respect as of the date made;

(g) the Mortgagor shall abandon the Mortgaged Property: or

(h) the Mortgagor shall sell, transfer, convey or dispose of all or any part of or interest in the Mortgaged Property, or shall grant or permit any lien or encumbrance upon all or any part thereof or interest therein (except as permitted under the Agreement and the Trust Agreement).

7.2 Acceleration. Upon the occurrence of an Event of Default, the Mortgagee may declare the Unpaid Principal Component and the Unpaid Interest Component under the Agreement, together with all sums advanced hereunder with interest thereon, to be forthwith due and payable, and thereupon the indebtedness under the Agreement, including the Unpaid Principal Component and the Unpaid Interest Component, and together with all sums advanced hereunder and interest thereon, shall be and become immediately due and payable without presentment, demand or notice of any kind.

7.3 Remedies of Mortgagee. Upon the occurrence and continuance of an Event of Default entitling the Mortgagee to accelerate the maturity of the Agreement, or in case the indebtedness under the Agreement shall have become due and payable, whether by lapse of time or by acceleration, then and in every such case the Mortgagee may (a) proceed to protect and enforce the Mortgagee's rights by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained herein, or in the Agreement or in aid of the execution of any power herein or therein granted, or for the foreclosure of this Mortgage, or for the enforcement of any other appropriate legal or equitable remedy, or (b) sell the Mortgaged Property as one parcel at public auction and convey the same to the purchaser in fee simple in the manner provided by law.

In case of any sale of the Mortgaged Property pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Mortgage, the Mortgagee, or the Mortgagee's successors or assigns, may become the purchaser, and for the purpose of making settlement for or payment of the purchase price, shall be entitled to use indebtedness under the Agreement and any claims for interest matured and unpaid thereon,

together with additions to the mortgage debt, if any, accrued in order that there may be credited as paid on the purchase price the sums then due under the Agreement, including the Unpaid Principal Component and the Unpaid Interest Component, and any accrued additions to the mortgage debt.

Each and every power or remedy herein specifically given shall be in addition to every other power or remedy, existing or implied, given or now or hereafter existing at law or in equity, and each and every power and remedy herein specifically given or otherwise so existing may be exercised from time to time and as often and in such order as may be deemed expedient by Mortgagee, and the exercise or the beginning of the exercise of one power or remedy shall not be deemed a waiver of the right to exercise at the same time or thereafter any other power or remedy.

7.4 Appointment of Receiver. After the happening of any Event of Default and during its continuance or upon the commencement of any proceedings to foreclose this Mortgage or to enforce the specific performance hereof or in aid thereof or upon the commencement of any other judicial proceeding to enforce any right of the Mortgagee, the Mortgagee shall be entitled, as a matter of right, if the Mortgagee shall so elect, without the giving of notice hereunder to any other party and without regard to the adequacy or inadequacy of any security for the mortgage indebtedness, forthwith either before or after declaring the indebtedness under the Agreement and the Trust Agreement to be due and payable, to the appointment of a receiver or receivers in accordance with Michigan law.

7.5 Application of Proceeds. The purchase money proceeds and avails of any sale of the Mortgaged Property or any part thereof, and the proceeds and avails of any other remedy hereunder, shall be paid to and applied in the following order:

- (a) first, to the payment of costs and expenses of foreclosure and of such sale and of all proper expenses (including maximum attorney's fees permitted by law), and all liabilities incurred or advances made hereunder by the Mortgagee;
- (b) second, to the payment to the Mortgagee of the amount then owing or unpaid under the Agreement and this Mortgage for principal and interest and in case any such proceeds shall be insufficient to pay the whole amount so due, then first to the payment of interest and then to the payment of principal; and
- (c) third, to the payment of any excess to the Mortgagor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

7.6 Termination of Proceedings. In case the Mortgagee shall have proceeded to enforce any right under this Mortgage by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Mortgagor and the Mortgagee shall be restored to their former positions and rights hereunder with respect to the property subject to the lien hereof.

7.7 Protection of Mortgagee's Security. If the Mortgagor fails to perform any of the covenants and agreements contained in this Mortgage or if any action or proceeding is commenced which does or may adversely affect the Mortgaged Property or the interest of either of the Mortgagor or the Mortgagee therein, or the title of the Mortgagor thereto, then the Mortgagee, at the Mortgagee's option, may perform such covenants and agreements, defend against and/or investigate such action or proceeding, and take such other action as the Mortgagee deems necessary to protect the Mortgagee's interest, as provided in, and subject to the limitations of, the Agreement. The Mortgagee is hereby given the power of attorney (which power is coupled with an interest and is irrevocable), to enter upon the Mortgaged Property as the Mortgagor's agent and in the Mortgagor's name to perform any and all covenants and agreements to be performed by the Mortgagor as herein provided. All amounts disbursed or incurred by the Mortgagee pursuant to this Section 7.7 shall be payable upon demand, and shall bear interest from the date of disbursement or incurrence at the rate specified in the Agreement. Nothing contained in this Section 7.7 shall require the Mortgagee to incur any expense or do any act hereunder, and the Mortgagee shall not be liable to the Mortgagor for any damages or claims arising out of action taken by the Mortgagee pursuant to this Section 7.7.

7.8 Waiver of Default. The Mortgagee may in the Mortgagee's discretion waive any Event of Default hereunder and its consequences and rescind any declaration of acceleration of principal.

7.9 Forbearance not Waiver. Any delay by the Mortgagee in exercising any right or remedy under this Mortgage, or otherwise afforded by law or equity shall not be a waiver of or preclude the exercise of such right or remedy or any other right or remedy. The Mortgagee's receipt of any awards, proceeds or damages under Sections 6.1 and 6.2 shall not operate to cure or waive an Event of Default by the Mortgagor hereunder.

## SECTION 8

### FURTHER RIGHTS AND PROTECTION OF MORTGAGEE

8.1 Right of Inspection. Mortgagor hereby agrees that Mortgagee and Mortgagee's assigns (including, without limitation, the Trustee and the Beneficial Owner) shall have the right

at all reasonable times to examine and inspect the Project. Mortgagor further agrees that Mortgagee and Mortgagee's assigns (including, without limitation, the Trustee) shall have such rights as may be reasonably necessary to cause the proper maintenance of the Project in the event of failure by Mortgagor to perform its obligations hereunder.

8.2 Right of Mortgagee to Pay Taxes and Other Charges. If the Mortgagor shall fail to comply with the terms, covenants and conditions hereof, of the Agreement, of the Trust Agreement or any other documents relating thereto with respect to the procuring of insurance, the payment of taxes, assessments and other charges, the keeping of the Mortgaged Property in repair or any other term, covenant or condition herein or therein contained, the Mortgagee may make advances to perform the same and, where necessary, enter the Mortgaged Property for the purpose of performing any such term, covenant or condition. The Mortgagor agrees to repay all sums so advanced upon demand, with interest at the rate of 12% per annum or the maximum rate specified by law, whichever is lower, and all sums so advanced, with interest, shall be secured hereby in priority to the indebtedness evidenced by the Agreement and the Trust Agreement, but no such advance shall be deemed to relieve the Mortgagor from any default hereunder.

8.3 Mortgagee Protected in Relying Upon Resolutions, Etc. The resolutions, orders, requisitions, opinions, certificates, and other instruments provided for in this Mortgage may be accepted by the Mortgagee as conclusive evidence of the facts and conclusions stated therein.

8.4 Reimbursement of Mortgagee. If any action or proceeding be brought or threatened (except an action to foreclose this Mortgage), to which action or proceeding the Mortgagee is or would be made a party, or in which it is or would become necessary, in the Mortgagee's reasonable opinion, to defend or uphold the lien of this Mortgage, or to protect the Mortgaged Property or any part thereof, all reasonable sums paid by the Mortgagee to establish or defend the rights and lien of this Mortgage or to protect the Mortgaged Property or any part thereof (including reasonable attorney's fees, and costs and allowances) shall, irrespective of whether suit be brought or not, be paid, upon demand, to the Mortgagee by the Mortgagor, together with interest at the rate of 12% per annum, and any such sum or sums and the interest thereon shall be secured hereby in priority to the indebtedness evidenced by the Agreement and the Trust Agreement, provided, however, that Mortgagee shall reimburse Mortgagor for any such amount paid by Mortgagor and attributable to the negligence of Mortgagee.



## SECTION 9

### MISCELLANEOUS

9.1 Supplements or Amendments to this Mortgage. This instrument may be supplemented or amended by written agreement between the Mortgagor and the Mortgagee, but solely in accordance with the provisions of the Agreement and the Trust Agreement.

9.2 Severability. If any provision of this Mortgage shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or paragraphs in this Mortgage contained shall not affect the remaining portions of this instrument or part thereof.

9.3 Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the heirs, representatives, successors and assigns of such party; and all covenants, promises, and agreements by or on behalf of the Mortgagor in this Mortgage contained shall bind the Mortgagor and also the Mortgagor's successors and assigns, and shall inure to the benefit of the Mortgagee and the Mortgagee's successors and assigns, whether so expressed or not.

9.4 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, to the proper party or parties, addressed as follows:

If to the Mortgagor:

Island City Academy  
103 Albers  
Eaton Rapids, Michigan 48827

If to the Mortgagee:

MJK Capital Corporation  
5500 Wayzata Boulevard, Suite 800  
Minneapolis, Minnesota 55416


or addressed to any such party at such other address as such party shall hereafter furnish key notice to the other party.

9.5 Execution Counterparts. This Mortgage may be simultaneously executed in several counterparts, each of which without production of the others shall be deemed an original and all of which shall constitute but one and the same instrument.

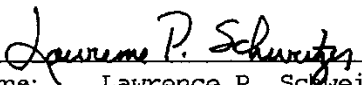
9.6 Construction Mortgage. This Mortgage secures an obligation incurred for the construction of an improvement on land and is a “construction mortgage” as that term is used in the Michigan Uniform Commercial Code.

IN WITNESS WHEREOF, the Mortgagor has caused this Mortgage to be executed as of the day and year first above written.

ISLAND CITY ACADEMY

By   
Its Board President


Witness:

By   
Name: Lawrence P. Schweitzer

By   
Name: James Accivatti


STATE OF MICHIGAN     )  
                                      ) ss.  
COUNTY OF ~~EATON~~     )  
                              Ingham

The foregoing instrument was acknowledged before me this 30<sup>th</sup> day of August, 1999, by Barbara Gruesbeck, the Board President, of Island City Academy.

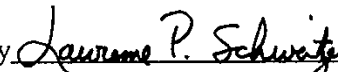
  
Notary Public

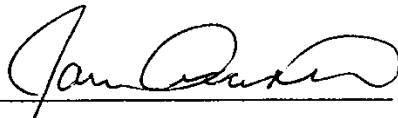
**JAMES ACCIVATTI**  
Notary Public, Eaton Co., MI  
Acting in Ingham County, MI  
My Comm. Expires Apr. 28, 2001

MJK CAPITAL CORPORATION

By   
Its Vice President

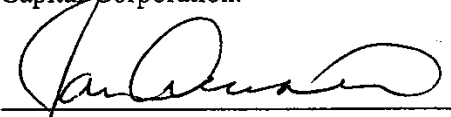
Witness:

By   
Name: Lawrence P. Schweitzer

By   
Name: James Accivatti

STATE OF ~~MINNESOTA~~ )  
Michigan ) ss.  
COUNTY OF ~~HENNEPIN~~ )  
Ingham

The foregoing instrument was acknowledged before me this 30<sup>th</sup> day of August, 1999, by Jay Hromatka, the Vice President, of MJK Capital Corporation.

  
Notary Public

**JAMES ACCIVATTI**  
Notary Public, Eaton Co., MI  
Acting in Ingham County, MI  
My Comm. Expires Apr. 28, 2001

## **EXHIBIT A**

### **Description of Land**

#### **The Land is described as:**

A part of the Southwest 1/4 of the Northwest 1/4 of Section 15, T1N, R3W, Hamlin Township, Eaton County, Michigan; described as beginning at a point on the West Section line N02°07'56"E 329.00 feet from the West 1/4 corner; thence N02°07'56"E 400.00 feet along the West line of said Section 15; thence S87°30'19"E 1000.00 feet parallel with the East-West 1/4 line of said Section 15; thence S02°07'56"W 729.00 feet parallel with the said West Section line to a point on the said East-West 1/4 line; thence N87°30'19"W 400.00 feet along the said East-West 1/4 line; thence N02°07'56"E 213.00 feet parallel with said West Section line; thence N87°30'19"W 300.00 feet parallel with the said East-West 1/4 line; thence N02°07'56"E 116.00 feet parallel with said West Section line; thence N87°30'19"W 300.00 feet parallel with the said East-West 1/4 line to the point of beginning, containing 13.00 acres of land more or less, and subject to any easements or rights of way of record.

#### **The Fixtures consist of:**

The Fixtures consist of an approximately 22,000 sq. ft. facility to be used as a public school academy. The facility to be constructed will include approximately 8,250 sq. ft. to house grades kindergarten through tenth, a 6,000 sq. ft. gymnasium, a media center/library and administrative offices located at 6420 South Clinton Trail, Hamlin Township, Michigan. Site improvements include a left turn lane off of Michigan State Highway 50, asphalt paving, plantings, underground utilities, two (2) wells and septic system, soccer field and outdoor play equipment.

46606

LIBER 1310 PAGE 508

RECORDED

99 SEP -1 PH 3:49

LINDA M. TWITCHELL  
REGISTER OF DEEDS  
Eaton County, Mich.

THIS DEED IS THE PROPERTY OF THE  
REGISTER OF DEEDS, EATON COUNTY, MICHIGAN  
AND IS NOT TO BE REPRODUCED OR  
COPIED IN ANY MANNER WITHOUT THE  
WRITTEN PERMISSION OF THE REGISTER OF DEEDS.

7-1-99

STATE OF  
MICHIGAN  
Dept. of Taxation  
Eaton County  
7-1-99



REAL ESTATE  
TRANSFER TAX  
1:28.00  
\$532.33  
\$532.33  
\$532.33

**WARRANTY DEED**  
47-068-033 (397)

First American Title Insurance Company



The GRANTOR, John S. McGarry and Heidi McGarry, husband and wife

whose address is 309 Crane St., Eaton Rapids, MI 48827

conveys and Warrants to Island City Academy, a Michigan non-profit corporation

whose address is 103 Albers St., Eaton Rapids, MI 48827

the following described premises situated in the Township of Hamlin, County of Ingham, and State of Michigan, to wit:

A part of the Southwest 1/4 of the Northwest 1/4 of Section 15, T1N, R3W, Hamlin Township, Eaton County, Michigan, described as beginning at a point on the West Section line N02°07'50"E 329.00 feet from the West 1/4 corner, thence N02°07'50"E 400.00 feet along the West line of Section 15, thence S87°30'19"E 1000.00 feet parallel with the East-West 1/4 line of said Section 15, thence S02°07'56"W 729.00 feet parallel with the said West Section line to a point on the said East-West 1/4 line, thence N87°30'19"W 400.00 feet along the said East-West 1/4 line, thence N02°07'50"E 213.00 feet parallel with the West Section line, thence N87°30'19"W 300.00 feet parallel with the said East-West 1/4 line, thence N02°07'50"E 110.00 feet parallel with said West Section line, thence N87°30'19"W 300.00 feet parallel with the said East-West 1/4 line to the point of beginning.

Tax Parcel No(s) 160-015-100-007-00 Common Address V L Clinton Trail  
for the sum of Ninety-One Thousand And 00/100 Dollars (\$91,000.00)

If the land being conveyed is unplatted, the following is deemed to be included: "This property may be located within the vicinity of farmland or a farm operation. Generally accepted agricultural and management practices which may generate noise, dust, odors, and other associated conditions may be used and are protected by the Michigan Right to Farm Act."

Subject to easements, reservations and restrictions of record

Dated 08/30/1999

Signed in presence of

Signed and Sealed

*James Acciavatti*  
James Acciavatti

*John S. McGarry*  
John S. McGarry

*Lawrence P. Schweitzer*  
Lawrence P. Schweitzer

*Heidi McGarry*  
Heidi McGarry

State of Michigan  
County of Ingham

On this 30th day of August, 1999 before me personally appeared John S. McGarry and Heidi McGarry, husband and wife the person(s) described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

JAMES ACCIAVATTI  
Notary Public, Eaton Co., MI  
My Comm. Expires Apr. 28, 2001

*James Acciavatti*  
James Acciavatti

My commission expires 4-28-2001

Notary Public  
Eaton acting in Ingham County, Michigan

Drafted by: John S. McGarry  
Assisted by: First American Title Insurance Company, 2450 Delta Commerce Drive, Holt, MI 48842

When recorded return to  
Island City Academy, 103 Albers St., Eaton Rapids, MI 48827

FA Form DEDWD Revised 11/22/98

176236

First American Title

682.50  
100.10

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State of Michigan  
John Engler, Governor

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

OFS-40  
Office of Fire Safety  
General Office Building  
7150 Harris Drive  
Lansing, MI 48909-7504

CITY NAME Island City Charter School	DATE 4/26/00	COUNTY Eaton	PROJECT 1577-99
ADDRESS 6421 S Clinton Rd	FACILITY TYPE School	RULES/CODES 89 School	JOB/LIC/FAC. NO.
CITY, STATE ZIP CODE Eaton Rapids, MI. 48827	FACILITY REPRESENTATIVE Meri Stumpus	INSPECTION TYPE Final	

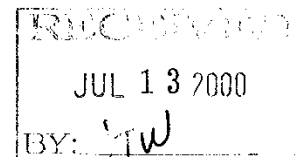
AREAS REQUIRING COMPLIANCE:

**Project Description: New School Building**

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.

Jim Hennesey (State Electrical Inspector) gave his approval on 4/14/00.

□



FIRE SAFETY CERTIFICATION Full Approval		PROJECT STATUS	REVIEWED BY
DISTRIBUTION City HQ Education	INSPECTING OFFICIAL Casey Griggs SIGNATURE OF OFFICIAL <i>Casey Griggs</i>	ADDRESS 7150 Harris Dr. P.O.Box 30700 Lansing, MI. 48909 TELEPHONE 517-322-5498 Fax 517-322-1356	

# **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. B035535  
Island City Charter School  
6421 S Clinton Trail  
Hamlin Township, Michigan  
Eaton County**

**The above named building of Use Group E and Construction Type 2B is approved for use and occupancy.**

**THIS APPROVAL IS GRANTED UNDER THE AUTHORITY OF SECTIONS 13 OF ACT 230 OF THE PUBLIC ACTS OF 1972, AS AMENDED, BEING §125.1513 OF THE MICHIGAN COMPILED LAWS, AND, IN ACCORDANCE WITH SECTION 111.0 OF THE STATE BUILDING CODE. THIS SHALL SUPERSEDE AND VOID ANY PREVIOUS APPROVAL OF USE AND OCCUPANCY.**



**Larry Lehman, Chief  
Charles E. Curtis, Assistant Chief  
Building Division**

**November 20, 2013**



# 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:** BLDG16-01030

6421 S CLINTON TRL

Eaton Rapids, MI 48827

COUNTY: Eaton

The above named building of Use Group S-2, Storage 2 (Low Hazard) 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: 11/30/2016

**CONTRACT SCHEDULE 7**

**REQUIRED INFORMATION FOR  
A PUBLIC SCHOOL ACADEMY**

**SCHEDULE 7**  
**REQUIRED INFORMATION FOR**  
**A PUBLIC SCHOOL ACADEMY**

Required Information for a Public School Academy. This Schedule contains information required by the Code and the Contract. The required information for the Academy is contained in this Schedule 7.

- Section a.     Governance Structure. The governance structure of the Academy is set forth in Section a of this Schedule.
- Section b.     Educational Goal and Related Measures. The educational goal and related measures of the Academy are set forth in Section b of this Schedule.
- Section c.     Educational Programs. The educational programs of the Academy are set forth in Section c of this Schedule.
- Section d.     Curriculum. The curriculum of the Academy is set forth in Section d of this Schedule.
- Section e.     Methods of Pupil Assessment. The methods of pupil assessment of the Academy are set forth in Section e of this Schedule.
- Section f.     Application and Enrollment of Students. The Academy's criteria for the application and enrollment of students is set forth in Section f of this Schedule.
- Section g.     School Calendar and School Day Schedule. The school calendar and school day schedule procedures are set forth in Section g of this Schedule.
- Section h.     Age or Grade Range of Pupils. The age or grade range of pupils to be enrolled by the Academy is set forth in Section h of this Schedule.

**SECTION A**

**GOVERNANCE STRUCTURE**

## **GOVERNANCE STRUCTURE**

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.

**SECTION B**

**EDUCATIONAL GOAL AND RELATED MEASURES**

## EDUCATIONAL GOAL AND RELATED MEASURES

Pursuant to Applicable Law and the Terms and Conditions of this Contract, including Article VI, Section 6.2, the Academy shall achieve or demonstrate measurable progress for all groups of pupils toward the achievement of the educational goal identified in this schedule. Although an increase in academic achievement for all groups of pupils as measured by assessments and other objective criteria is the most important factor in determining the Academy's progress toward the achievement of the educational goal, the Center also considers other factors. Upon request, the Academy shall provide the Center with a written report, along with supporting data, assessing the Academy's progress toward achieving this goal. In addition, the University expects the Academy will meet the State of Michigan's accreditation standards pursuant to state and federal law.

### **Educational Goal to be Achieved**

Prepare students academically for success in college, work and life.

### **Measures to Assist In Determining Measurable Progress Toward Goal Achievement**

To assist in determining whether the Academy is achieving measurable progress toward the achievement of this goal, the Center will annually assess the Academy's performance using the following measures.

#### **Measure 1: Student Achievement**

The academic achievement of **all students who have been at the academy for one or more years<sup>1</sup>** in grades 3-8 will be assessed using the following measures and targets:

<b>Sub Indicator</b>	<b>Measure</b>	<b>Metric</b>	<b>Target</b>
<b>Against a Standard:</b>	The percentage of students meeting or surpassing the current, spring, grade-level national norms <sup>2</sup> on the NWEA Growth reading and math tests administered in the spring.	Distribution (which will be in the form of percentages): Exceeds $\geq 70.0\%$ Meets $\geq 50.0\%$ Approaching $\geq 30.0\%$ Does not meet $< 30.0\%$	50%
In the event that performance against the standard falls below these required expectations, "measurable progress towards the achievement of this goal" will be defined using the following measures and targets:			
<b>Over Time:</b>	The percentage of students meeting or surpassing spring grade-level national norms over time (CY-AVG(PY1+PY2+PY3)).	Trend score (which will be in the form of $-x$ to $+x$ ): Exceeds $\geq 6.0\%$ Meets $\geq 3.0\%$ Approaching $\geq 1.0\%$ Does not meet $< 1.0\%$	3.0%
<b>Comparison Measure:</b>	The percentage of students categorized as proficient or advanced on the most recent state assessment will surpass the school's Composite Resident District (CRD) percentage.	Portfolio Distribution (which will be in the form of $-x$ to $+x$ ): Exceeds $\geq 10.0\%$ Meets $\geq 5.0\%$ Approaching $\geq 0.0\%$ Does not meet $< 0.0\%$	5.0%

<sup>1</sup> One or more years students (also called 1+ students) are students who are enrolled in the academy on or before count day and are still enrolled at the end of a given academic year.

<sup>2</sup> Grade level national norms are updated periodically by NWEA following comprehensive norming studies. The Center will use the most updated national norms published by NWEA and will inform the Academy when they are updated and how the updated norms may impact analysis and performance reporting.

**Measure 2: Student Growth**

The academic growth of all students in grades 3-8 at the Academy will be assessed using the following measures and targets:

Sub Indicator	Measure	Metric	Target
<b>Against a Standard:</b>	The median of student growth percentiles (MGP) reflecting fall-to-spring scaled score growth on the reading and math NWEA Growth tests.	MGP: Exceeds $\geq 65^{\text{th}}$ Meets $\geq 50^{\text{th}}$ Approaching $\geq 45^{\text{th}}$ Does not meet $< 45^{\text{th}}$	Reading: 50 Math: 50
In the event that performance against the standard falls below these required expectations, “measurable progress towards the achievement of this goal” will be defined using the following measures and targets:			
<b>Over Time:</b>	The percentage of students making at least one year’s growth over time (CY-AVG(PY1+PY2+PY3)).	Trend score (which will be in the form of $-x$ to $+x$ ): Exceeds $\geq 6.0\%$ Meets $\geq 3.0\%$ Approaching $\geq 1.0\%$ Does not meet $< 1.0\%$	3.0%
<b>Comparison Measure:</b>	The mean student growth percentile reflecting growth on the two most recent state assessments will surpass the school’s Composite Resident District.	Portfolio Distribution (which will be in the form of $-x$ to $+x$ ): Exceeds $\geq 10.0\%$ Meets $\geq 5.0\%$ Approaching $\geq 0.0\%$ Does not meet $< 0.0\%$	5.0%



**SECTION C**

**EDUCATIONAL PROGRAMS**

## **EDUCATIONAL PROGRAMS**

Pursuant to Applicable Law and the Terms and Conditions of this Contract, including Article VI, Section 6.3, the Academy shall implement, deliver and support the educational programs identified in this schedule.

### **Mission Statement**

The mission of Island City Academy (“Academy”) is to improve pupil achievement through a shared vision between talented teachers, parents and students whose primary goal is academic excellence coupled with moral standards and expectations. We believe we can achieve this goal by providing the best curriculum in seven “core” subjects of: mathematics, science, history, geography, foreign language, language arts, fine arts, along with a moral education accomplished through standards of conduct and curriculum.

To improve pupil achievement, the Academy provides a positive learning environment that articulates clear academic goals and behavior expectations for all students. Academic progress and behavior expectations are monitored on a weekly basis through data gathered from behavior referrals and multiple tests and test sessions including but not limited to, the Northwest Evaluation Association™ (“NWEA™”) Measures of Academic Progress® (“MAP®”) Growth™ assessment, state assessment, and authentic assessments.

In addition, the educational programs fulfill the Academy’s mission statement by providing the “best curriculum in seven ‘core’ subjects.” The Academy assures the “best curriculum” for students through constant revision, analysis and review of curriculum materials. Curriculum materials are reviewed for differentiation, alignment to standards and various other factors related to the staff’s ability to utilize the materials for all students. The educational programs are delivered by a pool of highly qualified, talented teachers. Staff members bring innovative strategies and techniques to a small classroom learning environment to ensure the academic excellence of all students. Furthermore, the mission statement’s call for a “moral education” is met through the inclusion of literary trade books and supplementary materials that embrace themes directly correlated to standards of conduct or character traits that support a moral education. Academy-wide morning announcements and the flag ceremony aim to promote strong morals through citizenship, patriotism and a shared civic responsibility. Moral education is also provided through the Academy’s service learning projects in which middle school students participate.

### **Research-Based Strategies**

Multiple research-based methodologies are in place at the Academy. Academy staff utilize Marzano’s nine high-yielding instructional strategies to deliver instruction. Classroom instruction finds students involved in a variety of activities such as summarizing, using nonlinguistic representations to compare and contrast, and engaging in small group, cooperative learning experiences (Marzano, 2001).

Additional strategies the Academy employs to deliver instruction are problem-based learning (“PBL”) and project-based learning. PBL and project-based learning are student-centered. Within groups, students conduct research to investigate a real-world problem and

examine outcomes. Project-based learning and PBL activities encompass cross-disciplinary teaching and provide hands-on learning experiences. The inclusion of “project based work in the curriculum promotes children’s intellectual development by engaging their minds in observation and investigation...” (Katz, 2000).

## **Curriculum**

The Academy utilizes the Curriculum Crafter® Tool (“CCT”) as the basic foundation of its curriculum. The curriculum is comprehensive and content specific and builds upon concepts grade by grade. The CCT system acts as a basis from which Academy teachers continue to build, organize and align the curriculum to the Michigan Academic Standards (“MAS”).

### *Math*

The Academy’s math series connects well to the Academy’s original “back-to-basics” focus and has consistently provided unparalleled results in impacting math scores. The math program spirals in that content is introduced and revisited. In addition to providing a spiraling curriculum, the math series provides a balanced approach with opportunities for hands-on learning and real-world application. Classroom instruction of mathematics content assists students in developing both computational and problem-solving skills along with higher order thinking skills. To reinforce instruction, teachers incorporate nonlinguistic representations (e.g. graphic organizers, drawings, Venn diagrams, KWL and charts), cooperative learning and cues and questions to activate prior knowledge and stimulate analytical thinking (Marzano, 2001).

### *English Language Arts (“ELA”)*

The Academy’s reading program is rooted in developing foundational reading skills through phonemic awareness, phonics, fluency, comprehension and vocabulary development. To develop these skills, reading strategies (pre-reading, during reading and after reading) are taught and students create constructed responses to reading selections.

Guided reading and center-based instruction are essential to the Academy’s reading program. Teachers use guided reading to further assist students in developing reading strategies (e.g. retelling, visualizing and word attack strategies) to become stronger individual readers. Through the guided reading program, students apply strategies such as making predictions and summarizing to determine connections (e.g. text-to-text, text-to-world and text-to-self). Further engagement in reading is enhanced with activities such as Reader’s Theatre. Reader’s Theatre provides active participation as students practice oral communication skills, review vocabulary and improve comprehension and fluency.

### *Writing*

The Academy uses a combination of Lucy Calkins’ Writer’s Workshop and the Collaborative Classroom™ *Being a Writer* to deliver writing instruction. The Academy incorporates shared writing and partner writing throughout the academic year. Writing is integrated across the curriculum and students compose narrative, expository, journal and poetry selections to express ideas and concepts. The *Becoming a Writer* techniques are used in kindergarten through fifth grades and learned skills are enhanced in sixth through

eighth grades. Elements of Calkins' Writer's Workshop strategies are also used to build upon previously learned skills and enhance peer-editing and revision skills. Furthermore, students are taught the use of rubrics to self- and peer-evaluate writing.

### *Science*

Mystery Science provides a hands-on, inquiry-based and problem-based learning approach for science instruction. This problem-based, student-centered approach has increased science experiences for all students and is continued for the Academy's seventh and eighth grade students through the use of the problem-based text *EarthCom*.

Through the program, students apply the scientific method of developing a hypothesis, conducting research, analyzing data and determining results. Students are actively engaged in problem-based learning while working collaboratively in small groups with the role of the teacher as a facilitator of learning. Students work on complex, realistic problems and construct new knowledge to find solutions to the initial problem. "During the PBL process learners should discuss problems, define what they know, generate hypotheses, derive learning goals and organize further work" (Hmelo, 2004).

### *Social Studies*

The Academy has adopted and implemented the Michigan Citizenship Collaborative Curriculum ("MC3") in kindergarten through 2<sup>nd</sup> grade. The program provides real world experiences while teaching about communities, the country and the world. The program includes instructional strategies such as journaling, role playing, literature references, mapping and graphing, oral and written presentations, developing critical thinking skills, inferring, drawing conclusions, predicting and incorporating the writing processes. The program uses multiple intelligences to address varying student learning styles. MC3 builds a strong knowledge of economic principles so that students understand the impact of economic forces internationally as well as in the surrounding community. Social studies instruction aligns to the MAS for ELA and literacy and utilizes a variety of assessments, including but not limited to, teacher generated tests, authentic assessments and preparation for the state assessment.

The Academy uses a traditional approach for social studies in 3<sup>rd</sup> through 8<sup>th</sup> grades. The CCT outlines supply the scope and sequence, coupled with the MAS. The Academy incorporates real-world applications of economic principles, classroom simulations, primary source review and integrated classroom activities to enhance social studies instruction.

### *Foreign Language*

To deliver foreign language instruction, the Academy uses the Rosetta Stone<sup>®</sup> software for grades one through eight. Rosetta Stone is aligned to the American Council for the Teaching of Foreign Languages ("ACTFL") and the Michigan Department of Education's ("MDE") World Language Standards and Benchmarks. The curriculum incorporates listening comprehension, speaking, reading and writing to assist in language development and acquisition. Students use innovative technology for speech recognition and for more accurate pronunciation.

### *Fine Arts*

The Academy's fine arts class is based on students modeling the "Masters" and their styles. Younger students begin with simple forms and colors coupled with simple media. Art instruction expands to include more progressive foundations and principles of art with advanced media and mixed media for older students.

### *Hybrid Courses*

At the middle school level, hybrid-coursework was piloted in the subject areas of science, history and language arts. The hybrid courses consist of portions of the curriculum delivered "in-seat" and portions of the curriculum delivered "online" via classroom worksites such as Moodle™. The worksites create a modern work environment to prepare students for future success in college, work and life.

### **Success in College, Work and Life**

The educational programs seek to engage students in learning through the inclusion of student-centered programs and PBL components. The PBL components assist in expanding students' thinking and provide application of real world concepts. PBL elements also assist students in developing organizational skills and finding solutions to problems, as well as the ability to work as members of a team – all skills which are conducive to the world of work.

Furthermore, the education of all students is enhanced significantly with the integration of technology in the classroom. First, all grade levels are equipped with an interactive whiteboard used to engage students directly in the learning. Second, the middle school level is immersed in technological integration with the piloting of and continuation of the hybrid-courses, which bring together in-seat instruction with online learning environments for communication, interaction and research. The technology opportunities provided and the ability to reflect on personal learning experiences prepare students for future successes. The students' future successes in college, work and life can be easily tied to the ability to integrate technology, time restraints and organization into daily lives. These program components teach the skills necessary for students to work in a modern work place, continue education in a hybrid-course environment and live within a world that exists more and more online.

Another way the Academy promotes success in college, work and life is through community service opportunities. The Academy offers middle school students a unique opportunity to strengthen character development and to personally grow through community-based learning and community involvement. Students may provide ten hours of community service through bi-monthly participation in the local Red Cross Blood Drive set-up, monthly character trait focus activities (e.g. literature based character education units), recognizing and celebrating local community members for their service and participating in peer mentoring programs. By participating in community service, students benefit through enhanced civic activism and experience an increase in self-efficacy in that the students' confidence grows through helping others and feeling they had an impact on social challenges or problems. Community service opportunities assist students in becoming successful members of the community.

### *Educational Development Plans (“EDP”)*

The Academy will meet the career planning needs of students through shared use of Career Cruising and various other Eaton Regional Educational Services Agency (“RESA”) materials. Additionally, middle school teachers have annually taught units on life and career planning in conjunction with high school visitation dates to local high schools. Per the revised school code, the Academy also implements EDPs. The EDPs are developed utilizing the Career Cruising program provided by the RESA. The EDPs include the completion of written plans of study, career planning and goals for high school and post-secondary education and digital portfolios and resumes. To support career goals within the EDP, the Academy invites community speakers from differing career fields to speak with students and provide insights to various careers.

### **Curriculum Flexibility**

The educational programs are constructed to meet the requirements of the MAS. Even as the MDE and legislature continuously work to revise and better the State’s expectations, the Academy strives to stay in step with those changes and adjusts the curriculum and educational programs to meet those needs.

### *Exceptional Students*

The educational programs allow for the achievement of all students. A common class schedule is created by the administrator to allow for as many shared, core class hours as possible. For example, seven of nine grade levels meet for mathematics at the same time to allow excelling students to make classroom changes when needed. Thus, students have the flexibility to move across grade levels to receive more advanced instruction tailored to individual needs.

Students who excel in reading and literature are offered advanced courses in the middle school levels, when appropriate. These courses include materials at an accelerated and advanced level. Students in kindergarten through second grade receive guided reading group instruction at advanced levels when appropriate. Appropriate levels are determined from running records of individual performance. Moreover, Accelerated Reading programs are used to encourage greater development of reading skills in all students but especially talented students.

### *Below Grade Level Students*

Teachers are provided with professional development in differentiating instruction to assist students performing below grade level. In addition to differentiating instruction, the Academy also allows struggling students to move across grade levels (to receive further supports or remediation) and employs a reading specialist. The reading specialist supports instruction through modified materials and methodologies and works with individual students or small groups. Student needs are also addressed in the Academy’s implementation of a Response to Intervention (“RtI”) model. Through the tiered levels, the Academy monitors and adjusts interventions as needed.

To ensure students succeed, the Academy routinely offers a two-week summer school program for all students needing assistance with reading and mathematics skills. Students are recommended for the summer program by the classroom teacher.

### *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 MDE. If a child with a current IEP enrolls in the Academy, the Academy will implement the existing IEP to the extent possible or will provide an interim IEP agreed upon by parents until a new IEP can be developed. IEPs will be developed, revised and implemented in accordance with the Individuals with Disabilities Education Improvement Act (“IDEIA”) and state law and regulations.

The Academy will fully comply with federal laws and regulations governing children with disabilities as follows:

1. The Academy is responsible for providing a free, appropriate public education to children with disabilities enrolled in the Academy that have been determined through an IEP to require Special Education programs and services.
2. The Academy will ensure that children who are suspected of having disabilities are properly evaluated by a multidisciplinary team, as defined in the Michigan Special Education Rules and that children who have already been identified are re-evaluated by the multidisciplinary team at least every three years.
3. When a multidisciplinary team determines that a special education student requires Special Education programs and services, the Academy will ensure that the IEP is fully implemented in accordance with IDEIA and reviewed on an annual basis or more frequently as determined by the IEP team.

### **Assessment**

Assessments are a key component in determining progress toward Contract goals, as well as determining the effectiveness of classroom instruction at periodic intervals. The Academy administers formative and summative assessments, including the state assessment and NWEA assessment.

Classroom teachers in kindergarten through eighth grades use the NWEA assessment to gauge, assess and modify instruction for all students. The data assessment is carried out on an institutional level and by individual teachers. Teachers use data to reflect upon instructional practices and to address any instructional delivery changes.

Furthermore, state assessment test results are used annually to drive instructional decisions for the Academy and for each cohort. Similarly, the state assessment’s third through eighth grade results are annually reviewed for successes and areas of need. The Academy

continuously examines cohort data to determine if previously instituted changes have been successful.

Reading specific, Star Early Literacy™ is used in kindergarten through second grades as one determinant for additional assistance from the reading specialist. These data are reviewed by the reading specialist and classroom teacher(s) to determine need and further instructional strategies.

### **Program Evaluation**

The educational programs are regularly reviewed by the instructional staff following the end of each academic year. This review includes the grouping of staff into grade-level clusters of three or more to review standardized and norm-referenced test scores (state assessment and NWEA), discuss possible changes and strategies for implementation of determined changes and a plan for the ensuing academic year. Moreover, professional development for the whole-staff is selected from the needs derived from these discussions; (e.g. differentiated instruction, RtI with differentiated interventions, reading fluency strategies for all students and writing instruction and MAS alignment).

In addition, the administrator conducts a review to include a summary of staff findings and any recommended changes for review by the Academy's Board of Directors. The Board of Directors reviews the classroom educational program components by inviting a different classroom teacher to speak at a regularly scheduled Board of Directors meeting every month. These monthly reviews are meant to provide direct review of elements of the educational programs to the Board of Directors.

### **Pre-School**

The Academy operates an early childhood education program (Pre-Kindergarten and/or Great Start Readiness Program). On an annual basis, the Academy shall advise the Center on the current status of its early childhood education program. If changes occur in the Academy's early childhood education program, the Academy shall file a revised Early Childhood Education Questionnaire with the Center.

Unless permitted under Applicable Law or administrative rule, the Academy shall not use the state school aid funds to establish or operate its early childhood education program. In accordance with Applicable Law and administrative rule, the Academy shall budget and account for funds and expenses associated with its early childhood education program.



**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 housed in the Curriculum Crafter Tool (“CCT”), Mystery Science for grades kindergarten through five, and the Michigan Model for Health™ as a curriculum. The curriculum for all core subjects has been received, reviewed and approved by the Center.

- Curriculum Crafter Tool <http://www.curriculumcrafter.org/>
- Mystery Science <https://mysteryscience.com/>
- Michigan Model for Health <https://www.michiganmodelforhealth.org/>

### **Elementary**

The following subjects/courses are offered at the Academy.

Course	K	1	2	3	4	5	6	7	8
English Language Arts	X	X	X	X	X	X	X	X	X
Mathematics	X	X	X	X	X	X	X	X	X
Science	X	X	X	X	X	X	X	X	X
Social Studies	X	X	X	X	X	X	X	X	X
Health	X	X	X	X	X	X	X	X	X
Physical Education	X	X	X	X	X	X	X	X	X

**SECTION E**

**METHODS OF PUPIL ASSESSMENT**

## **METHODS OF PUPIL ASSESSMENT**

Pursuant to Applicable Law and the Terms and Conditions of this Contract, including Article VI, Section 6.5, the Academy shall properly administer all state-mandated academic assessments identified in the Code, as applicable, and all academic assessments identified in the Public School Academy Chartering Policies adopted by the University Board, as applicable, in accordance with the requirements detailed in the Master Calendar annually issued by the Center.

The Academy shall authorize the Center to have access to the Academy's Student/School Data Applications through the Center for Educational Performance and Information and to the electronic reporting system administered by the Michigan Department of Education to access the Academy's state assessment results, as applicable. The Academy shall ensure that those involved with the administration of these assessments are properly trained and adhere to the ethical standards and testing procedures associated with these assessments.

### **Academic Assessments to Be Administered:**

Assessments as identified in Schedule 7b of this Contract and all state-mandated assessments.

**SECTION F**

**APPLICATION AND ENROLLMENT OF STUDENTS**

## **APPLICATION AND ENROLLMENT OF STUDENTS**

Pursuant to Applicable Law and the Terms and Conditions of this Contract, including Article VI, Sections 6.6 and 6.16, the Academy shall comply with the application and enrollment requirements identified in this Schedule.

### **Enrollment Limits**

The Academy will offer kindergarten through eighth grade. The maximum enrollment shall be 216 students. The Academy Board will annually adopt maximum enrollment figures prior to its application and enrollment period.

### **Requirements**

Section 504 of the Code provides that public school academies shall not charge tuition and shall not discriminate in its pupil admissions policies or practices on the basis of intellectual or athletic ability, measures of achievement or aptitude, status as a student with a disability, or any other basis that would be illegal if used by a Michigan school district. However, a public school academy may limit admission to pupils who are within a particular range of age or grade level or on any other basis that would be legal if used by a Michigan school district and may give enrollment priority as provided below.

- Academy enrollment shall be open to all individuals who reside in Michigan. Except for a foreign exchange student who is not a United States citizen, a public school academy shall not enroll a pupil who is not a Michigan resident.
- Academy admissions may be limited to pupils within a particular age range/grade level or on any other basis that would be legal if used by a Michigan school district.
- The Academy shall allow any pupil who was enrolled in the Academy in the immediately preceding school year to enroll in the Academy unless the appropriate grade is not offered.
- No student may be denied participation in the application process due to lack of student records.
- If the Academy receives more applications for enrollment than there are spaces available, pupils shall be selected for enrollment through a random selection drawing.

The Academy may give enrollment priority to one (1) or more of the following:

- A sibling of a pupil enrolled in the Academy.
- A pupil who transfers to the Academy from another public school pursuant to a matriculation agreement between the Academy and other public school that provides for this enrollment priority, if all of the following requirements are met:
  1. Each public school that enters into the matriculation agreement remains a separate and independent public school.
  2. The Academy shall select at least 5% of its pupils for enrollment using a random selection process.
  3. The matriculation agreement allows any pupil who was enrolled at any time during elementary school in a public school that is party to the matriculation agreement and who was not expelled from the public school to enroll in the public school academy giving enrollment priority under the matriculation agreement.

- A child, including an adopted child or legal ward, of a person who is employed by or at the Academy or who is on the Academy Board.

### **Matriculation Agreement**

- The Academy Board may enter into a matriculation agreement with another public school pursuant to section 504(4) of the Code.
- However, before the Academy Board approves a matriculation agreement, the Academy shall provide a draft copy of the agreement to the Center for review.
- Any matriculation agreement entered into by the Academy shall be added to this Schedule 7f through a contract amendment approved in accordance with Article IX in the Terms and Conditions of this Contract.

### **Application Process**

- The Academy shall make reasonable effort to advertise its enrollment openings.
- The Academy's open enrollment period shall be a minimum of two weeks (14 calendar days) in duration and shall include evening and weekend times.
- The Academy shall accept applications all year. If openings occur during the academic year, students shall be enrolled. If openings do not exist, applicants shall be placed on the official waiting list. The waiting list shall cease to exist at the beginning of the Academy's next open enrollment period.
- In the event there are openings in the class for which students have applied, students shall be admitted according to the official waiting list. The position on the waiting list shall be determined by the random selection drawing. If there is no waiting list, students shall be admitted on a first-come, first-served basis.
- The Academy may neither close the application period nor hold a random selection drawing for unauthorized grades prior to receipt of written approval from the Center.

### **Legal Notice or Advertisement**

- The Academy shall provide legal notice or advertisement of the application and enrollment process in a local newspaper of general circulation. A copy of the legal notice or advertisement shall be forwarded to the Center.
- At a minimum, the legal notice or advertisement must include:
  1. The process and/or location(s) for requesting and submitting applications.
  2. The beginning date and the ending date of the application period.
  3. The date, time, and place the random selection drawing(s) will be held, if needed.
- The legal notice or advertisement of the application period shall be designed to inform individuals that are most likely to be interested in attending the Academy.
- The Academy, being an equal opportunity educational institution, shall be committed to good-faith affirmative action efforts to seek out, create and serve a diverse student body.

### **Re-enrolling Students**

- The Academy shall notify parents or guardians of all enrolled students of the deadline for notifying the Academy that they wish to re-enroll their child.
- If the Academy Board has a sibling preference policy, the re-enrollment notice must also request that the parent or guardian indicate whether a sibling(s) seeks to enroll for the upcoming academic year.
- An enrolled student who does not re-enroll by the specified date can only apply to the Academy during the application period for new students.
- An applicant on the waiting list at the time a new application period begins must reapply as a new student.
- After collecting the parent or guardian responses, the Academy must determine the following:
  1. The number of students who have re-enrolled per grade or grouping level.
  2. The number of siblings seeking admission for the upcoming academic year per grade.
  3. If space is unavailable, the Academy must develop a waiting list for siblings of re-enrolled students.
  4. The number of spaces remaining, per grade, after enrollment of current students and siblings.

### **Random Selection Drawing**

A random selection drawing is required if the number of applications exceeds the number of available spaces. Prior to the application period, the Academy shall:

- Establish written procedures for conducting a random selection drawing.
- Establish the maximum number of spaces available per grade or age grouping level.
- Establish the date, time, place and person to conduct the random selection drawing.
- Notify the Center of both the application period and the date of the random selection drawing, if needed. The Center may have a representative on-site to monitor the random selection drawing process.

The Academy shall use a credible, impartial individual who is not employed by, under contract with, a member of the Board of, or otherwise affiliated with the Academy to conduct the random selection drawing. Further, the Academy shall:

- Conduct the random selection drawing in a manner that is open to parents, community members and members of the public who want to observe the process.
- Use numbers, letters, or another system that guarantees fairness and does not give an advantage to any applicant.

The Academy shall notify applicants not chosen in the random selection drawing that they were not selected and that their name has been placed on the Academy's official waiting list for openings that may occur during the academic year. Students shall appear on the official waiting list in the order they were selected in the random selection drawing.



**SECTION G**

**SCHOOL CALENDAR AND SCHOOL DAY SCHEDULE**

## **SCHOOL CALENDAR AND SCHOOL DAY SCHEDULE**

Pursuant to Applicable Law and the Terms and Conditions of this Contract, including Article VI, Section 6.7, the Academy shall comply with the school calendar and school day schedule requirements identified in this Schedule.

### **School Calendar**

The Academy's school calendar shall comply with Sections 1175, 1284, and, 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.

**SECTION H**

**AGE OR GRADE RANGE OF PUPILS**

### **AGE OR GRADE RANGE FOR PUPILS TO BE ENROLLED**

Pursuant to Applicable Law and the Terms and Conditions of this Contract, including Article VI, Section 6.8, the Academy shall comply with the age or grade ranges as stated in this Schedule.

The Academy will enroll students in kindergarten through eighth grade. The Academy may add grades with the prior written approval of the authorizing body.

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

**CONTRACT SCHEDULE 8**

**INFORMATION AVAILABLE TO  
THE PUBLIC AND THE CENTER**

## **INFORMATION AVAILABLE TO THE PUBLIC AND THE CENTER**

Pursuant to Applicable Law and the Terms and Conditions of this Contract, including Article XI, Section 11.9, the Academy shall comply with this Schedule.

### **Information Available to the Public and the Center**

The Code provides that the board of directors of a public school academy shall make information concerning its operation and management available to the public and to the Center in the same manner as is required by state law for school districts.

The Code provides that the board of directors of a public school academy shall collect, maintain, and make available to the public and the Center, in accordance with Applicable Law and the Contract, at least all of the following information concerning the operation and management of the Academy:

1. A copy of the Academy's Charter Contract.
2. A list of currently serving members of the Academy Board, including name, address, and term of office.
3. Copies of policies approved by the Academy Board.
4. The Academy Board meeting agendas and minutes.
5. The budget approved by the Academy Board and of any amendments to the budget.
6. Copies of bills paid for amounts of \$10,000.00 or more, as submitted to the Academy Board.
7. Quarterly financial reports submitted to the Center.
8. A current list of teachers and administrators working at the Academy that includes individual salaries as submitted to the Registry of Educational Personnel.
9. Copies of the teaching or administrator's certificates or permits of current teaching and administrative staff.
10. Evidence of compliance with the criminal background and records checks and unprofessional conduct check required under sections 1230, 1230a, and 1230b of the Code for all teachers and administrators working at the Academy.
11. Curriculum documents and materials given to the Center.
12. Proof of insurance as required by the Contract.
13. Copies of facility leases or deeds, or both.
14. Copies of any equipment leases.
15. Copies of any management contracts or services contracts approved by the Academy Board.
16. All health and safety reports and certificates, including those relating to fire safety, environmental matters, asbestos inspection, boiler inspection, and food service.
17. Annual financial audits and any management letters issued as part of the Academy's annual financial audit, required under Article VI, Section 6.11 of the Terms and Conditions of this Contract.
18. Any other information specifically required under the Code.

### **Information to be Provided by the Academy's Educational Service Provider (if any)**

Pursuant to the Terms and Conditions of this Contract, including Article III, Section 3.6, the University Board authorizes the Academy Board to employ or contract for personnel according to the position information outlined in Schedule 5. Any Educational Service Provider Management Agreement entered into by the Academy must contain a provision requiring the Educational Service Provider to provide to the Academy Board information concerning the operation and management of the Academy (including without limitation, but not limited to, the items identified above and annually the information that a school district is required to disclose under Section 18(2) of the State School Aid Act of 1979, MCL 388.1618) available to the Academy Board in order to enable the Academy to fully satisfy its obligations under Section 11.9(a) of the Terms and Conditions of Contract.

AMENDMENT NO. 1

to the  
July 1, 2021 Contract to Charter  
A Public School Academy and Related Documents

Issued To

ISLAND CITY ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)

CONTRACT AMENDMENT NO. 1

ISLAND CITY ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the "Contract"), dated July 1, 2021, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the "University Board") to ISLAND CITY ACADEMY (the "Academy"), the parties agree to amend the Contract as follows:

- 1.) Amend Schedule 6: Physical Plant Description, by replacing the Financing Agreement and the Mortgage Agreement contained therein with the materials attached as Tab 1.

This entire amendment is hereby approved by the University Board and the Academy Board through their authorized designees, and shall have an effective date of July 1, 2021.



Dated: 08/31/2021

By: Corey R. Northrop, Executive Director  
The Governor John Engler Center for Charter Schools  
Designee of the University Board



Dated: 8/25/21

By: \_\_\_\_\_  
Island City Academy  
Designee of the Academy Board



Island City Academy  
Contract Amendment No. 1

# Tab 1

**UNITED STATES OF AMERICA  
STATE OF MICHIGAN  
COUNTY OF EATON**

**ISLAND CITY ACADEMY  
PUBLIC SCHOOL ACADEMY REFUNDING BOND, SERIES 2021  
(GENERAL OBLIGATION)**

Registered Owner: West Michigan Community Bank

Principal Amount: \$780,000

Interest Rate: 3.500%

Date of Issuance: June 28, 2021

FOR VALUE RECEIVED, Island City Academy, County of Eaton, 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 July 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 January 27, 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.

## *Island City 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

### *Island City Academy*

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 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 Exhibit B.

### *Island City Academy*

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

### *Island City Academy*

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.

## *Island City Academy*

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.]*

***Island City Academy***

IN WITNESS WHEREOF, the Island City Academy, Eaton 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.

**Island City Academy**

By:   
Cathy Sayer

Its: Vice President

37056706.1/088888.04621



*Island City Academy*

**TRANSFER**

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ Tax Identification or Social Security No. \_\_\_\_\_) the within Bond and all rights thereunder, and hereby constitutes and appoints \_\_\_\_\_ attorney, to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

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.

**EXHIBIT A**

**SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS**

**[See Amortization Schedule Attached]**

**\$780,000**  
*Island City Academy*  
*Full Term Refunding Certificates of Participation*  
*Series 2021*

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I
07/20/2021	13,690.09	3.500%	1,668.33	15,358.42
08/20/2021	13,123.35	3.500%	2,235.07	15,358.42
09/20/2021	-	-	-	-
10/20/2021	13,161.63	3.500%	4,393.58	17,555.21
11/20/2021	13,200.01	3.500%	2,158.41	15,358.42
12/20/2021	13,238.52	3.500%	2,119.91	15,358.43
01/20/2022	13,277.13	3.500%	2,081.29	15,358.42
02/20/2022	13,315.85	3.500%	2,042.57	15,358.42
03/20/2022	13,354.70	3.500%	2,003.73	15,358.43
04/20/2022	13,393.64	3.500%	1,964.78	15,358.42
05/20/2022	13,432.71	3.500%	1,925.71	15,358.42
06/20/2022	13,471.89	3.500%	1,886.54	15,358.43
07/20/2022	13,511.18	3.500%	1,847.24	15,358.42
08/20/2022	13,550.59	3.500%	1,807.84	15,358.43
09/20/2022	-	-	-	-
10/20/2022	13,590.12	3.500%	3,536.62	17,126.74
11/20/2022	13,629.75	3.500%	1,728.68	15,358.43
12/20/2022	13,669.50	3.500%	1,688.92	15,358.42
01/20/2023	13,709.37	3.500%	1,649.05	15,358.42
02/20/2023	13,749.36	3.500%	1,609.07	15,358.43
03/20/2023	13,789.46	3.500%	1,568.96	15,358.42
04/20/2023	13,829.68	3.500%	1,528.75	15,358.43
05/20/2023	13,870.01	3.500%	1,488.41	15,358.42
06/20/2023	13,910.47	3.500%	1,447.95	15,358.42
07/20/2023	13,951.04	3.500%	1,407.38	15,358.42
08/20/2023	13,991.73	3.500%	1,366.69	15,358.42
09/20/2023	-	-	-	-
10/20/2023	14,032.54	3.500%	2,651.76	16,684.30
11/20/2023	14,073.47	3.500%	1,284.95	15,358.42
12/20/2023	14,114.51	3.500%	1,243.91	15,358.42
01/20/2024	14,155.68	3.500%	1,202.74	15,358.42
02/20/2024	14,196.98	3.500%	1,161.45	15,358.43
03/20/2024	14,238.38	3.500%	1,120.04	15,358.42
04/20/2024	14,279.91	3.500%	1,078.52	15,358.43
05/20/2024	14,321.56	3.500%	1,036.87	15,358.43
06/20/2024	14,363.33	3.500%	995.09	15,358.42
07/20/2024	14,405.22	3.500%	953.20	15,358.42
08/20/2024	14,447.24	3.500%	911.19	15,358.43
09/20/2024	-	-	-	-
10/20/2024	14,489.38	3.500%	1,738.10	16,227.48
11/20/2024	14,531.64	3.500%	826.79	15,358.43
12/20/2024	14,574.02	3.500%	784.40	15,358.42
01/20/2025	14,616.53	3.500%	741.90	15,358.43
02/20/2025	14,659.16	3.500%	699.26	15,358.42
03/20/2025	14,701.92	3.500%	656.51	15,358.43
04/20/2025	14,744.80	3.500%	613.63	15,358.43
05/20/2025	14,787.81	3.500%	570.62	15,358.43
06/20/2025	14,830.93	3.500%	527.49	15,358.42
07/20/2025	14,874.19	3.500%	484.23	15,358.42
08/20/2025	14,917.58	3.500%	440.85	15,358.43
09/20/2025	-	-	-	-
10/20/2025	14,961.09	3.500%	794.68	15,755.77
11/20/2025	15,004.72	3.500%	353.71	15,358.43
12/20/2025	15,048.49	3.500%	309.94	15,358.43
01/20/2026	15,092.38	3.500%	266.05	15,358.43
02/20/2026	15,136.40	3.500%	222.03	15,358.43
03/20/2026	15,180.55	3.500%	177.88	15,358.43

04/20/2026	15,224.82	3.500%	133.61	15,358.43
05/20/2026	15,269.23	3.500%	89.20	15,358.43
06/20/2026	15,313.76	3.500%	44.67	15,358.43
Total	\$780,000.00	-	\$71,270.75	\$851,270.75

#### Yield Statistics

Bond Year Dollars.....	\$2,036.31
Average Life.....	2.611 Years
Average Coupon.....	3.4999993%
Net Interest Cost (NIC).....	3.4999993%
True Interest Cost (TIC).....	3.5256538%
Bond Yield for Arbitrage Purposes.....	3.5256538%
All Inclusive Cost (AIC).....	6.3107973%

#### IRS Form 8038

Net Interest Cost.....	3.4999993%
Weighted Average Maturity.....	2.611 Years

CR-99 06JUL21 5-yr level / SINGLE PURPOSE / 7/ 7/2021 / 8:39 AM

Center for Strategies and Solutions, LLC

Public Finance

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## **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:

<u>Prepayment Date</u>	<u>Prepayment Premium Rate</u>
On or after June 28, 2021 but on or before August 1, 2026	1%

37678683.2/159536.00002

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# **MORTGAGE**

**ISLAND CITY ACADEMY**  
as Mortgagor

to

**WEST MICHIGAN COMMUNITY BANK**  
as Mortgagee

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## **RELATING TO:**

**\$780,000**  
**ISLAND CITY ACADEMY**  
**PUBLIC SCHOOL ACADEMY REFUNDING BOND, SERIES 2021**

Dated as of June 28, 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

## **MORTGAGE**

THIS MORTGAGE (“Mortgage”) is made as of June 28, 2021, by and between ISLAND CITY ACADEMY, as Mortgagor (“Mortgagor”) and WEST MICHIGAN COMMUNITY 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 \$780,000 (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 Eaton, 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**

Island City 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**

Island City Academy, Series 2021 Bond



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

Island City Academy, Series 2021 Bond

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 Mortgagee to execute and deliver this Mortgage and the liens and security interests created herein is sufficient and will provide a direct economic benefit to Mortgagee.

**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

Island City Academy, Series 2021 Bond

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.

**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', architects', 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**

Island City 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.

#### **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

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.

**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



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

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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.

**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

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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

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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

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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

(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

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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

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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

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

(v) Unless the Fixtures are perishable or threaten to decline speedily in 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

(vi) 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.

**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**

Island City Academy, Series 2021 Bond

**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

**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 appraisalment 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 appraisalment, 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, appraisalment, 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

### MORTGAGE

Island City Academy, Series 2021 Bond

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 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:	Island City Academy 6421 Clinton Trail Eaton Rapids, MI 48827 Attention: President Telephone: (517) 663-0111 Facsimile: (517) 663-0167
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If to Mortgagee:	West Michigan Community Bank 5367 School Avenue Hudsonville, MI 49426 Attention: Dan Pickard Telephone: (616) 379-0629 Facsimile: (616) 662-8194
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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.

**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 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.]*



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.

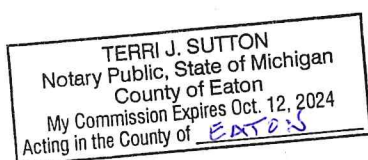
**ISLAND CITY ACADEMY**


By:   
Cathy Sayer

Its: Vice President

STATE OF MICHIGAN     )  
                                      ) ss:  
COUNTY OF EATON     )

Personally came before me on June 28, 2021, the above named Cathy Sayer, Vice President of the Board of Directors of the Island City Academy, to me known to be the person who executed the foregoing instrument and acknowledged the same on behalf of Island City Academy.



  
Name:  
Notary Public, State of Michigan  
My commission expires: 10.12.24  
Acting in County of: EATON

37541743

## **EXHIBIT A**

### **LEGAL DESCRIPTION**

The Land referred to herein below is situated in the Township of Hamlin, County of Eaton, State of Michigan, and is described as follows:

Land in the Township of Hamlin, Eaton County, MI, described as follows:

A part of the Southwest 1/4 of the Northwest 1/4 of Section 15, Town 1 North, Range 3 West, Hamlin Township, Eaton County, Michigan, described as beginning at a point on the West Section line North 02 degrees 07 minutes 56 seconds East, 329.00 feet from the West 1/4 corner; thence North 02 degrees 07 minutes 56 seconds East, 400.00 feet along the West line of Section 15; thence South 87 degrees 30 minutes 19 seconds East, 1000.00 feet parallel with the East-West 1/4 line of said Section 15; thence South 02 degrees 07 minutes 56 seconds West, 729.00 feet parallel with the said West Section line to a point on the said East-West 1/4 line; thence North 87 degrees 30 minutes 19 second West, 400.00 feet along the said East-West 1/4 line; thence North 02 degrees 07 minutes 56 seconds East, 213.00 feet parallel with the West Section line; thence North 87 degrees 30 minutes 19 seconds West, 300.00 feet parallel with the said East-West 1/4 line; thence North 02 degrees 07 minutes 56 seconds East, 116.00 feet parallel with said West Section line; thence North 87 degrees 30 minutes 19 seconds West, 300.00 feet parallel with the said East-West 1/4 line to the point of beginning.

### **MORTGAGE**

Island City Academy, Series 2021 Bond

**EXHIBIT B**

PERMITTED EXCEPTIONS  
AS DISCLOSED IN TITLE INSURANCE POLICY

37678689.2/159536.00002

AMENDMENT NO. 2

to the  
July 1, 2021 Contract to Charter  
A Public School Academy and Related Documents

Issued To

ISLAND CITY ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)

CONTRACT AMENDMENT NO. 2

ISLAND CITY ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the "Contract"), dated July 1, 2021, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the "University Board") to ISLAND CITY ACADEMY (the "Academy"), as amended, the parties agree to further amend the Contract as follows:

- 1.) Amend Schedule 7, Section c: Educational Programs, by incorporating into this Section a virtual component, limited to the 2021-2022 school year, that complies with Applicable Law, University Board requirements, and pupil membership requirements set forth in the Michigan Department of Education Pupil Accounting Manual.

This entire amendment is hereby approved by the University Board and the Academy Board through their authorized designees, and shall have an effective date of the Academy's first day of school for the 2021-2022 school year.



Dated: 02/15/2022

By: Corey R. Northrop, Executive Director  
The Governor John Engler Center for Charter Schools  
Designee of the University Board



Dated: 2-11-2022

By: David Sysum, Board President  
Island City Academy  
Designee of the Academy Board

AMENDMENT NO. 3

to the  
July 1, 2021 Contract to Charter  
A Public School Academy and Related Documents

Issued To

ISLAND CITY ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)

CONTRACT AMENDMENT NO. 3

ISLAND CITY ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the "Contract"), dated July 1, 2021, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the "University Board") to ISLAND CITY ACADEMY (the "Academy"), as amended, the parties agree to further amend the Contract as follows:

- 1.) Amend Schedule 7, Section c: Educational Programs, by replacing the materials contained therein with the materials attached as Tab 1.

This entire amendment is hereby approved by the University Board and the Academy Board through their authorized designees, and shall have an effective date of July 1, 2022.



Dated: 05/26/2022

By: Corey R. Northrop, Executive Director  
The Governor John Engler Center for Charter Schools  
Designee of the University Board



Dated: May 25 2022

By: Catherine Sayer, Vice President  
Island City Academy  
Designee of the Academy Board

Island City Academy  
Contract Amendment No. 3

# Tab 3



## **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**

The mission of Island City Academy (“Academy”) is to improve pupil achievement through a shared vision between talented teachers, parents and students whose primary goal is academic excellence coupled with moral standards and expectations. We believe we can achieve this goal by providing the best curriculum in seven “core” subjects of: mathematics, science, history, geography, foreign language, language arts, fine arts, along with a moral education accomplished through standards of conduct and curriculum.

To improve pupil achievement, the Academy provides a positive learning environment that articulates clear academic goals and behavior expectations for all students. Academic progress and behavior expectations are monitored on a weekly basis through data gathered from behavior referrals and multiple tests and test sessions including but not limited to, the Northwest Evaluation Association™ (“NWEA™”) Measures of Academic Progress® (“MAP®”) Growth™ assessment, state assessment, and authentic assessments.

In addition, the educational programs fulfill the Academy’s mission statement by providing the “best curriculum in seven ‘core’ subjects.” The Academy assures the “best curriculum” for students through constant revision, analysis and review of curriculum materials. Curriculum materials are reviewed for differentiation, alignment to standards and various other factors related to the staff’s ability to utilize the materials for all students. The educational programs are delivered by a pool of highly qualified, talented teachers. Staff members bring innovative strategies and techniques to a small classroom learning environment to ensure the academic excellence of all students. Furthermore, the mission statement’s call for a “moral education” is met through the inclusion of literary trade books and supplementary materials that embrace themes directly correlated to standards of conduct or character traits that support a moral education. Academy-wide morning announcements and the flag ceremony aim to promote strong morals through citizenship, patriotism and a shared civic responsibility. Moral education is also provided through the Academy’s service learning projects in which middle school students participate.

### **Research-Based Strategies**

Multiple research-based methodologies are in place at the Academy. Academy staff utilize Marzano’s nine high-yielding instructional strategies to deliver instruction. Classroom instruction finds students involved in a variety of activities such as summarizing, using nonlinguistic representations to compare and contrast, and engaging in small group, cooperative learning experiences (Marzano, 2001).

Additional strategies the Academy employs to deliver instruction are problem-based learning (“PBL”) and project-based learning. PBL and project-based learning are student-centered. Within groups, students conduct research to investigate a real-world problem and

examine outcomes. Project-based learning and PBL activities encompass cross-disciplinary teaching and provide hands-on learning experiences. The inclusion of “project based work in the curriculum promotes children’s intellectual development by engaging their minds in observation and investigation...” (Katz, 2000).

## **Curriculum**

The Academy utilizes the Curriculum Crafter® Tool (“CCT”) as the basic foundation of its curriculum. The curriculum is comprehensive and content specific and builds upon concepts grade by grade. The CCT system acts as a basis from which Academy teachers continue to build, organize and align the curriculum to the Michigan Academic Standards (“MAS”).

### *Math*

The Academy’s math series connects well to the Academy’s original “back-to-basics” focus and has consistently provided unparalleled results in impacting math scores. The math program spirals in that content is introduced and revisited. In addition to providing a spiraling curriculum, the math series provides a balanced approach with opportunities for hands-on learning and real-world application. Classroom instruction of mathematics content assists students in developing both computational and problem-solving skills along with higher order thinking skills. To reinforce instruction, teachers incorporate nonlinguistic representations (e.g. graphic organizers, drawings, Venn diagrams, KWL and charts), cooperative learning and cues and questions to activate prior knowledge and stimulate analytical thinking (Marzano, 2001).

### *English Language Arts (“ELA”)*

The Academy’s reading program is rooted in developing foundational reading skills through phonemic awareness, phonics, fluency, comprehension and vocabulary development. To develop these skills, reading strategies (pre-reading, during reading and after reading) are taught and students create constructed responses to reading selections.

Guided reading and center-based instruction are essential to the Academy’s reading program. Teachers use guided reading to further assist students in developing reading strategies (e.g. retelling, visualizing and word attack strategies) to become stronger individual readers. Through the guided reading program, students apply strategies such as making predictions and summarizing to determine connections (e.g. text-to-text, text-to-world and text-to-self). Further engagement in reading is enhanced with activities such as Reader’s Theatre. Reader’s Theatre provides active participation as students practice oral communication skills, review vocabulary and improve comprehension and fluency.

### *Writing*

The Academy uses a combination of Lucy Calkins’ Writer’s Workshop and the Collaborative Classroom™ *Being a Writer* to deliver writing instruction. The Academy incorporates shared writing and partner writing throughout the academic year. Writing is integrated across the curriculum and students compose narrative, expository, journal and poetry selections to express ideas and concepts. The *Becoming a Writer* techniques are used in kindergarten through fifth grades and learned skills are enhanced in sixth through

eighth grades. Elements of Calkins' Writer's Workshop strategies are also used to build upon previously learned skills and enhance peer-editing and revision skills. Furthermore, students are taught the use of rubrics to self- and peer-evaluate writing.

### *Science*

Mystery Science provides a hands-on, inquiry-based and problem-based learning approach for science instruction. This problem-based, student-centered approach has increased science experiences for all students and is continued for the Academy's seventh and eighth grade students through the use of the problem-based text *EarthCom*.

Through the program, students apply the scientific method of developing a hypothesis, conducting research, analyzing data and determining results. Students are actively engaged in problem-based learning while working collaboratively in small groups with the role of the teacher as a facilitator of learning. Students work on complex, realistic problems and construct new knowledge to find solutions to the initial problem. "During the PBL process learners should discuss problems, define what they know, generate hypotheses, derive learning goals and organize further work" (Hmelo, 2004).

### *Social Studies*

The Academy has adopted and implemented the Michigan Citizenship Collaborative Curriculum ("MC3") in kindergarten through 2<sup>nd</sup> grade. The program provides real world experiences while teaching about communities, the country and the world. The program includes instructional strategies such as journaling, role playing, literature references, mapping and graphing, oral and written presentations, developing critical thinking skills, inferring, drawing conclusions, predicting and incorporating the writing processes. The program uses multiple intelligences to address varying student learning styles. MC3 builds a strong knowledge of economic principles so that students understand the impact of economic forces internationally as well as in the surrounding community. Social studies instruction aligns to the MAS for ELA and literacy and utilizes a variety of assessments, including but not limited to, teacher generated tests, authentic assessments and preparation for the state assessment.

The Academy uses a traditional approach for social studies in 3<sup>rd</sup> through 8<sup>th</sup> grades. The CCT outlines supply the scope and sequence, coupled with the MAS. The Academy incorporates real-world applications of economic principles, classroom simulations, primary source review and integrated classroom activities to enhance social studies instruction.

### *Fine Arts*

The Academy's fine arts class is based on students modeling the "Masters" and their styles. Younger students begin with simple forms and colors coupled with simple media. Art instruction expands to include more progressive foundations and principles of art with advanced media and mixed media for older students.

### *Hybrid Courses*

At the middle school level, hybrid-coursework was piloted in the subject areas of science, history and language arts. The hybrid courses consist of portions of the curriculum delivered “in-seat” and portions of the curriculum delivered “online” via classroom worksites such as Moodle<sup>™</sup>. The worksites create a modern work environment to prepare students for future success in college, work and life.

### **Success in College, Work and Life**

The educational programs seek to engage students in learning through the inclusion of student-centered programs and PBL components. The PBL components assist in expanding students’ thinking and provide application of real world concepts. PBL elements also assist students in developing organizational skills and finding solutions to problems, as well as the ability to work as members of a team – all skills which are conducive to the world of work.

Furthermore, the education of all students is enhanced significantly with the integration of technology in the classroom. First, all grade levels are equipped with an interactive whiteboard used to engage students directly in the learning. Second, the middle school level is immersed in technological integration with the piloting of and continuation of the hybrid-courses, which bring together in-seat instruction with online learning environments for communication, interaction and research. The technology opportunities provided and the ability to reflect on personal learning experiences prepare students for future successes. The students’ future successes in college, work and life can be easily tied to the ability to integrate technology, time restraints and organization into daily lives. These program components teach the skills necessary for students to work in a modern work place, continue education in a hybrid-course environment and live within a world that exists more and more online.

Another way the Academy promotes success in college, work and life is through community service opportunities. The Academy offers middle school students a unique opportunity to strengthen character development and to personally grow through community-based learning and community involvement. Students may provide ten hours of community service through bi-monthly participation in the local Red Cross Blood Drive set-up, monthly character trait focus activities (e.g. literature based character education units), recognizing and celebrating local community members for their service and participating in peer mentoring programs. By participating in community service, students benefit through enhanced civic activism and experience an increase in self-efficacy in that the students’ confidence grows through helping others and feeling they had an impact on social challenges or problems. Community service opportunities assist students in becoming successful members of the community.

### *Educational Development Plans (“EDP”)*

The Academy will meet the career planning needs of students through shared use of Career Cruising and various other Eaton Regional Educational Services Agency (“RESA”) materials. Additionally, middle school teachers have annually taught units on life and career planning in conjunction with high school visitation dates to local high schools. Per

the revised school code, the Academy also implements EDPs. The EDPs are developed utilizing the Career Cruising program provided by the RESA. The EDPs include the completion of written plans of study, career planning and goals for high school and post-secondary education and digital portfolios and resumes. To support career goals within the EDP, the Academy invites community speakers from differing career fields to speak with students and provide insights to various careers.

### **Curriculum Flexibility**

The educational programs are constructed to meet the requirements of the MAS. Even as the MDE and legislature continuously work to revise and better the State's expectations, the Academy strives to stay in step with those changes and adjusts the curriculum and educational programs to meet those needs.

### *Exceptional Students*

The educational programs allow for the achievement of all students. A common class schedule is created by the administrator to allow for as many shared, core class hours as possible. For example, seven of nine grade levels meet for mathematics at the same time to allow excelling students to make classroom changes when needed. Thus, students have the flexibility to move across grade levels to receive more advanced instruction tailored to individual needs.

Students who excel in reading and literature are offered advanced courses in the middle school levels, when appropriate. These courses include materials at an accelerated and advanced level. Students in kindergarten through second grade receive guided reading group instruction at advanced levels when appropriate. Appropriate levels are determined from running records of individual performance. Moreover, Accelerated Reading programs are used to encourage greater development of reading skills in all students but especially talented students.

### *Below Grade Level Students*

Teachers are provided with professional development in differentiating instruction to assist students performing below grade level. In addition to differentiating instruction, the Academy also allows struggling students to move across grade levels (to receive further supports or remediation) and employs a reading specialist. The reading specialist supports instruction through modified materials and methodologies and works with individual students or small groups. Student needs are also addressed in the Academy's implementation of a Response to Intervention ("RtI") model. Through the tiered levels, the Academy monitors and adjusts interventions as needed.

To ensure students succeed, the Academy routinely offers a two-week summer school program for all students needing assistance with reading and mathematics skills. Students are recommended for the summer program by the classroom teacher.

### *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 MDE. If a child with a current IEP enrolls in the Academy, the Academy will implement the existing IEP to the extent possible or will provide an interim IEP agreed upon by parents until a new IEP can be developed. IEPs will be developed, revised and implemented in accordance with the Individuals with Disabilities Education Improvement Act (“IDEIA”) and state law and regulations.

The Academy will fully comply with federal laws and regulations governing children with disabilities as follows:

1. The Academy is responsible for providing a free, appropriate public education to children with disabilities enrolled in the Academy that have been determined through an IEP to require Special Education programs and services.
2. The Academy will ensure that children who are suspected of having disabilities are properly evaluated by a multidisciplinary team, as defined in the Michigan Special Education Rules and that children who have already been identified are re-evaluated by the multidisciplinary team at least every three years.
3. When a multidisciplinary team determines that a special education student requires Special Education programs and services, the Academy will ensure that the IEP is fully implemented in accordance with IDEIA and reviewed on an annual basis or more frequently as determined by the IEP team.

### **Assessment**

Assessments are a key component in determining progress toward Contract goals, as well as determining the effectiveness of classroom instruction at periodic intervals. The Academy administers formative and summative assessments, including the state assessment and NWEA assessment.

Classroom teachers in kindergarten through eighth grades use the NWEA assessment to gauge, assess and modify instruction for all students. The data assessment is carried out on an institutional level and by individual teachers. Teachers use data to reflect upon instructional practices and to address any instructional delivery changes.

Furthermore, state assessment test results are used annually to drive instructional decisions for the Academy and for each cohort. Similarly, the state assessment’s third through eighth grade results are annually reviewed for successes and areas of need. The Academy continuously examines cohort data to determine if previously instituted changes have been successful.

Reading specific, Star Early Literacy™ is used in kindergarten through second grades as one determinant for additional assistance from the reading specialist. These data are reviewed by the reading specialist and classroom teacher(s) to determine need and further instructional strategies.

**Program Evaluation**

The educational programs are regularly reviewed by the instructional staff following the end of each academic year. This review includes the grouping of staff into grade-level clusters of three or more to review standardized and norm-referenced test scores (state assessment and NWEA), discuss possible changes and strategies for implementation of determined changes and a plan for the ensuing academic year. Moreover, professional development for the whole-staff is selected from the needs derived from these discussions; (e.g. differentiated instruction, RtI with differentiated interventions, reading fluency strategies for all students and writing instruction and MAS alignment).

In addition, the administrator conducts a review to include a summary of staff findings and any recommended changes for review by the Academy's Board of Directors. The Board of Directors reviews the classroom educational program components by inviting a different classroom teacher to speak at a regularly scheduled Board of Directors meeting every month. These monthly reviews are meant to provide direct review of elements of the educational programs to the Board of Directors.

AMENDMENT NO. 4

to the  
July 1, 2021 Contract to Charter  
A Public School Academy and Related Documents

Issued To

ISLAND CITY ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)



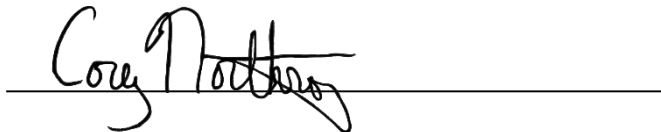
CONTRACT AMENDMENT NO. 4

ISLAND CITY ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the "Contract"), dated July 1, 2021, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the "University Board") to ISLAND CITY ACADEMY (the "Academy"), as amended, the parties agree to further amend the Contract as follows:

- 1.) Amend Schedule 5: Description of Staff Responsibilities, by inserting at the end of this Schedule the Addendum to the Client Service Agreement, attached as Tab 1.

This entire amendment is hereby approved by the University Board and the Academy Board through their authorized designees, and shall have an effective date of October 31, 2022.



Dated: 11/01/2022

By: Corey R. Northrop, Executive Director  
The Governor John Engler Center for Charter Schools  
Designee of the University Board



Dated: 10-26-2022

By: \_\_\_\_\_  
Island City Academy  
Designee of the Academy Board

Island City Academy  
Contract Amendment No. 4

# Tab 1

**THIS ADDENDUM**, effective October 31, 2022, (hereinafter "Effective Date"), to the Client Service Agreement, dated July 1, 2021, is by and between the undersigned professional employer organization, whereby the undersigned is a partner with Vensure Employer Services in the Professional Employer Organization capacity ("PEO"), whose address is 2600 W. Geronimo, Suite 100, Chandler, AZ 85224 and Island City Academy ("Client"), whose address is set forth in the CSA (defined below).

## RECITALS

- A. PEO and CLIENT have entered into a legally binding Client Service Agreement ("CSA") under which PEO has agreed to provide and administer services to CLIENT.
- B. PEO and CLIENT desire to amend the CSA entered into between the parties concurrently with this Addendum to reflect mutually agreed upon changes to the CSA.

## AGREEMENT

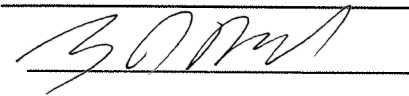
**NOW, THEREFORE**, in consideration of the foregoing recitals and the mutual covenants set forth in this Addendum, the Parties hereto agree to amend the Client Service Agreement as follows:

Notwithstanding any provisions in the CSA and Schedules, the Parties agree that services and duties of the Parties as described in Exhibit B as signed by the Parties on April 28, 2021, "Accounting Services Addendum", of the CSA be terminated as of the Effective Date.

**IN WITNESS WHEREOF**, the Parties acknowledge that each has carefully read this Addendum, that it has been fully explained to them by counsel of their choice, that they fully understand its binding effect, that the only promises made to them in signing this Addendum are those stated above, and that they are voluntarily signing this Addendum. This Addendum is hereby entered into as of the date first set forth above.

FOR PEO(s):

By:



Print Name:

Gregory J Packer

Title:

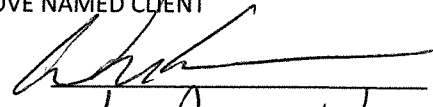
President

Date:

10/18/22

FOR THE ABOVE NAMED CLIENT

By:



Print Name:

Wm. Aaron Warren

Title:

Administrator

Date:

10/18/2022

AMENDMENT NO. 5

to the  
July 1, 2021 Contract to Charter  
A Public School Academy and Related Documents

Issued To

ISLAND CITY ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)

CONTRACT AMENDMENT NO. 5

ISLAND CITY ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the "Contract"), dated July 1, 2021, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the "University Board") to ISLAND CITY ACADEMY (the "Academy"), as amended, the parties agree to further amend the Contract as follows:

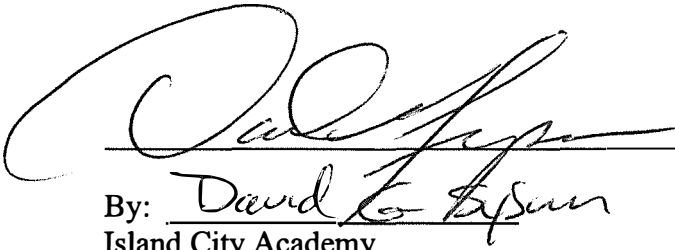
- 1.) Amend Schedule 6: Physical Plant Description, by replacing the materials contained therein with the materials attached as Tab 1.

This entire amendment is hereby approved by the University Board and the Academy Board through their authorized designees, and shall have an effective date of March 29, 2023.



Dated: 05/08/2023

By: Corey R. Northrop, Executive Director  
The Governor John Engler Center for Charter Schools  
Designee of the University Board



Dated: 4/26/23

By: David E. Eysen  
Island City Academy  
Designee of the Academy Board

Island City Academy  
Contract Amendment No. 5

# Tab 1

**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 Plan..... 6-4

Bond..... 6-5

Mortgage ..... 6-17

Warranty Deed ..... 6-47

Office of Fire Safety Approval ..... 6-48

Certificates of Use and Occupancy..... 6-49

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 Island City Academy (the "Academy") is as follows:

Address: 6421 S. Clinton Trail  
Eaton Rapids, MI 48827

Description: The Academy is located in a single-story, vinyl-sided facility that consists of 24,036 total square feet. The facility consists of a central office suite with reception area, one teacher's workroom, eleven classrooms, an art room, a full gymnasium, four restrooms, a library, a concession room, a large student services room, and a secure vestibule area. The facility also includes several mechanical rooms and storage closets. A storage room, consisting of 1,800 square feet, is accessible from the back of the gymnasium. The storage area has electricity, but does not have heating and cooling systems. This storage area is not used for student instruction. The Site includes an asphalt parking lot and large playground areas.

Configuration of Grade Levels: Kindergarten through Eighth Grade.

Term of Use: Term of Contract.

Name of School District and Intermediate School District:

Local: Eaton Rapids Public Schools  
ISD: Eaton Regional Education Service Agency

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.

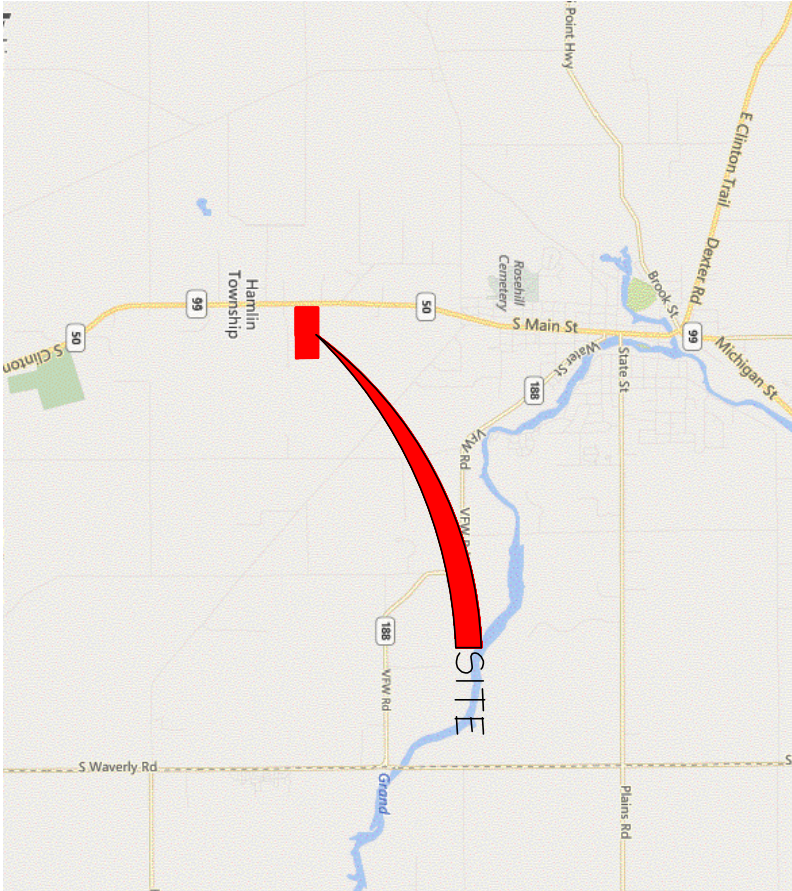
- A. Narrative description of physical facility
- B. Size of building
- C. Scaled floor plan
- D. Copy of executed lease or purchase agreement

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, 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.

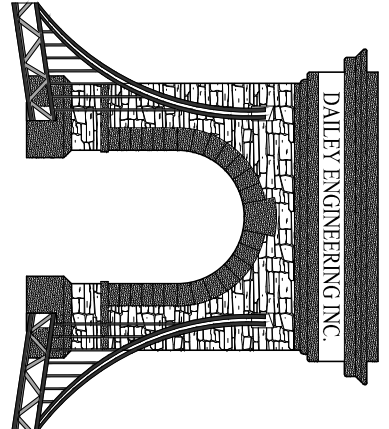


LOCATION MAP - HAMLIN TOWNSHIP - EATON COUNTY.  
NOT TO SCALE

LEGAL DESCRIPTION:  
COMM ON W SEC. LINE N 02 DEG. 07'56"E 329  
FT FROM W 1/4 COR, N 02 DEG. 07'56"E 400  
FT, S 87 DEG. 30'19"E 1000 FT, S 02 DEG  
07'56"W 729 FT TO A PT ON EM 1/4 LINE, N  
87 DEG 30'19"W 400 FT, N02 DEG 07'56"E 213  
FT, N 87 DEG 30'19"W 300 FT, N 02 DEG  
07'56"E 166 FT, N 87 DEG 30'19"W 300 FT  
TO BEG. SEC. 15, T1N,R34W, HAMLIN TTP  
9-1-99

PREPARED FOR:



**DAILEY ENGINEERING, INC.**  
8485 STEPHENSON ROAD  
ONSTED, MI 49265

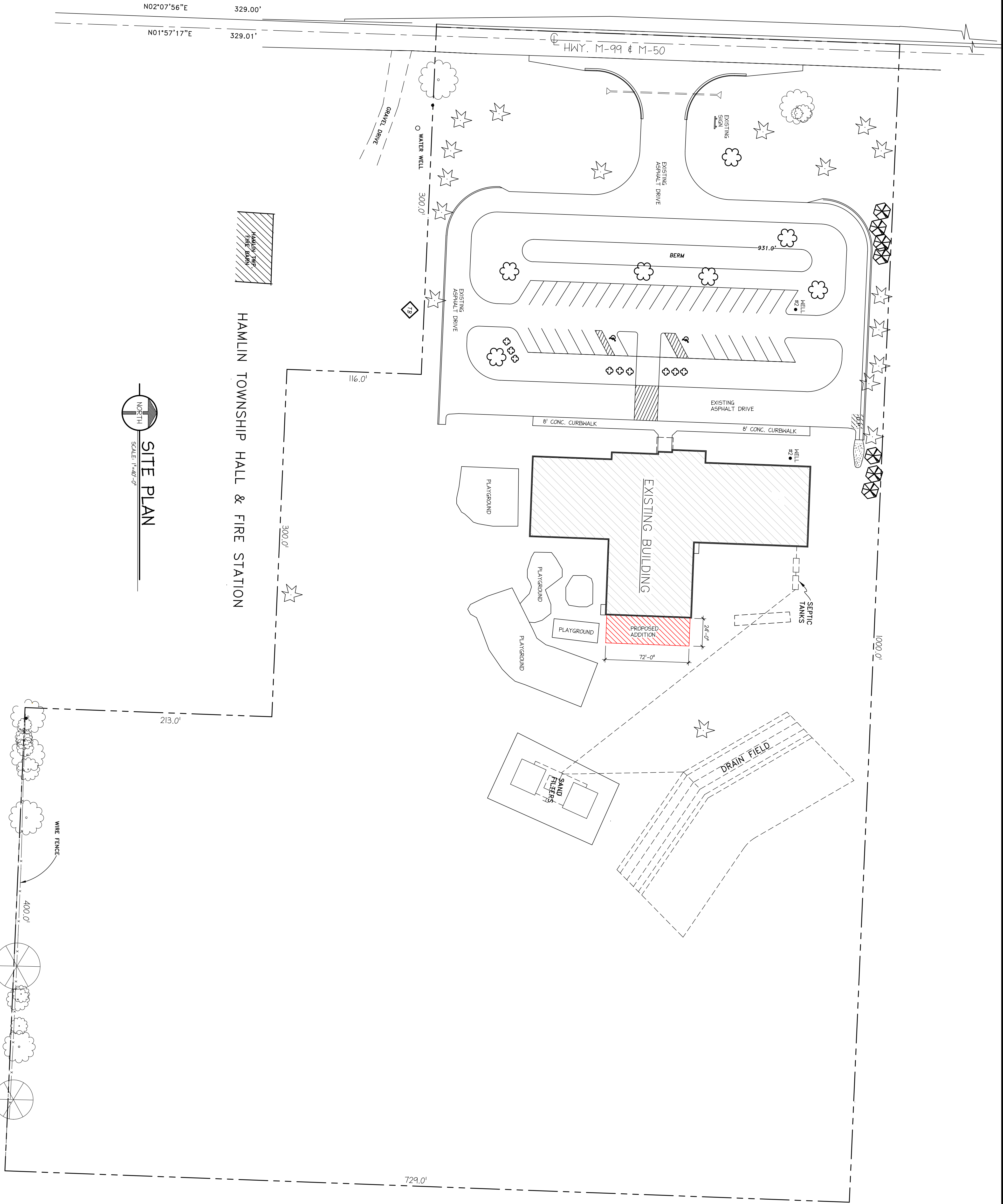
PH. # (517) 467-9000  
FAX # (517) 467-9010  
EMAIL - todd@dailey@me.com

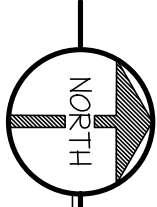
**ISLAND CITY ACADEMY**  
**6421 SOUTH CLINTON TRIAL**  
**EATON RAPIDS, MICHIGAN 48827**

DRAWN BY: **M. FOWLER** | CHK'D. BY: **JA. DAILEY** | APP'D. BY:

**SITE PLAN**

DATE: 02/29/2016 | REV: 0 | DRAWING NO. **C1**



 **SITE PLAN**  
SCALE: 1"=40'-0"





**UNITED STATES OF AMERICA  
STATE OF MICHIGAN  
COUNTY OF EATON**

**ISLAND CITY ACADEMY  
PUBLIC SCHOOL ACADEMY REFUNDING BOND, SERIES 2021  
(GENERAL OBLIGATION)**

Registered Owner: West Michigan Community Bank

Principal Amount: \$780,000

Interest Rate: 3.500%

Date of Issuance: June 28, 2021

FOR VALUE RECEIVED, Island City Academy, County of Eaton, 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 July 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 January 27, 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.

## *Island City 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

### *Island City Academy*

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 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 Exhibit B.

### *Island City Academy*

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

### *Island City Academy*

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.



## *Island City Academy*

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.]*

***Island City Academy***

IN WITNESS WHEREOF, the Island City Academy, Eaton 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.

**Island City Academy**

By:   
Cathy Sayer

Its: Vice President

37056706.1/088888.04621

*Island City Academy*

**TRANSFER**

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ Tax Identification or Social Security No. \_\_\_\_\_) the within Bond and all rights thereunder, and hereby constitutes and appoints \_\_\_\_\_ attorney, to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

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.

**EXHIBIT A**

**SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS**

**[See Amortization Schedule Attached]**

**\$780,000**  
*Island City Academy*  
*Full Term Refunding Certificates of Participation*  
*Series 2021*

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I
07/20/2021	13,690.09	3.500%	1,668.33	15,358.42
08/20/2021	13,123.35	3.500%	2,235.07	15,358.42
09/20/2021	-	-	-	-
10/20/2021	13,161.63	3.500%	4,393.58	17,555.21
11/20/2021	13,200.01	3.500%	2,158.41	15,358.42
12/20/2021	13,238.52	3.500%	2,119.91	15,358.43
01/20/2022	13,277.13	3.500%	2,081.29	15,358.42
02/20/2022	13,315.85	3.500%	2,042.57	15,358.42
03/20/2022	13,354.70	3.500%	2,003.73	15,358.43
04/20/2022	13,393.64	3.500%	1,964.78	15,358.42
05/20/2022	13,432.71	3.500%	1,925.71	15,358.42
06/20/2022	13,471.89	3.500%	1,886.54	15,358.43
07/20/2022	13,511.18	3.500%	1,847.24	15,358.42
08/20/2022	13,550.59	3.500%	1,807.84	15,358.43
09/20/2022	-	-	-	-
10/20/2022	13,590.12	3.500%	3,536.62	17,126.74
11/20/2022	13,629.75	3.500%	1,728.68	15,358.43
12/20/2022	13,669.50	3.500%	1,688.92	15,358.42
01/20/2023	13,709.37	3.500%	1,649.05	15,358.42
02/20/2023	13,749.36	3.500%	1,609.07	15,358.43
03/20/2023	13,789.46	3.500%	1,568.96	15,358.42
04/20/2023	13,829.68	3.500%	1,528.75	15,358.43
05/20/2023	13,870.01	3.500%	1,488.41	15,358.42
06/20/2023	13,910.47	3.500%	1,447.95	15,358.42
07/20/2023	13,951.04	3.500%	1,407.38	15,358.42
08/20/2023	13,991.73	3.500%	1,366.69	15,358.42
09/20/2023	-	-	-	-
10/20/2023	14,032.54	3.500%	2,651.76	16,684.30
11/20/2023	14,073.47	3.500%	1,284.95	15,358.42
12/20/2023	14,114.51	3.500%	1,243.91	15,358.42
01/20/2024	14,155.68	3.500%	1,202.74	15,358.42
02/20/2024	14,196.98	3.500%	1,161.45	15,358.43
03/20/2024	14,238.38	3.500%	1,120.04	15,358.42
04/20/2024	14,279.91	3.500%	1,078.52	15,358.43
05/20/2024	14,321.56	3.500%	1,036.87	15,358.43
06/20/2024	14,363.33	3.500%	995.09	15,358.42
07/20/2024	14,405.22	3.500%	953.20	15,358.42
08/20/2024	14,447.24	3.500%	911.19	15,358.43
09/20/2024	-	-	-	-
10/20/2024	14,489.38	3.500%	1,738.10	16,227.48
11/20/2024	14,531.64	3.500%	826.79	15,358.43
12/20/2024	14,574.02	3.500%	784.40	15,358.42
01/20/2025	14,616.53	3.500%	741.90	15,358.43
02/20/2025	14,659.16	3.500%	699.26	15,358.42
03/20/2025	14,701.92	3.500%	656.51	15,358.43
04/20/2025	14,744.80	3.500%	613.63	15,358.43
05/20/2025	14,787.81	3.500%	570.62	15,358.43
06/20/2025	14,830.93	3.500%	527.49	15,358.42
07/20/2025	14,874.19	3.500%	484.23	15,358.42
08/20/2025	14,917.58	3.500%	440.85	15,358.43
09/20/2025	-	-	-	-
10/20/2025	14,961.09	3.500%	794.68	15,755.77
11/20/2025	15,004.72	3.500%	353.71	15,358.43
12/20/2025	15,048.49	3.500%	309.94	15,358.43
01/20/2026	15,092.38	3.500%	266.05	15,358.43
02/20/2026	15,136.40	3.500%	222.03	15,358.43
03/20/2026	15,180.55	3.500%	177.88	15,358.43

04/20/2026	15,224.82	3.500%	133.61	15,358.43
05/20/2026	15,269.23	3.500%	89.20	15,358.43
06/20/2026	15,313.76	3.500%	44.67	15,358.43
Total	\$780,000.00	-	\$71,270.75	\$851,270.75

#### Yield Statistics

Bond Year Dollars.....	\$2,036.31
Average Life.....	2.611 Years
Average Coupon.....	3.4999993%
Net Interest Cost (NIC).....	3.4999993%
True Interest Cost (TIC).....	3.5256538%
Bond Yield for Arbitrage Purposes.....	3.5256538%
All Inclusive Cost (AIC).....	6.3107973%
IRS Form 8038	
Net Interest Cost.....	3.4999993%
Weighted Average Maturity.....	2.611 Years

CR-99 06JUL21 5-yr level / SINGLE PURPOSE / 7/ 7/2021 / 8:39 AM

Center for Strategies and Solutions, LLC

Public Finance

Page 1

## **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:

<u>Prepayment Date</u>	<u>Prepayment Premium Rate</u>
On or after June 28, 2021 but on or before August 1, 2026	1%

37678683.2/159536.00002

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# **MORTGAGE**

**ISLAND CITY ACADEMY**  
as Mortgagor

to

**WEST MICHIGAN COMMUNITY BANK**  
as Mortgagee

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## **RELATING TO:**

**\$780,000**  
**ISLAND CITY ACADEMY**  
**PUBLIC SCHOOL ACADEMY REFUNDING BOND, SERIES 2021**

Dated as of June 28, 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



## **MORTGAGE**

THIS MORTGAGE (“Mortgage”) is made as of June 28, 2021, by and between ISLAND CITY ACADEMY, as Mortgagor (“Mortgagor”) and WEST MICHIGAN COMMUNITY 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 \$780,000 (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 Eaton, 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**

Island City 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**

Island City Academy, Series 2021 Bond

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

Island City Academy, Series 2021 Bond

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 Mortgagee to execute and deliver this Mortgage and the liens and security interests created herein is sufficient and will provide a direct economic benefit to Mortgagee.

**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

Island City Academy, Series 2021 Bond

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.

**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', architects', 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

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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.

### **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

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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.

**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

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

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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.

**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

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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

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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

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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



(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**

Island City 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

Island City Academy, Series 2021 Bond

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

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

(v) Unless the Fixtures are perishable or threaten to decline speedily in 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

(vi) 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.

**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**

Island City Academy, Series 2021 Bond

**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

**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 appraisalment 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 appraisalment, 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, appraisalment, 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

### MORTGAGE

Island City Academy, Series 2021 Bond

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 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:                      Island City Academy  
6421 Clinton Trail  
Eaton Rapids, MI 48827  
Attention: President  
Telephone: (517) 663-0111  
Facsimile: (517) 663-0167

If to Mortgagee:                      West Michigan Community Bank  
5367 School Avenue  
Hudsonville, MI 49426  
Attention: Dan Pickard  
Telephone: (616) 379-0629  
Facsimile: (616) 662-8194

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.

**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 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.]*

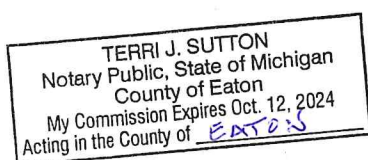
IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be duly executed on the day and year set forth in the acknowledgment attached hereto and effective on the date first written above.


**ISLAND CITY ACADEMY**

By:   
Cathy Sayer  
Its: Vice President

STATE OF MICHIGAN     )  
                                      ) ss:  
COUNTY OF EATON     )

Personally came before me on June 28, 2021, the above named Cathy Sayer, Vice President of the Board of Directors of the Island City Academy, to me known to be the person who executed the foregoing instrument and acknowledged the same on behalf of Island City Academy.



  
Name: \_\_\_\_\_  
Notary Public, State of Michigan  
My commission expires: 10.12.24  
Acting in County of: EATON

37541743

## **EXHIBIT A**

### **LEGAL DESCRIPTION**

The Land referred to herein below is situated in the Township of Hamlin, County of Eaton, State of Michigan, and is described as follows:

Land in the Township of Hamlin, Eaton County, MI, described as follows:

A part of the Southwest 1/4 of the Northwest 1/4 of Section 15, Town 1 North, Range 3 West, Hamlin Township, Eaton County, Michigan, described as beginning at a point on the West Section line North 02 degrees 07 minutes 56 seconds East, 329.00 feet from the West 1/4 corner; thence North 02 degrees 07 minutes 56 seconds East, 400.00 feet along the West line of Section 15; thence South 87 degrees 30 minutes 19 seconds East, 1000.00 feet parallel with the East-West 1/4 line of said Section 15; thence South 02 degrees 07 minutes 56 seconds West, 729.00 feet parallel with the said West Section line to a point on the said East-West 1/4 line; thence North 87 degrees 30 minutes 19 second West, 400.00 feet along the said East-West 1/4 line; thence North 02 degrees 07 minutes 56 seconds East, 213.00 feet parallel with the West Section line; thence North 87 degrees 30 minutes 19 seconds West, 300.00 feet parallel with the said East-West 1/4 line; thence North 02 degrees 07 minutes 56 seconds East, 116.00 feet parallel with said West Section line; thence North 87 degrees 30 minutes 19 seconds West, 300.00 feet parallel with the said East-West 1/4 line to the point of beginning.

### **MORTGAGE**

Island City Academy, Series 2021 Bond

**EXHIBIT B**

PERMITTED EXCEPTIONS  
AS DISCLOSED IN TITLE INSURANCE POLICY

37678689.2/159536.00002

MORTGAGE  
Island City Academy, Series 2021 Bond  
29

46606

LIBER 1310 PAGE 508

RECORDED

99SEP-1 PH 3:49

THIS DEED IS A TRUE AND CORRECT COPY OF THE ORIGINAL AS FILED IN THE PUBLIC RECORDS OF THE COUNTY OF INGHAM, MICHIGAN, ON SEPTEMBER 1, 1999.

7-1-1999  
 STATE OF MICHIGAN  
 DEPT. OF TAXATION  
 EATON COUNTY  
 036236-7-1-1999  
 REAL ESTATE  
 TRANSFER TAX  
 \$100.00  
 \$332.33-8  
 0001346

LINDA M. TWITCHELL  
 REGISTER OF DEEDS  
 EATON COUNTY, MICH.

**WARRANTY DEED**  
 47-068-033 (397)

First American Title Insurance Company

The GRANTOR, John S. McGarry and Heidi McGarry, husband and wife

whose address is 309 Crane St., Eaton Rapids, MI 48827

conveys and Warrants to Island City Academy, a Michigan non-profit corporation

whose address is 103 Albers St., Eaton Rapids, MI 48827

the following described premises situated in the Township of Hamlin, County of Eaton, and State of Michigan, to wit:

A part of the Southwest 1/4 of the Northwest 1/4 of Section 15, T1N, R3W, Hamlin Township, Eaton County, Michigan, described as beginning at a point on the West Section line N02°07'50"E, 329.00 feet from the West 1/4 corner, thence N02°07'50"E, 400.00 feet along the West line of Section 15, thence S87°30'19"E, 1000.00 feet parallel with the East-West 1/4 line of said Section 15, thence S02°07'56"W, 729.00 feet parallel with the said West Section line to a point on the said East-West 1/4 line, thence N87°30'19"W, 400.00 feet along the said East-West 1/4 line, thence N02°07'50"E, 213.00 feet parallel with the West Section line, thence N87°30'19"W, 300.00 feet parallel with the said East-West 1/4 line, thence N02°07'56"E, 110.00 feet parallel with said West Section line, thence N87°30'19"W, 300.00 feet parallel with the said East-West 1/4 line to the point of beginning.

Tax Parcel No(s) 169-015-100-007-00 Common Address V.L. Clinton Trail  
 for the sum of Ninety-One Thousand And 00/100 Dollars (\$91,000.00)

If the land being conveyed is unplatted, the following is deemed to be included: "This property may be located within the vicinity of farmland or a farm operation. Generally accepted agricultural and management practices which may generate noise, dust, odors, and other associated conditions may be used and are protected by the Michigan Right to Farm Act."

Subject to easements, restrictions and restrictions of record

Dated 08/30/1999

Signed in presence of

Signed and Sealed

*James Acciardi*  
 James Acciardi

*John S. McGarry*  
 John S. McGarry

*Lawrence P. Schweitzer*  
 Lawrence P. Schweitzer

*Heidi McGarry*  
 Heidi McGarry

State of Michigan  
 County of Ingham

On this 30th day of August, 1999 before me personally appeared John S. McGarry and Heidi McGarry, husband and wife the person(s) described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

JAMES ACCIARDI  
 Notary Public, Eaton Co., MI  
 My Comm. Expires Apr. 28, 2001

*James Acciardi*  
 James Acciardi

Notary Public  
 Eaton acting in Ingham County, Michigan

My commission expires 4-28-2001

Drafted by: John S. McGarry  
 Assisted by: First American Title Insurance Company, 2450 DeWitt Commerce Drive, Holt, MI 48842

When recorded return to  
 Island City Academy, 103 Albers St., Eaton Rapids, MI 48827

PA Form DEDWD Revised 11/23/96

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State of Michigan  
John Engler, Governor

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

OFS-40  
Office of Fire Safety  
General Office Building  
7150 Harris Drive  
Lansing, MI 48909-7504

CITY NAME Island City Charter School	DATE 4/26/00	COUNTY Eaton	PROJECT 1577-99
ADDRESS 6421 S Clinton Rd	FACILITY TYPE School	RULES/CODES 89 School	JOB/LIC/FAC. NO.
CITY, STATE ZIP CODE Eaton Rapids, MI. 48827	FACILITY REPRESENTATIVE Meri Stumpos	INSPECTION TYPE Final	

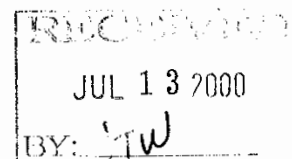
AREAS REQUIRING COMPLIANCE:

**Project Description: New School Building**

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.

Jim Hennesey (State Electrical Inspector) gave his approval on 4/14/00.

□



FIRE SAFETY CERTIFICATION Full Approval		PROJECT STATUS	REVIEWED BY
DISTRIBUTION City HQ Education	INSPECTING OFFICIAL Casey Griggs SIGNATURE OF OFFICIAL <i>Casey Griggs</i>	ADDRESS 7150 Harris Dr. P.O.Box 30700 Lansing, MI. 48909 TELEPHONE 517-322-5498 Fax 517-322-1356	

# **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. B035535  
Island City Charter School  
6421 S Clinton Trail  
Hamlin Township, Michigan  
Eaton County**

**The above named building of Use Group E and Construction Type 2B is approved for use and occupancy.**

**THIS APPROVAL IS GRANTED UNDER THE AUTHORITY OF SECTIONS 13 OF ACT 230 OF THE PUBLIC ACTS OF 1972, AS AMENDED, BEING §125.1513 OF THE MICHIGAN COMPILED LAWS, AND, IN ACCORDANCE WITH SECTION 111.0 OF THE STATE BUILDING CODE. THIS SHALL SUPERSEDE AND VOID ANY PREVIOUS APPROVAL OF USE AND OCCUPANCY.**



**Larry Lehman, Chief  
Charles E. Curtis, Assistant Chief  
Building Division**

**November 20, 2013**



# 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:** BLDG16-01030

6421 S CLINTON TRL

Eaton Rapids, MI 48827

COUNTY: Eaton

The above named building of Use Group S-2, Storage 2 (Low Hazard) 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: 11/30/2016

# 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:** BLDG22-02011

6421 S CLINTON TRL

EATON RAPIDS, MI 48827

COUNTY: EATON

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: 03/29/2023

AMENDMENT NO. 6

to the  
July 1, 2021 Contract to Charter  
A Public School Academy and Related Documents

Issued To

ISLAND CITY ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)

CONTRACT AMENDMENT NO. 6

ISLAND CITY ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the "Contract"), dated July 1, 2021, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the "University Board") to ISLAND CITY ACADEMY (the "Academy"), as amended, the parties agree to further amend the Contract as follows:

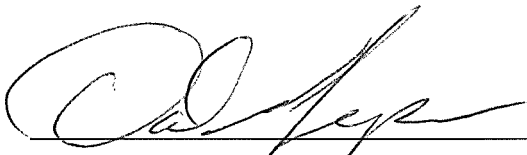
- 1.) Amend the Terms and Conditions of Contract by replacing the language contained within Article X, Section 10.4. Grounds and Procedures for Academy Termination of Contract and Section 10.5. Grounds and Procedures for University Termination of Contract, with the corresponding language attached as Tab 1.
- 2.) Amend Schedule 2: Amended Bylaws, by replacing the language contained within Article XIII, Section 6. Contracts Between Corporation and Related Persons, with the language attached as Tab 2.

This entire amendment is hereby approved by the University Board and the Academy Board through their authorized designees, and shall have an effective date of July 1, 2024.



Dated: 06/11/2024

By: Corey R. Northrop, Executive Director  
The Governor John Engler Center for Charter Schools  
Designee of the University Board



Dated: 5-22-2024

By: David Syburn  
Island City Academy  
Designee of the Academy Board

Island City Academy  
Contract Amendment No. 6

# Tab 1

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. After receipt of the Academy Board's request for termination, the University Board shall consider the Academy's request no later than its next regularly scheduled meeting. The University Board shall make a final determination and vote on the proposed termination request within 90 days of receipt of the request from the Academy. 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; (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; or (iii) if exigent circumstances exist that the University Board determines, in its sole discretion, that termination of this Contract is required to protect the health, safety, or welfare of the Academy students, property, or funds that cannot be cured in a reasonable period as determined solely by the University Board, 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.

Island City Academy  
Contract Amendment No. 6

# Tab 2

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

The University Board authorizes the Academy Board to employ or contract for personnel according to the position information outlined in Schedule 5. However, the Academy Board shall prohibit any individual from being employed by the Academy, an Educational Service Provider or an employee leasing company involved in the operation of the Academy, in more than one (1) full-time position and simultaneously being compensated at a full-time rate for each of these positions. An employee hired by the Academy 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;
- (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.
- (e) Is a current Academy Board member.

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.

AMENDMENT NO. 7

to the  
July 1, 2021 Contract to Charter  
A Public School Academy and Related Documents

Issued To

ISLAND CITY ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)

CONTRACT AMENDMENT NO. 7

ISLAND CITY ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the "Contract"), dated July 1, 2021, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the "University Board") to ISLAND CITY ACADEMY (the "Academy"), as amended, the parties agree to further amend the Contract as follows:

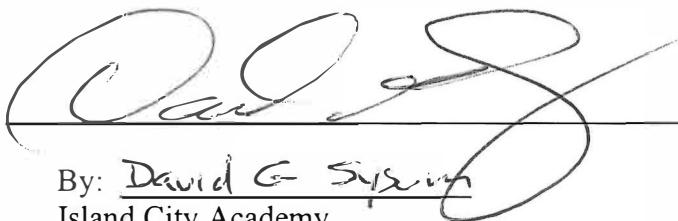
- 1.) Amend Schedule 5: Description of Staff Responsibilities, by inserting at the end of this Schedule the Amendment to Charter School Client Service Agreement, attached as Tab 1.

This entire amendment is hereby approved by the University Board and the Academy Board through their authorized designees, and shall have an effective date of July 1, 2024.

  
\_\_\_\_\_

Dated: 12/02/2024

By: Corey R. Northrop, Executive Director  
The Governor John Engler Center for Charter Schools  
Designee of the University Board

  
\_\_\_\_\_

Dated: 11-20-2024

By: David G. Sykes  
Island City Academy  
Designee of the Academy Board

Island City Academy  
Contract Amendment No. 7

# Tab 1

**AMENDMENT TO CHARTER SCHOOL**  
**CLIENT SERVICE AGREEMENT**

This is an Amendment, effective on July 1, 2024, to the Charter School Client Service Agreement (Agreement) entered into by and between Advance Educational Service inc, dba AccessPoint Educational HR ("APEHR") and Island City Academy ("Academy") on July 1, 2021.

The Agreement expires on July 1, 2024. The Parties agreed to extend the term of the Agreement.

Therefore, it is the intent of the Parties to amend the Agreement as follows:

1. The Term of the Agreement as shown in Paragraph 5 of the Agreement, shall be from July 1, 2024 to June 30, 2026.
2. All other provisions of the Agreement, which are not specifically revised by this Amendment, shall remain in full force and effect.

**THE PARTIES AFFIRM THAT THEY HAVE READ AND UNDERSTAND, AND AGREE WITH THE TERMS OF THE AGREEMENT AND THIS AMENDMENT.**

AccessPoint  
Signed by:  
By: Gregory J Parker  
4074503E9FF1437...  
Its: President  
Dated: 6/11/2024

Academy  
By: David Hefner  
Its: Board President  
Dated: 06/10/2024

AMENDMENT NO. 8

to the  
July 1, 2021 Contract to Charter  
A Public School Academy and Related Documents

Issued To

ISLAND CITY ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)

CONTRACT AMENDMENT NO. 8

ISLAND CITY ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the “Contract”), dated July 1, 2021, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the “University Board”) to ISLAND CITY ACADEMY (the “Academy”), as amended, the parties agree to further amend the Contract as follows:

- 1.) Amend Schedule 7, Section c: Educational Programs, by replacing the materials contained therein with the materials attached as Tab 1.
- 2.) Amend Schedule 7, Section d: Curriculum, by replacing the materials contained therein with the materials attached as Tab 2.

The changes identified in Sections 1 and 2 shall have an effective date of September 3, 2024.

- 3.) Amend Schedule 6: Physical Plant Description, by replacing the materials contained therein with the materials attached as Tab 3.

The changes identified in Section 3 shall have an effective date of April 15, 2025.

- 4.) Amend the Terms and Conditions of Contract by replacing the language contained within Article IV, Section 4.5. Prohibition of Identified Family Relationships, subsection (b), with the language attached as Tab 4.
- 5.) Further amend the Terms and Conditions of Contract by inserting at the end of Article XII: General Terms, the language attached as Tab 5.
- 6.) Amend Schedule 2: Amended Bylaws, by replacing the language contained within Article XIII, Section 6. Contracts Between Corporation and Related Persons and Article IX: Indemnification, with the corresponding language attached as Tab 6.
- 7.) Amend Schedule 4: Oversight, Compliance and Reporting Agreement, by inserting at the end of Article II, Section 2.2. Compliance and Reporting Duties, the language attached as Tab 7.

The changes identified in Section 4 through 7 shall become effective upon execution by the Designee of the University Board.

**This space left intentionally blank.**

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



Dated: 06/23/2025

By: Corey R. Northrop, Executive Director  
The Governor John Engler Center for Charter Schools  
Designee of the University Board



Dated: 6-18-2025

By: David Lyden  
Island City Academy  
Designee of the Academy Board



Island City Academy  
Contract Amendment No. 8

Tab 1

## **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**

The mission of Island City Academy (“Academy”) is to improve pupil achievement through a shared vision between talented teachers, parents and students whose primary goal is academic excellence coupled with moral standards and expectations. We believe we can achieve this goal by providing the best curriculum in six “core” subjects of: mathematics, science, history, geography, language arts, fine arts, along with a moral education accomplished through standards of conduct and curriculum.

To improve pupil achievement, the Academy provides a positive learning environment that articulates clear academic goals and behavior expectations for all students. Academic progress and behavior expectations are monitored on a weekly basis through data gathered from behavior referrals and multiple tests and test sessions including but not limited to, the Northwest Evaluation Association™ (“NWEA™”) Measures of Academic Progress® (“MAP®”) Growth™ assessment, state assessment, and authentic assessments.

In addition, the educational programs fulfill the Academy’s mission statement by providing the “best curriculum in six ‘core’ subjects.” The Academy assures the “best curriculum” for students through constant revision, analysis and review of curriculum materials. Curriculum materials are reviewed for differentiation, alignment to standards and various other factors related to the staff’s ability to utilize the materials for all students. The educational programs are delivered by a pool of highly qualified, talented teachers. Staff members bring innovative strategies and techniques to a small classroom learning environment to ensure the academic excellence of all students. Furthermore, the mission statement’s call for a “moral education” is met through the inclusion of literary trade books and supplementary materials that embrace themes directly correlated to standards of conduct or character traits that support a moral education. Academy-wide morning announcements and the flag ceremony aim to promote strong morals through citizenship, patriotism and a shared civic responsibility. Moral education is also provided through the Academy’s service learning projects in which middle school students participate.

### **Research-Based Strategies**

Multiple research-based methodologies are in place at the Academy. Academy staff utilize Marzano’s nine high-yielding instructional strategies to deliver instruction. Classroom instruction finds students involved in a variety of activities such as summarizing, using nonlinguistic representations to compare and contrast, and engaging in small group, cooperative learning experiences (Marzano, 2001).

Additional strategies the Academy employs to deliver instruction are problem-based learning (“PBL”) and project-based learning. PBL and project-based learning are student-centered. Within groups, students conduct research to investigate a real-world problem and examine outcomes. Project-based learning and PBL activities encompass cross-disciplinary teaching and provide

hands-on learning experiences. The inclusion of “project based work in the curriculum promotes children’s intellectual development by engaging their minds in observation and investigation...” (Katz, 2000).

## **Curriculum**

### *Math*

The Academy’s math series connects well to the Academy’s original “back-to-basics” focus and has consistently provided unparalleled results in impacting math scores. The math program spirals in that content is introduced and revisited. In addition to providing a spiraling curriculum, the math series provides a balanced approach with opportunities for hands-on learning and real-world application. Classroom instruction of mathematics content assists students in developing both computational and problem-solving skills along with higher order thinking skills. To reinforce instruction, teachers incorporate nonlinguistic representations (e.g. graphic organizers, drawings, Venn diagrams, KWL and charts), cooperative learning and cues and questions to activate prior knowledge and stimulate analytical thinking (Marzano, 2001).

### *English Language Arts (“ELA”)*

The Academy’s reading program is rooted in developing foundational reading skills through phonemic awareness, phonics, fluency, comprehension and vocabulary development. To develop these skills, reading strategies (pre-reading, during reading and after reading) are taught and students create constructed responses to reading selections.

Guided reading and center-based instruction are essential to the Academy’s reading program. Teachers use guided reading to further assist students in developing reading strategies (e.g. retelling, visualizing and word attack strategies) to become stronger individual readers. Through the guided reading program, students apply strategies such as making predictions and summarizing to determine connections (e.g. text-to-text, text-to-world and text-to-self). Further engagement in reading is enhanced with activities such as Reader’s Theatre. Reader’s Theatre provides active participation as students practice oral communication skills, review vocabulary and improve comprehension and fluency.

### *Writing*

The Academy uses a combination of Lucy Calkins’ Writer’s Workshop and the Collaborative Classroom™ *Being a Writer* to deliver writing instruction. The Academy incorporates shared writing and partner writing throughout the academic year. Writing is integrated across the curriculum and students compose narrative, expository, journal and poetry selections to express ideas and concepts. The *Becoming a Writer* techniques are used in kindergarten through fifth grades and learned skills are enhanced in sixth through eighth grades. Elements of Calkins’ Writer’s Workshop strategies are also used to build upon previously learned skills and enhance peer-editing and revision skills. Furthermore, students are taught the use of rubrics to self- and peer-evaluate writing.

### *Science*

Mystery Science provides a hands-on, inquiry-based and problem-based learning approach for science instruction. This problem-based, student-centered approach has increased science

experiences for all students kindergarten – fourth grade, and is continued for the Academy’s fifth - eighth grade students through the use of the problem-based text *Elevate Science*®.

Through the program, students apply the scientific method of developing a hypothesis, conducting research, analyzing data and determining results. Students are actively engaged in problem-based learning while working collaboratively in small groups with the role of the teacher as a facilitator of learning. Students work on complex, realistic problems and construct new knowledge to find solutions to the initial problem. “During the PBL process learners should discuss problems, define what they know, generate hypotheses, derive learning goals and organize further work” (Hmelo, 2004).

### *Social Studies*

The Academy has adopted and implemented the Michigan Citizenship Collaborative Curriculum (“MC3”) in kindergarten through 2<sup>nd</sup> grade. The program provides real world experiences while teaching about communities, the country and the world. The program includes instructional strategies such as journaling, role playing, literature references, mapping and graphing, oral and written presentations, developing critical thinking skills, inferring, drawing conclusions, predicting and incorporating the writing processes. The program uses multiple intelligences to address varying student learning styles. MC3 builds a strong knowledge of economic principles so that students understand the impact of economic forces internationally as well as in the surrounding community. Social studies instruction aligns to the MAS for ELA and literacy and utilizes a variety of assessments, including but not limited to, teacher generated tests, authentic assessments and preparation for the state assessment.

The Academy uses a traditional approach for social studies in 3<sup>rd</sup> through 8<sup>th</sup> grades. The Academy incorporates real-world applications of economic principles, classroom simulations, primary source review and integrated classroom activities to enhance social studies instruction.

### *Fine Arts*

The Academy’s fine arts class is based on students modeling the “Masters” and their styles. Younger students begin with simple forms and colors coupled with simple media. Art instruction expands to include more progressive foundations and principles of art with advanced media and mixed media for older students.

### **Success in College, Work and Life**

The educational programs seek to engage students in learning through the inclusion of student-centered programs and PBL components. The PBL components assist in expanding students’ thinking and provide application of real world concepts. PBL elements also assist students in developing organizational skills and finding solutions to problems, as well as the ability to work as members of a team – all skills which are conducive to the world of work.

Furthermore, the education of all students is enhanced significantly with the integration of technology in the classroom. First, all grade levels are equipped with an interactive whiteboard used to engage students directly in the learning. Second, the middle school level is immersed in technological integration with the piloting of and continuation of the hybrid-courses, which bring together in-seat instruction with online learning environments for communication, interaction and

research. The technology opportunities provided and the ability to reflect on personal learning experiences prepare students for future successes. The students' future successes in college, work and life can be easily tied to the ability to integrate technology, time restraints and organization into daily lives. These program components teach the skills necessary for students to work in a modern work place, continue education in a hybrid-course environment and live within a world that exists more and more online.

Another way the Academy promotes success in college, work and life is through community service opportunities. The Academy offers middle school students a unique opportunity to strengthen character development and to personally grow through community-based learning and community involvement. Students may provide ten hours of community service through bi-monthly participation in the local Red Cross Blood Drive set-up, monthly character trait focus activities (e.g. literature based character education units), recognizing and celebrating local community members for their service and participating in peer mentoring programs. By participating in community service, students benefit through enhanced civic activism and experience an increase in self-efficacy in that the students' confidence grows through helping others and feeling they had an impact on social challenges or problems. Community service opportunities assist students in becoming successful members of the community.

#### *Educational Development Plans ("EDP")*

The Academy will meet the career planning needs of students through shared use of Career Cruising and various other Eaton Regional Educational Services Agency ("RESA") materials. Additionally, middle school teachers have annually taught units on life and career planning in conjunction with high school visitation dates to local high schools. Per the revised school code, the Academy also implements EDPs. The EDPs are developed utilizing the Career Cruising program provided by the RESA. The EDPs include the completion of written plans of study, career planning and goals for high school and post-secondary education and digital portfolios and resumes. To support career goals within the EDP, the Academy invites community speakers from differing career fields to speak with students and provide insights to various careers.

#### **Curriculum Flexibility**

The educational programs are constructed to meet the requirements of the MAS. Even as the MDE and legislature continuously work to revise and better the State's expectations, the Academy strives to stay in step with those changes and adjusts the curriculum and educational programs to meet those needs.

#### *Exceptional Students*

The educational programs allow for the achievement of all students. A common class schedule is created by the administrator to allow for as many shared, core class hours as possible. For example, seven of nine grade levels meet for mathematics at the same time to allow excelling students to make classroom changes when needed. Thus, students have the flexibility to move across grade levels to receive more advanced instruction tailored to individual needs.

Students who excel in reading and literature are offered advanced courses in the middle school levels, when appropriate. These courses include materials at an accelerated and advanced level. Students in kindergarten through second grade receive guided reading group instruction at

advanced levels when appropriate. Appropriate levels are determined from running records of individual performance. Moreover, Accelerated Reading programs are used to encourage greater development of reading skills in all students but especially talented students.

#### *Below Grade Level Students*

Teachers are provided with professional development in differentiating instruction to assist students performing below grade level. In addition to differentiating instruction, the Academy also allows struggling students to move across grade levels (to receive further supports or remediation) and employs a reading specialist. The reading specialist supports instruction through modified materials and methodologies and works with individual students or small groups. Student needs are also addressed in the Academy's implementation of a Response to Intervention ("RtI") model. Through the tiered levels, the Academy monitors and adjusts interventions as needed.

To ensure students succeed, the Academy routinely offers a two-week summer school program for all students needing assistance with reading and mathematics skills. Students are recommended for the summer program by the classroom teacher.

#### *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 MDE. If a child with a current IEP enrolls in the Academy, the Academy will implement the existing IEP to the extent possible or will provide an interim IEP agreed upon by parents until a new IEP can be developed. IEPs will be developed, revised and implemented in accordance with the Individuals with Disabilities Education Improvement Act ("IDEIA") and state law and regulations.

The Academy will fully comply with federal laws and regulations governing children with disabilities as follows:

1. The Academy is responsible for providing a free, appropriate public education to children with disabilities enrolled in the Academy that have been determined through an IEP to require Special Education programs and services.
2. The Academy will ensure that children who are suspected of having disabilities are properly evaluated by a multidisciplinary team, as defined in the Michigan Special Education Rules and that children who have already been identified are re-evaluated by the multidisciplinary team at least every three years.
3. When a multidisciplinary team determines that a special education student requires Special Education programs and services, the Academy will ensure that the IEP is fully implemented in accordance with IDEIA and reviewed on an annual basis or more frequently as determined by the IEP team.

**Assessment**

Assessments are a key component in determining progress toward Contract goals, as well as determining the effectiveness of classroom instruction at periodic intervals. The Academy administers formative and summative assessments, including the state assessment and NWEA assessment.

Classroom teachers in kindergarten through eighth grades use the NWEA assessment to gauge, assess and modify instruction for all students. The data assessment is carried out on an institutional level and by individual teachers. Teachers use data to reflect upon instructional practices and to address any instructional delivery changes.

Furthermore, state assessment test results are used annually to drive instructional decisions for the Academy and for each cohort. Similarly, the state assessment's third through eighth grade results are annually reviewed for successes and areas of need. The Academy continuously examines cohort data to determine if previously instituted changes have been successful.

Reading specific, Star Early Literacy™ is used in kindergarten through second grades as one determinant for additional assistance from the reading specialist. These data are reviewed by the reading specialist and classroom teacher(s) to determine need and further instructional strategies.

**Program Evaluation**

The educational programs are regularly reviewed by the instructional staff following the end of each academic year. This review includes the grouping of staff into grade-level clusters of three or more to review standardized and norm-referenced test scores (state assessment and NWEA), discuss possible changes and strategies for implementation of determined changes and a plan for the ensuing academic year. Moreover, professional development for the whole-staff is selected from the needs derived from these discussions; (e.g. differentiated instruction, RtI with differentiated interventions, reading fluency strategies for all students and writing instruction and MAS alignment).

In addition, the administrator conducts a review to include a summary of staff findings and any recommended changes for review by the Academy's Board of Directors. The Board of Directors reviews the classroom educational program components by inviting a different classroom teacher to speak at a regularly scheduled Board of Directors meeting every month. These monthly reviews are meant to provide direct review of elements of the educational programs to the Board of Directors.

Island City Academy  
Contract Amendment No. 8

# Tab 2



## CURRICULUM

Pursuant to Applicable Law and the Terms and Conditions of this Contract, including Article VI, Section 6.4, the Academy shall implement, deliver, and support the curriculum identified in this schedule.

The Academy has adopted Collaborative Classroom™ *Being a Reader* for grades kindergarten through five, *Being a Writer* for grades kindergarten through six, and Academy written curriculum aligned with the Hillsdale College K-12 model for English language arts (“ELA”); Singapore *Dimensions Math*® for grades kindergarten through four, *Saxon Math*™, and Algebra 1 via Michigan Virtual for grades five through eight; Mystery Science for grades kindergarten through four, and Savvas *elevateScience*® for grades five through eight; MC3 social studies for grades kindergarten through two, *Studies Weekly* for grades three and four, and Academy written curriculum for grades five through eight; Academy written physical education, and the Michigan Model for Health™ as a curriculum. The curriculum for all core subjects has been received, reviewed and approved by the Center.

- Collaborative Classroom <https://www.collaborativeclassroom.org/programs>
- Dimensions Math <https://www.singaporemath.com/pages/dimensions>
- Mystery Science <https://mysteryscience.com/>
- elevateScience <https://www.savvas.com/solutions/science/>
- MC3 Social Studies <https://oaklandk12-public.rubiconatlas.org/>
- Studies Weekly <https://www.studiesweekly.com/michigan/Studies>
- Michigan Model for Health <https://www.michiganmodelforhealth.org/>

### **Elementary**

The following subjects/courses are offered at the Academy.

Course	K	1	2	3	4	5	6	7	8
English Language Arts	X	X	X	X	X	X	X	X	X
Mathematics	X	X	X	X	X	X	X	X	X
Science	X	X	X	X	X	X	X	X	X
Social Studies	X	X	X	X	X	X	X	X	X
Health	X	X	X	X	X	X	X	X	X
Physical Education	X	X	X	X	X	X	X	X	X

Island City Academy  
Contract Amendment No. 8

# Tab 3

**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 Plan..... 6-4

Bond..... 6-5

Mortgage ..... 6-17

Warranty Deed ..... 6-47

Office of Fire Safety Approval ..... 6-48

Certificates of Use and Occupancy..... 6-49

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 Island City Academy (the "Academy") is as follows:

Address: 6421 S. Clinton Trail  
Eaton Rapids, MI 48827

Description: The Academy is located in a single-story, vinyl-sided facility that consists of 24,036 total square feet. The facility consists of a central office suite with reception area, one teacher's workroom, eleven classrooms, an art room, a full gymnasium, cafeteria, pantry, four restrooms, a library, a concession room, a large student services room, and a secure vestibule area. The facility also includes several mechanical rooms and storage closets. The Site includes an asphalt parking lot and large playground areas.

Configuration of Grade Levels: Kindergarten through Eighth Grade.

Term of Use: Term of Contract.

Name of School District and Intermediate School District:

Local: Eaton Rapids Public Schools  
ISD: Eaton Regional Education Service Agency

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.

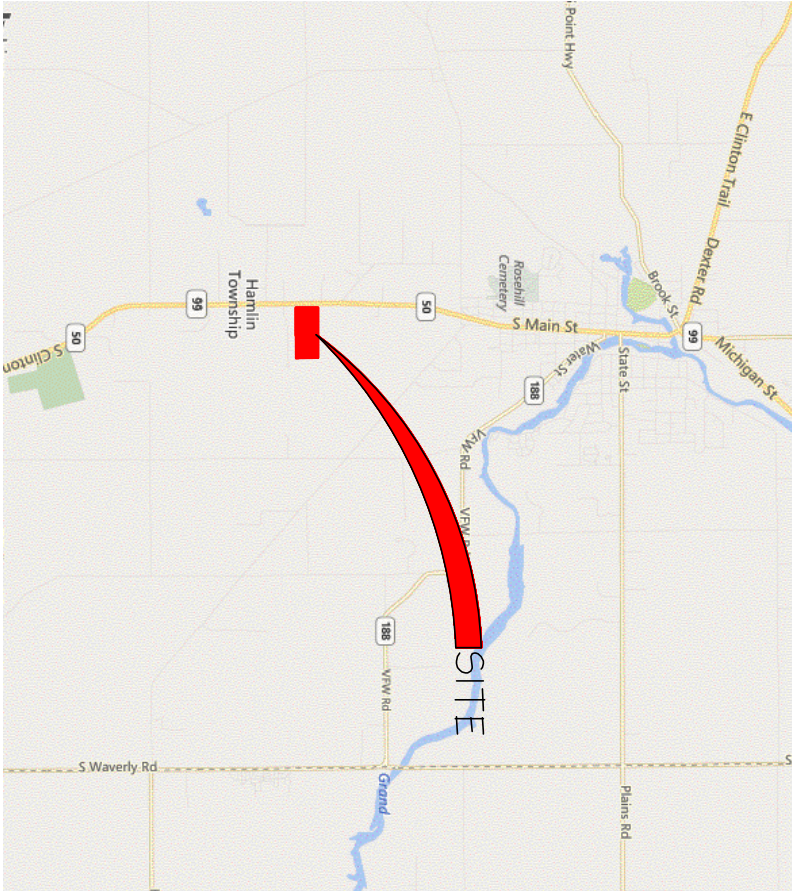
- A. Narrative description of physical facility
- B. Size of building
- C. Scaled floor plan
- D. Copy of executed lease or purchase agreement

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, 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.



LOCATION MAP - HAMLIN TOWNSHIP - EATON COUNTY.  
NOT TO SCALE

LEGAL DESCRIPTION:  
COMM ON W SEC. LINE N 02 DEG. 07'56"E 329  
FT FROM W 1/4 COR, N 02 DEG. 07'56"E 400  
FT, S 87 DEG. 30'19"E 1000 FT, S 02 DEG  
07'56"W 729 FT TO A PT ON EM 1/4 LINE, N  
87 DEG 30'19"W 400 FT, N02 DEG 07'56"E 213  
FT, N 87 DEG 30'19"W 300 FT, N 02 DEG  
07'56"E 166 FT, N 87 DEG 30'19"W 300 FT  
TO BEG. SEC. 15, T1N,R34W, HAMLIN TTP  
9-1-99

PREPARED FOR:



**DAILEY ENGINEERING, INC.**  
8485 STEPHENSON ROAD  
ONSTED, MI 49265

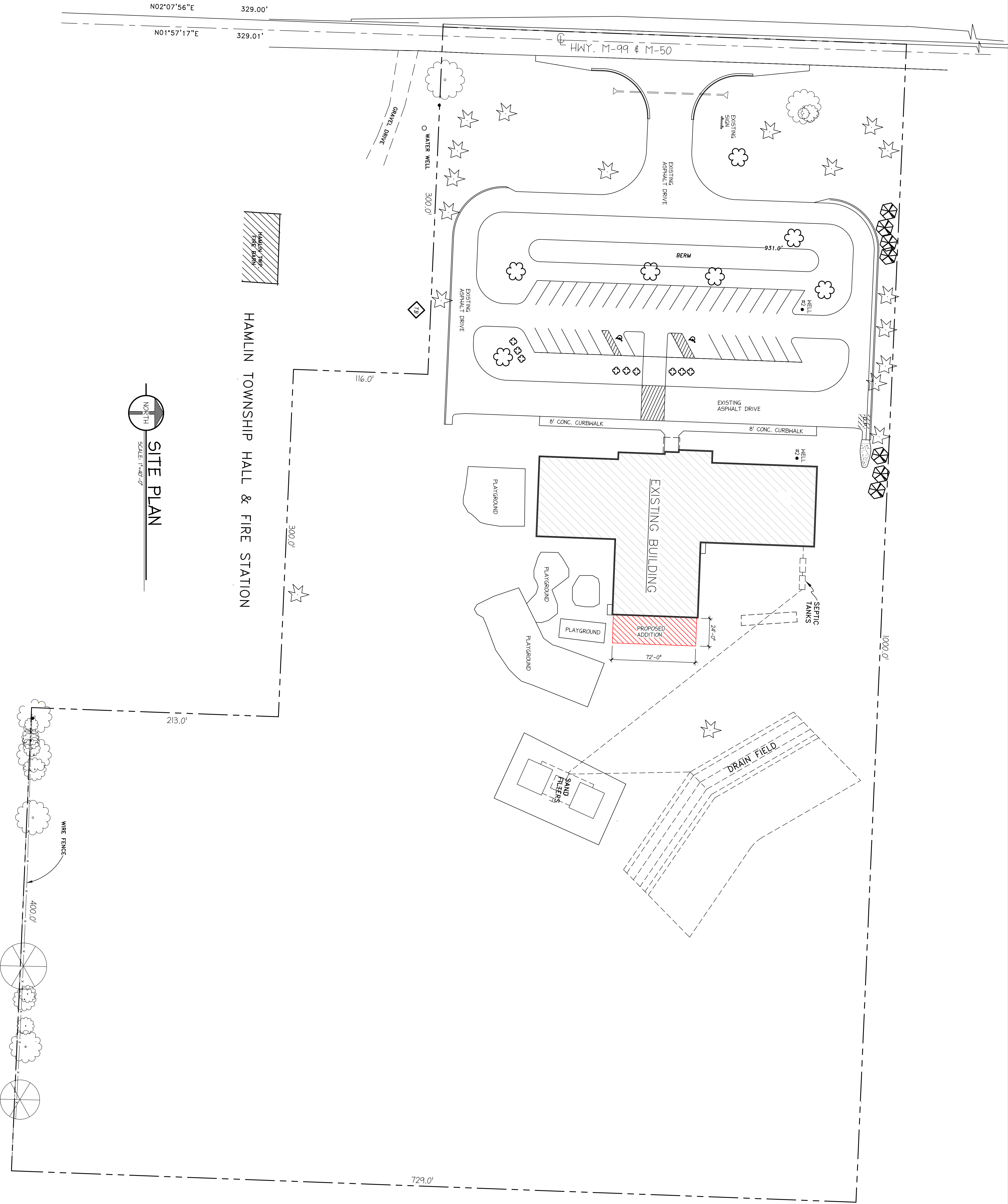
PH. # (517) 467-9000  
FAX # (517) 467-9010  
EMAIL - todd@dailey@me.com

**ISLAND CITY ACADEMY**  
**6421 SOUTH CLINTON TRIAL**  
**EATON RAPIDS, MICHIGAN 48827**

DRAWN BY: **M. FOWLER** CHK'D. BY: **JA. DAILEY** APP'D. BY:

**SITE PLAN**

DATE: 02/29/2016 REV: 0 DRAWING NO. **C1**

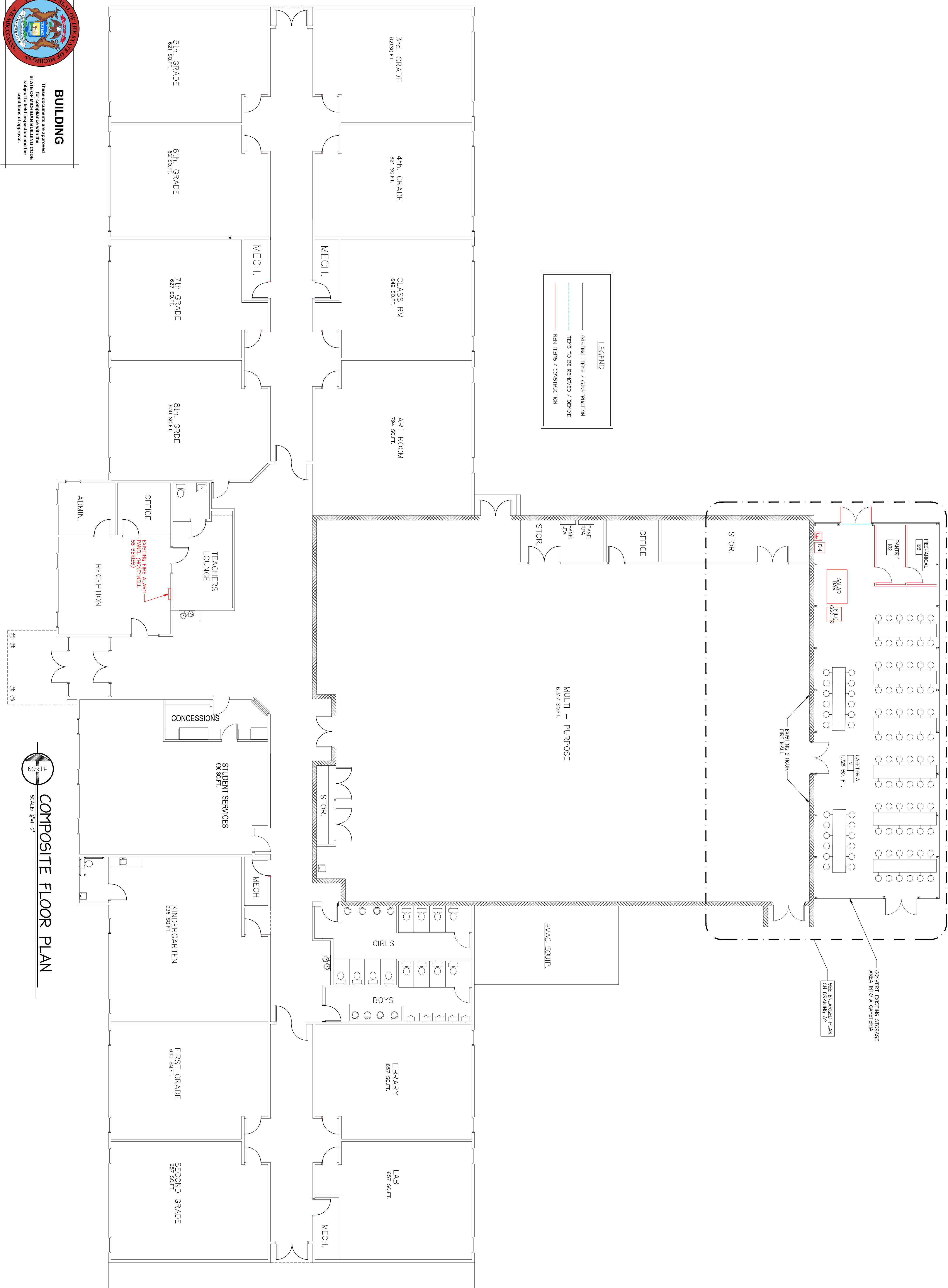






# BUILDING

These documents are approved  
for compliance with the  
**STATE OF MICHIGAN BUILDING CODE**  
subject to field inspection and the  
conditions of approval.

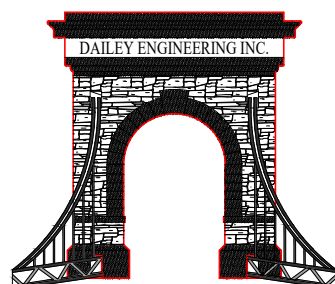


PREPARED FOR



**N**EW  
**D**IMENSION  
**DESIGN**

5227 WILCOX ROAD  
EATON RAPIDS, MI. 48827  
(517)281-8933



**DAILEY ENGINEERING, INC.**  
8485 STEPHENSON ROAD  
ONSTED, MI 49265

PH. # (517) 467-9000  
EMAIL - todddailey@me.com

## COMPOSITE FLOOR PLAN


FOR

ISLAND CITY ACADEMY

6421 SOUTH CLINTON TRAIL  
EATON RAPIDS, MICHIGAN 48827

DRAWN BY MLMFDATE JUNE 26, 2023

SHEET NO.



**UNITED STATES OF AMERICA  
STATE OF MICHIGAN  
COUNTY OF EATON**

**ISLAND CITY ACADEMY  
PUBLIC SCHOOL ACADEMY REFUNDING BOND, SERIES 2021  
(GENERAL OBLIGATION)**

Registered Owner: West Michigan Community Bank

Principal Amount: \$780,000

Interest Rate: 3.500%

Date of Issuance: June 28, 2021

FOR VALUE RECEIVED, Island City Academy, County of Eaton, 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 July 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 January 27, 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.



## *Island City 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

### *Island City Academy*

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 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 Exhibit B.

### *Island City Academy*

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

### *Island City Academy*

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.

## *Island City Academy*

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.

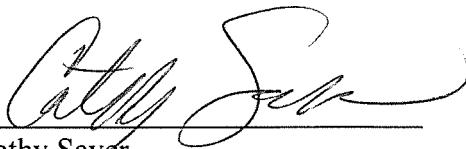
It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in connection with the issuance of this Bond, existed, have happened and have been performed in due time, folio and manner, as required by the Constitution and 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.]*

***Island City Academy***

IN WITNESS WHEREOF, the Island City Academy, Eaton 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.

**Island City Academy**

By:   
Cathy Sayer

Its: Vice President

37056706.1/088888.04621

*Island City Academy*

**TRANSFER**

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ Tax Identification or Social Security No. \_\_\_\_\_) the within Bond and all rights thereunder, and hereby constitutes and appoints \_\_\_\_\_ attorney, to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

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.

**EXHIBIT A**

**SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS**

**[See Amortization Schedule Attached]**



**\$780,000**  
*Island City Academy*  
*Full Term Refunding Certificates of Participation*  
*Series 2021*

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I
07/20/2021	13,690.09	3.500%	1,668.33	15,358.42
08/20/2021	13,123.35	3.500%	2,235.07	15,358.42
09/20/2021	-	-	-	-
10/20/2021	13,161.63	3.500%	4,393.58	17,555.21
11/20/2021	13,200.01	3.500%	2,158.41	15,358.42
12/20/2021	13,238.52	3.500%	2,119.91	15,358.43
01/20/2022	13,277.13	3.500%	2,081.29	15,358.42
02/20/2022	13,315.85	3.500%	2,042.57	15,358.42
03/20/2022	13,354.70	3.500%	2,003.73	15,358.43
04/20/2022	13,393.64	3.500%	1,964.78	15,358.42
05/20/2022	13,432.71	3.500%	1,925.71	15,358.42
06/20/2022	13,471.89	3.500%	1,886.54	15,358.43
07/20/2022	13,511.18	3.500%	1,847.24	15,358.42
08/20/2022	13,550.59	3.500%	1,807.84	15,358.43
09/20/2022	-	-	-	-
10/20/2022	13,590.12	3.500%	3,536.62	17,126.74
11/20/2022	13,629.75	3.500%	1,728.68	15,358.43
12/20/2022	13,669.50	3.500%	1,688.92	15,358.42
01/20/2023	13,709.37	3.500%	1,649.05	15,358.42
02/20/2023	13,749.36	3.500%	1,609.07	15,358.43
03/20/2023	13,789.46	3.500%	1,568.96	15,358.42
04/20/2023	13,829.68	3.500%	1,528.75	15,358.43
05/20/2023	13,870.01	3.500%	1,488.41	15,358.42
06/20/2023	13,910.47	3.500%	1,447.95	15,358.42
07/20/2023	13,951.04	3.500%	1,407.38	15,358.42
08/20/2023	13,991.73	3.500%	1,366.69	15,358.42
09/20/2023	-	-	-	-
10/20/2023	14,032.54	3.500%	2,651.76	16,684.30
11/20/2023	14,073.47	3.500%	1,284.95	15,358.42
12/20/2023	14,114.51	3.500%	1,243.91	15,358.42
01/20/2024	14,155.68	3.500%	1,202.74	15,358.42
02/20/2024	14,196.98	3.500%	1,161.45	15,358.43
03/20/2024	14,238.38	3.500%	1,120.04	15,358.42
04/20/2024	14,279.91	3.500%	1,078.52	15,358.43
05/20/2024	14,321.56	3.500%	1,036.87	15,358.43
06/20/2024	14,363.33	3.500%	995.09	15,358.42
07/20/2024	14,405.22	3.500%	953.20	15,358.42
08/20/2024	14,447.24	3.500%	911.19	15,358.43
09/20/2024	-	-	-	-
10/20/2024	14,489.38	3.500%	1,738.10	16,227.48
11/20/2024	14,531.64	3.500%	826.79	15,358.43
12/20/2024	14,574.02	3.500%	784.40	15,358.42
01/20/2025	14,616.53	3.500%	741.90	15,358.43
02/20/2025	14,659.16	3.500%	699.26	15,358.42
03/20/2025	14,701.92	3.500%	656.51	15,358.43
04/20/2025	14,744.80	3.500%	613.63	15,358.43
05/20/2025	14,787.81	3.500%	570.62	15,358.43
06/20/2025	14,830.93	3.500%	527.49	15,358.42
07/20/2025	14,874.19	3.500%	484.23	15,358.42
08/20/2025	14,917.58	3.500%	440.85	15,358.43
09/20/2025	-	-	-	-
10/20/2025	14,961.09	3.500%	794.68	15,755.77
11/20/2025	15,004.72	3.500%	353.71	15,358.43
12/20/2025	15,048.49	3.500%	309.94	15,358.43
01/20/2026	15,092.38	3.500%	266.05	15,358.43
02/20/2026	15,136.40	3.500%	222.03	15,358.43
03/20/2026	15,180.55	3.500%	177.88	15,358.43

04/20/2026	15,224.82	3.500%	133.61	15,358.43
05/20/2026	15,269.23	3.500%	89.20	15,358.43
06/20/2026	15,313.76	3.500%	44.67	15,358.43
Total	\$780,000.00	-	\$71,270.75	\$851,270.75

#### Yield Statistics

Bond Year Dollars.....	\$2,036.31
Average Life.....	2.611 Years
Average Coupon.....	3.4999993%
Net Interest Cost (NIC).....	3.4999993%
True Interest Cost (TIC).....	3.5256538%
Bond Yield for Arbitrage Purposes.....	3.5256538%
All Inclusive Cost (AIC).....	6.3107973%

#### IRS Form 8038

Net Interest Cost.....	3.4999993%
Weighted Average Maturity.....	2.611 Years

CR-99 06/JUL21 5-yr level / SINGLE PURPOSE / 7/ 7/2021 / 8:39 AM

## Center for Strategies and Solutions, LLC

Public Finance

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## **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:

<u>Prepayment Date</u>	<u>Prepayment Premium Rate</u>
On or after June 28, 2021 but on or before August 1, 2026	1%

37678683.2/159536.00002

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# **MORTGAGE**

**ISLAND CITY ACADEMY**  
as Mortgagor

to

**WEST MICHIGAN COMMUNITY BANK**  
as Mortgagee

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## **RELATING TO:**

**\$780,000**  
**ISLAND CITY ACADEMY**  
**PUBLIC SCHOOL ACADEMY REFUNDING BOND, SERIES 2021**

Dated as of June 28, 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

## **MORTGAGE**

THIS MORTGAGE (“Mortgage”) is made as of June 28, 2021, by and between ISLAND CITY ACADEMY, as Mortgagor (“Mortgagor”) and WEST MICHIGAN COMMUNITY 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 \$780,000 (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 Eaton, 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**

Island City 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**

Island City Academy, Series 2021 Bond

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

Island City Academy, Series 2021 Bond

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 Mortgagee to execute and deliver this Mortgage and the liens and security interests created herein is sufficient and will provide a direct economic benefit to Mortgagee.

**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

Island City Academy, Series 2021 Bond



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.

**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', architects', 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**

Island City 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.

#### **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

Island City Academy, Series 2021 Bond

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.

**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

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

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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.



**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

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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

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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

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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

(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

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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

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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

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

(v) Unless the Fixtures are perishable or threaten to decline speedily in 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

(vi) 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.



**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**

Island City Academy, Series 2021 Bond

**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

**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 appraisalment 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 appraisalment, 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, appraisalment, 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

### MORTGAGE

Island City Academy, Series 2021 Bond

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 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:                      Island City Academy  
6421 Clinton Trail  
Eaton Rapids, MI 48827  
Attention: President  
Telephone: (517) 663-0111  
Facsimile: (517) 663-0167

If to Mortgagee:                      West Michigan Community Bank  
5367 School Avenue  
Hudsonville, MI 49426  
Attention: Dan Pickard  
Telephone: (616) 379-0629  
Facsimile: (616) 662-8194

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.

**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 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.]*

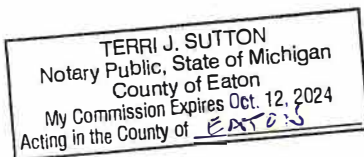
IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be duly executed on the day and year set forth in the acknowledgment attached hereto and effective on the date first written above.


**ISLAND CITY ACADEMY**

By:   
Cathy Sayer  
Its: Vice President

STATE OF MICHIGAN     )  
                                      ) ss:  
COUNTY OF EATON     )

Personally came before me on June 28, 2021, the above named Cathy Sayer, Vice President of the Board of Directors of the Island City Academy, to me known to be the person who executed the foregoing instrument and acknowledged the same on behalf of Island City Academy.



  
Name:  
Notary Public, State of Michigan  
My commission expires: 10.12.24  
Acting in County of: EATON

37541743

## **EXHIBIT A**

### **LEGAL DESCRIPTION**

The Land referred to herein below is situated in the Township of Hamlin, County of Eaton, State of Michigan, and is described as follows:

Land in the Township of Hamlin, Eaton County, MI, described as follows:

A part of the Southwest 1/4 of the Northwest 1/4 of Section 15, Town 1 North, Range 3 West, Hamlin Township, Eaton County, Michigan, described as beginning at a point on the West Section line North 02 degrees 07 minutes 56 seconds East, 329.00 feet from the West 1/4 corner; thence North 02 degrees 07 minutes 56 seconds East, 400.00 feet along the West line of Section 15; thence South 87 degrees 30 minutes 19 seconds East, 1000.00 feet parallel with the East-West 1/4 line of said Section 15; thence South 02 degrees 07 minutes 56 seconds West, 729.00 feet parallel with the said West Section line to a point on the said East-West 1/4 line; thence North 87 degrees 30 minutes 19 second West, 400.00 feet along the said East-West 1/4 line; thence North 02 degrees 07 minutes 56 seconds East, 213.00 feet parallel with the West Section line; thence North 87 degrees 30 minutes 19 seconds West, 300.00 feet parallel with the said East-West 1/4 line; thence North 02 degrees 07 minutes 56 seconds East, 116.00 feet parallel with said West Section line; thence North 87 degrees 30 minutes 19 seconds West, 300.00 feet parallel with the said East-West 1/4 line to the point of beginning.

### **MORTGAGE**

Island City Academy, Series 2021 Bond



**EXHIBIT B**

PERMITTED EXCEPTIONS  
AS DISCLOSED IN TITLE INSURANCE POLICY

37678689.2/159536.00002

MORTGAGE  
Island City Academy, Series 2021 Bond  
29

46886

LH81310 PAGE 508

RECORDED

99SEP-1 PM 3:49

LINDA M. TWITCHMELL  
REGISTER OF DEEDS  
Eaton County, Michigan

THIS DEED IS THE FIRST OF ITS KIND  
TO BE RECORDED IN THE PUBLIC  
RECORDS OF THE COUNTY OF  
EATON, MICHIGAN, AND IT IS  
HEREBY DECLARED TO BE A  
WARRANTY DEED.

7-1-99  
STATE OF MICHIGAN  
Dept. of Taxation  
Eaton County  
3132207-1-1-99

REAL ESTATE  
TRANSFER TAX  
1700.00  
\$532.33-5  
\$0015345

## WARRANTY DEED

47-068-013 (397)

First American Title Insurance Company

The GRANTOR, John S. McGarry and Heidi McGarry, husband and wife

whose address is 309 Crane St., Eaton Rapids, MI 48827

conveys and Warrants to Island City Academy, a Michigan non-profit corporation

whose address is 103 Albers St., Eaton Rapids, MI 48827

the following described premises situated in the Township of Hamlin, County of Eaton, and State of Michigan, to wit:

A part of the Southwest 1/4 of the Northwest 1/4 of Section 15, T1N, R3W, Hamlin Township, Eaton County, Michigan, described as beginning at a point on the West Section line N02°07'30"E 329.00 feet from the West 1/4 corner, thence N03°07'50"E 400.00 feet along the West line of Section 15, thence S87°30'19"E 1600.00 feet parallel with the East-West 1/4 line of said Section 15, thence S02°07'56"W 729.00 feet parallel with the said West Section line to a point on the said East-West 1/4 line, thence N87°30'19"W 400.00 feet along the said East-West 1/4 line, thence N02°07'50"E 213.00 feet parallel with the West Section line, thence N87°30'19"W 300.00 feet parallel with the said East-West 1/4 line, thence N02°07'30"E 1150.00 feet parallel with the said West Section line, thence N87°30'19"W 300.00 feet parallel with the said East-West 1/4 line to the point of beginning.

Tax Paid No(s) 160-015-100-007-00 Common Address V L Clinton Trail  
for the sum of Ninety-One Thousand And 00/100 Dollars (\$91,000.00)

If the land being conveyed is unimproved, the following is deemed to be included: "This property may be located within the vicinity of farmland or a farm operation. Generally accepted agricultural and management practices which may generate noise, dust, odors, and other associated conditions may be used and are protected by the Michigan Right to Farm Act."

Subject to easements, reservations and restrictions of record

Dated 08/30/1999

Signed in presence of

Signed and Sealed

*James Accivard*  
James Accivard

*John S. McGarry*  
John S. McGarry

*Lawrence P. Schweitzer*  
Lawrence P. Schweitzer

*Heidi McGarry*  
Heidi McGarry

State of Michigan  
County of Ingham

On this 30th day of August, 1999 before me personally appeared John S. McGarry and Heidi McGarry, husband and wife the person(s) described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

JAMES ACCIVARD  
Notary Public, Eaton Co., MI  
My Comm. Expires Apr. 28, 2001

*James Accivard*  
James Accivard

Notary Public  
Eaton acting in Ingham County, Michigan

My commission expires 4-28-2001

Drafted by: John S. McGarry  
Assisted by: First American Title Insurance Company, 2450 DeBd Commerce Drive, Holt, MI 48842

When recorded return to  
Island City Academy, 103 Albers St., Eaton Rapids, MI 48827

FA Form DEDWD Revised 11/22/98

First American Title

632.50  
100.10

729

07002562-100



State of Michigan  
John Engler, Governor

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

OFS-40  
Office of Fire Safety  
General Office Building  
7150 Harris Drive  
Lansing, MI 48909-7504

CITY NAME Island City Charter School	DATE 4/26/00	COUNTY Eaton	PROJECT 1577-99
ADDRESS 6421 S Clinton Rd	FACILITY TYPE School	RULES/CODES 89 School	JOB/LIC/FAC. NO
CITY, STATE ZIP CODE Eaton Rapids, MI. 48827	FACILITY REPRESENTATIVE Meri Stumpos	INSPECTION TYPE Final	

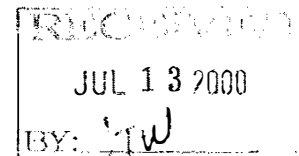
AREAS REQUIRING COMPLIANCE:

**Project Description: New School Building**

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.

Jim Hennesey (State Electrical Inspector) gave his approval on 4/14/00.

□



FIRE SAFETY CERTIFICATION Full Approval		PROJECT STATUS	REVIEWED BY
DISTRIBUTION Facility C.I.D.Q. Education	INSPECTING OFFICIAL Casey Griggs SIGNATURE OF OFFICIAL <i>Casey Griggs</i>	ADDRESS 7150 Harris Dr. P.O.Box 30700 Lansing, MI. 48909 TELEPHONE 517-322-5498 Fax 517-322-1356	

# CERTIFICATE OF USE AND OCCUPANCY

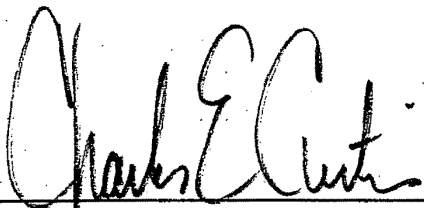
## PERMANENT

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. B035535  
Island City Charter School  
6421 S Clinton Trail  
Hamlin Township, Michigan  
Eaton County

The above named building of Use Group E and Construction Type 2B is approved for use and occupancy.

THIS APPROVAL IS GRANTED UNDER THE AUTHORITY OF SECTIONS 13 OF ACT 230 OF THE PUBLIC ACTS OF 1972, AS AMENDED, BEING §125.1513 OF THE MICHIGAN COMPILED LAWS, AND, IN ACCORDANCE WITH SECTION 111.0 OF THE STATE BUILDING CODE. THIS SHALL SUPERSEDE AND VOID ANY PREVIOUS APPROVAL OF USE AND OCCUPANCY.



Larry Lehman, Chief  
Charles E. Curtis, Assistant Chief  
Building Division

November 20, 2013

# 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:** BLDG16-01030

6421 S CLINTON TRL

Eaton Rapids, MI 48827

COUNTY: Eaton

The above named building of Use Group S-2, Storage 2 (Low Hazard) 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: 11/30/2016

# 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:** BLDG22-02011

6421 S CLINTON TRL

EATON RAPIDS, MI 48827

COUNTY: EATON

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: 03/29/2023

# CERTIFICATE OF USE AND OCCUPANCY

## PERMANENT

### **Michigan Department of Licensing and Regulatory Affairs**

Bureau of Construction Codes/Building Section

P.O. Box 30254

Lansing, MI 48909

Authority: 1972 PA 230

517-241-9313

**Building Permit No:** BLDG23-01930

6421 S CLINTON TRL

EATON RAPIDS, MI 48827

COUNTY: EATON

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 SECTION 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: 04/18/2025

# **CERTIFICATE OF USE AND OCCUPANCY**

## **TEMPORARY**

**Michigan Department of Licensing and Regulatory Affairs  
Bureau of Construction Codes/Building Unit  
P. O. Box 30254  
Lansing, MI 48909  
(517) 241-9313**

**BUILDING PERMIT NO.: BLDG23-01930  
6421 S CLINTON TRL  
EATON RAPIDS, MICHIGAN  
EATON 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 with an expiration date of July 15, 2025.**

**Conditions:**

**THIS APPROVAL IS GRANTED UNDER THE AUTHORITY OF SECTION 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 Chief  
Bureau of Construction Codes**

**April 15, 2025**



Island City Academy  
Contract Amendment No. 8

# Tab 4

**Terms and Conditions: Article IV, Section 4.5(b)**

- (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. If an Academy Board member discloses any prohibited familial relationships in the annual disclosure, or if the University finds that an Academy Board member has failed to disclose a prohibited familial relationship, that Academy Board member shall be removed from office, in accordance with the removal provisions found in the Resolution or Schedule 2: Amended Bylaws. 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.

Island City Academy  
Contract Amendment No. 8

Tab 5

## **Terms and Conditions: Article XII, Section 12.24**

Section 12.24. Required Statutory Disclosures. The Academy shall ensure that the names of Central Michigan University Board of Trustees and the primary educational management organization, if applicable, must appear and be verbally provided, as applicable, on all of the following:

- (a) Unless prohibited by a local ordinance or local zoning authority, signage that is on the Academy's property and is erected, repaired, or installed on or after April 2, 2025;
- (b) Promotional material that is created, modified, or distributed on or after April 2, 2025;
- (c) The footer of the Academy's website pages; and
- (d) The student application that is required to be enrolled in the Academy.

For purposes of this section, "primary educational management organization" shall have the same meaning as defined in MCL 380.503.

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# Tab 6

## **Amended Bylaws: Article VIII, Section 6**

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

The University Board authorizes the Academy Board to employ or contract for personnel according to the position information outlined in Schedule 5. However, the Academy Board shall prohibit any individual from being employed by the Academy, an Educational Service Provider or an employee leasing company involved in the operation of the Academy, in more than one (1) full-time position and simultaneously being compensated at a full-time rate for each of these positions. An employee hired by the Academy 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;
- (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.
- (e) Is a current Academy Board member.

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. If an Academy Board member discloses any prohibited familial relationships in the annual disclosure, or if the University finds that an Academy Board member has failed to disclose a prohibited familial relationship, that Academy Board member shall be removed from office, in accordance with the removal provisions found in the Resolution or these Amended Bylaws. 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.

## **Amended Bylaws: Article IX**

### **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. The indemnification shall not include any circumstances in which a 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 is grossly negligent or criminally liable for the indemnified act.

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Tab 7



**Oversight, Compliance and Reporting Agreement: Section 2.2(m)**

- m. The Academy shall ensure that the names of Central Michigan University Board of Trustees and the primary educational management organization, if applicable, must appear and be verbally provided, as applicable, on all of the following:
  - i. Unless prohibited by a local ordinance or local zoning authority, signage that is on the Academy's property and is erected, repaired, or installed on or after April 2, 2025;
  - ii. Promotional material that is created, modified, or distributed on or after April 2, 2025;
  - iii. The footer of the Academy's website pages; and
  - iv. The school application that a student must submit to enroll in the Academy.

For purposes of this section, "primary educational management organization" shall have the same meaning as defined in MCL 380.503.