



CONTRACT TO CHARTER A PUBLIC SCHOOL ACADEMY
AND RELATED DOCUMENTS

ISSUED TO

COLE ACADEMY
(A PUBLIC SCHOOL ACADEMY)

BY THE

CENTRAL MICHIGAN UNIVERSITY
BOARD OF TRUSTEES
(AUTHORIZING BODY)

JULY 1, 2022

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REAUTHORIZING RESOLUTION

REAUTHORIZATION OF PUBLIC SCHOOL ACADEMY**Cole Academy**

Recitals:

1. At its December 8, 2016, meeting this board authorized the issuance of a contract to charter as a public school academy to Cole Academy. On July 1, 2017, the contract was effective.
2. According to the revised school code, an authorizing body may permit a public school academy to operate the same configuration of age or grade levels at more than one site as long as the public school academy is operating in compliance with its contract and is making measurable progress towards meeting its educational goals.
3. The Cole Academy contract expires June 30, 2022.
4. The Governor John Engler Center for Charter Schools has completed its evaluation and assessment of the operation and performance of Cole Academy and has determined that Cole Academy is making measurable progress towards its educational goals.
5. The university president or designee has recommended the reissuance of a contract to charter as a public school academy to Cole Academy. The term of the contract is recommended for a term not to exceed ten (10) years.

BE IT RESOLVED, That this board approves and authorizes the execution of a contract to charter as a public school academy to Cole Academy for a term not to exceed ten (10) years and authorizes the chair of the board to execute a contract to charter as a public school academy and related documents between Cole 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 Cole Academy is able to comply with all terms and conditions of the contract.

CMU BDT APPROVED

Date: 12/2/2021Signature: 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 Hangan

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.

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Date: 2/15/18

Signature: m J Flanagan

Oath of Public Office

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

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

Amended by Board of Trustees: 18-0215

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

CMU BDT APPROVED

Date: 2/15/18

Signature: my Haneja

TERMS AND CONDITIONS OF CONTRACT

**TERMS AND CONDITIONS
OF CONTRACT**

DATED: JULY 1, 2022

ISSUED BY

CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES

CONFIRMING THE STATUS OF

COLE 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 Cole 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 Cole 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 Cole 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 2, 2021, approving the issuance of a Contract to the Academy.
- (r) "Schedules" means the following Contract documents: Schedule 1: Restated Articles of Incorporation, Schedule 2: Amended Bylaws, Schedule 3: Fiscal Agent Agreement, Schedule 4: Oversight, Compliance and Reporting Agreement, Schedule 5: Description of Staff Responsibilities, Schedule 6: Physical Plant Description, Schedule 7: Required Information for a Public School Academy, and Schedule 8: Information Available to the Public and the Center.
- (s) "State Board" means the State Board of Education, established pursuant to Article 8, Section 3 of the 1963 Michigan Constitution and MCL 388.1001 et seq.
- (t) "State School Aid Fund" means the State School Aid Fund established pursuant to Article IX, Section 11 of the Michigan Constitution of 1963, as amended.
- (u) "State School Reform/Redesign Office" means the office created within the Michigan Department of Technology Management and Budget by Executive Reorganization Order 2015-02 codified at MCL 18.445, and transferred from the Michigan Department of Technology Management and Budget to the Michigan Department of Education by Executive Reorganization Order 2017-02, codified at MCL 388.1282.
- (v) "Superintendent" means the Michigan Superintendent of Public Instruction.
- (w) "Terms and Conditions" means this document entitled "Terms and Conditions of Contract, Dated July 1, 2022, Issued by the Central Michigan University Board of Trustees Confirming the Status of Cole 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 Cole Academy 1915 W. Mt. Hope Lansing, MI 48910

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 ten (10) academic years and shall terminate on June 30, 2032, 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.

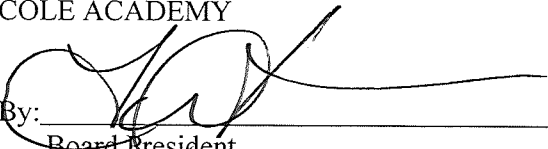
CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES

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.

COLE ACADEMY

By:  _____
Board President

Date: 4/24/22

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: 04/18/2022

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.

COLE ACADEMY

By: _____
Board President

Date: _____

CONTRACT SCHEDULES

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CONTRACT SCHEDULE 1

RESTATED ARTICLES OF INCORPORATION

MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU		
Date Received	ADJUSTED TO AGREE WITH BUREAU RECORDS	
AUG 04 2017	This document is effective on the date filed, unless a subsequent effective date within 90-days after received date is stated in the document. pd \$10 chk	
Name Mary Harding Address 1915 W. Mt. Hope Rd. City State Zip Lansing MI 48910		FILED AUG 14 2017 ADMINISTRATOR CORPORATIONS DIVISION
		727340

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

OF

COLE 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: Cole Academy.

The corporation identification number ("CID") assigned by the Bureau is: 727340.

The corporation has used the following other name: Michigan Early Elementary Center, Inc. and Michigan Early Elementary Center.

The date of filing the original Articles of Incorporation was: August 23, 1994.

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: Cole 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 Mary Harding.

The address of its registered office in Michigan is: 1915 W. Mt. Hope Rd., Lansing, MI 48910.

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 8th day of June, 2017, in accordance with the provisions of Section 642 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 8th day of June, 2017.

By: Mary R. Harding
President Mary R. Harding

CONTRACT SCHEDULE 2

AMENDED BYLAWS

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AMENDED BYLAWS

OF

COLE ACADEMY

ARTICLE I NAME

This organization shall be called Cole 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 21st day of APRIL, 2022.



Academy Board Secretary

CONTRACT SCHEDULE 3

FISCAL AGENT AGREEMENT

SCHEDULE 3

FISCAL AGENT AGREEMENT

This Fiscal Agent Agreement is part of the Contract issued by the Central Michigan University Board of Trustees ("University Board"), an authorizing body as defined by the Revised School Code, as amended (the "Code"), to Cole 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.

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 Cole Academy.

BY: _____

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

Date: February 4, 2022

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 Cole 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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Administrator and Teacher Evaluation Systems	5-1
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Teacher and Administrator Job Performance Criteria	5-1
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School Administrator(s)	5-1
Instructional Staff	5-2
Non-Instructional Staff	5-2
Educational Service Provider Agreement	5-3

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

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

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

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

Reporting Structure

All positions are employed by CS Partners, Inc., a Michigan corporation d/b/a Partner Solutions ("Partner Solutions"); CSP Management Inc., a Michigan corporation d/b/a Partner Solutions for Schools ("Partner Solutions for Schools" and together with "Partner Solutions", collectively "PS") 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.

CLIENT SERVICES AGREEMENT

This Client Services Agreement (the “Agreement”) is effective July 1, 2022

BETWEEN: **CS PARTNERS, INC.**, a Michigan corporation d/b/a **PARTNER SOLUTIONS** (“Partner Solutions”); **CSP MANAGEMENT INC.**, a Michigan corporation d/b/a **PARTNER SOLUTIONS FOR SCHOOLS** (“Partner Solutions for Schools” and together with “Partner Solutions”, collectively “PS”)

AND: **COLE ACADEMY**, a Michigan public school academy (the "Academy")

organized under Part 6(A) of the Revised School Code (the “Code”), as amended,

being MCL §380.501 to §380.507.

RECITALS

The Academy has been issued a contract (the “Contract”) by the **CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES** (the “Authorizer”) to organize and to operate as a public school academy.

The Code permits a public school academy to contract with entities for certain services of the public school academy.

As a wholly owned subsidiary of Partner Solutions, Partner Solutions for Schools is the employer of record for all staff assigned to work at the Academy. Partner Solutions offers to public school academies back office human resource services including but not limited to, staff placement, payroll, benefits and related administrative services (the “Services”). Together, Partner Solutions and Partner Solutions for Schools are jointly responsible for providing the Services under this Agreement.

The Academy desires to engage PS to provide such Services based on the terms and conditions set forth in this Agreement.

For good and valuable consideration, the receipt and legal sufficiency of which are hereby expressly acknowledged, the parties hereto agree as follows:

1. RELATIONSHIP OF THE PARTIES

A. Relationship of the Parties. PS is not a division, subsidiary or any part of the Academy. The Academy is a corporate and governmental entity authorized under the Code. The Academy is not a division or any part of PS. The relationship between the parties hereto was developed and entered into through arms-length negotiation and is based solely on the terms of this Agreement. PS (its officers, directors, employees, and designated agents) shall be regarded at all times as performing services as independent contractors for the Academy.

B. Educational Program. The School Leader shall administer the Educational Program of the

Academy. The Board retains the responsibility for determining the fiscal and academic policies that will govern the operation of the Academy. The School Leader is responsible for the development and implementation of all curriculum and educational programming for the Academy (the “Educational Program”). The Board is responsible for monitoring academic outcomes and shall notify PS of any dissatisfaction with these outcomes.

- C. The Board. Academy’s Board of Directors (the “Board”) is the governing body with oversight responsibilities over the Academy. The parties acknowledge that throughout this Agreement the term “Board” and the term “Academy” are sometimes used interchangeably in some sections for the sole purpose of readability based on the nature and subject-matter of the article/section. This Agreement is executed by a duly authorized member of the Board (on behalf of the Academy), and by so executing this Agreement the Board acknowledges and accepts all obligations and responsibilities related to the Board as set forth in this Agreement.
- D. Confidentiality. During the Term of this Agreement, and only to the extent permitted by law, the Academy may disclose or provide access to confidential data and information to PS and its respective officers, directors, employees, staff assigned to the Academy (“Worksite Staff”) and designated agents. PS and its related entities may access confidential data and information, to the extent permitted by Academy Board Policies and applicable law, including without limitation, the Family Educational Rights and Privacy Act (“FERPA”), 20 USC §1232g, 34 CFR Part 99; Section 1136 of the Michigan Revised School Code, MCL 380.1136; the Individual with Disabilities Education Act (“IDEA”), 20 USC §1401 *et seq.*, 34 CFR 300.610 -300.626; Section 504 of the Rehabilitation Act of 1973, 29 USC §794a, 34 CFR 104.36; the Michigan Mandatory Special Education Act, MCL 380.1701 *et seq.*; the American with Disabilities Act, 42 USC §12101 *et seq.*; the Health Insurance Portability and Accountability Act (“HIPAA”), 42 USC 1320d - 13200d-8; 45 CFR 160,162 and 164; and social security numbers, as protected by the Federal Privacy Act of 1974, 5 USC §552a; and the Michigan Social Security Number Privacy Act, MCL 445.84. PS agrees to comply with all the aforementioned and below mentioned laws with respect to said confidential data and information.

The Academy agrees that the definition of “school official” includes a contractor who performs an institutional service or function for which the Academy would otherwise use its own employees, having a legitimate educational interest such that it is entitled to access educational records under FERPA. PS and its employees and subcontractors agree to comply with FERPA and corresponding regulations applicable to school officials, as well as the pupil privacy requirements of section 1136 of the Code, MCL 380.1136. Except as permitted under the Code, PS 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 PS receives information that is part of an Academy Student’s education records, PS shall not sell or otherwise provide the information to any other person except as permitted under the Code. For purposes of this section, the term “education records” and “personally identifiable information” shall have the same meaning as those terms in section 1136 of the Code, MCL 380.1136.

- E. Data Security Breach – In the event the Academy experiences a data security breach of personally identifiable information from the Academy’s education records not suitable for public release, PS shall assist the Academy, in accordance with MCL 445.72, to take appropriate action to assess the risk and notify affected individuals whose personal information may have been compromised.

- F. Contractors and Subcontractors. Each Party will be solely responsible for the acts of its own contractors and subcontractors.
- G. No Related Parties or Common Control. The parties hereby agree that none of the voting power of the governing body of the Academy or the Board will be vested in PS or its directors, members, managers, officers, shareholders, or employees. Further, the Academy and PS are not, and shall not become: (a) members of the same controlled group, as that term is defined in the Internal Revenue Code of 1986, as amended (the “IRS Code”); or (b) related persons, as that term is defined in the IRS Code.
- H. Non-Compete Agreement. PS agrees that it shall not impose any contractual requirement or contractual obligation on Worksite Staff to enter into a non-compete provision or agreement.

2. SCHOOL LEADER

- A. School Leader Role. The person of School Leader, hired by Partner Solutions for Schools, shall administer the educational program and curriculum at the Academy. The School Leader will hold all required certifications as required by the Code.

PS will provide administrative support to the School Leader to staff the Academy. After qualified staff are selected by the School Leader and certification is verified, PS will onboard and provide additional administrative support to the School Leader. Partner Solutions for Schools will inform the School Leader when the employee can start working. It is the responsibility of the School Leader to verify and confirm that all teaching assignments align with teacher certification as assignments change throughout the year.

The Board is responsible for ensuring that the School Leader has all the budget information necessary so that personnel costs fall within the parameters of the Academy’s approved budget. The School Leader or designee shall be responsible for approving and submitting appropriate hours-worked for all hourly Worksite Staff. The School Leader will notify PS of any staffing needs and/or change in status regarding Worksite Staff prior to any reassignment.

3. BACK OFFICE HUMAN RESOURCE SERVICES BY PARTNER SOLUTIONS FOR SCHOOLS

- A. Compliance with Academy’s Contract – PS agrees to perform its duties and responsibilities under this ESP Agreement in a manner that is consistent with the Academy’s obligations under the Academy’s Contract issued by Central Michigan University Board of Trustees. The provisions of the Academy’s Contract shall supersede any competing or conflicting provisions contained in this ESP Agreement.
- B. Worksite Staff. Partner Solutions for Schools shall employ Worksite Staff as may be necessary to accomplish the educational mission of the Academy consistent with the Academy’s budget approved by the Board. Partner Solutions for Schools shall have the complete and exclusive authority and control over human resource matters such as approval of hiring, terminating,

disciplining, and reassigning of Worksite Staff. All other functions and responsibilities related to the Academy's operations, including but not limited to those set forth in Paragraph 1.B. of this Agreement, shall be the sole and exclusive responsibility of the Academy. See Exhibit A for additional specifics.

- C. Compensation. Compensation for Worksite Staff shall be established by the Academy and paid by Partner Solutions for Schools. For purposes of this Agreement, "compensation" shall include salary, fringe benefits, and state, federal, local and social security withholdings. Partner Solutions for Schools shall be responsible for paying its portion of social security, unemployment, and any other taxes required by law to be paid on behalf of its Worksite Staff. Unless required by applicable statute, court or administrative decision, or Attorney General's opinion, Partner Solutions for Schools shall not make payment to the Michigan Public School Employees' Retirement System or any other public retirement system on behalf of Worksite Staff. Teachers employed by Partner Solutions for Schools shall not be considered teachers for purposes of continuing tenure under MCL §38.71 et. seq.
- D. Health Benefits. Partner Solutions for Schools shall provide to Worksite Staff group health and other benefits (i.e., dental, vision, disability, life insurance, etc.) subject to eligibility requirements under the plan and applicable laws. Partner Solutions for Schools will also provide COBRA benefits to eligible Worksite Staff.
- E. 401K Plan Administration. Partner Solutions for Schools will complete and sign all necessary 401K regulatory and plan documents as required by law and as fiduciary agent of the plan.
- F. Payroll Taxes. Partner Solutions for Schools shall report and pay all applicable federal, state and local payroll taxes.
- G. Payroll Records. Partner Solutions for Schools shall maintain and verify all required payroll and benefit records.
- H. Michigan Public School Employees Retirement System (MPSERS). If Worksite Staff discloses to Partner Solutions for Schools their participation in MPSERS, Partner Solutions for Schools: (a) shall promptly notify the Academy in writing of the identity of any individual assigned by Partner Solutions for Schools to perform services at the Academy who is a retirant from the Michigan Public School Employees Retirement System (MPSERS); and (b) shall provide information on a pay period basis regarding any such individual's wages or amounts paid and hours of service under this Agreement, as necessary for the Academy to report on an Exhibit and in such manner as may be determined from time to time by MPSERS. MCL 38.1342(6).

4. **ACADEMY RESPONSIBILITIES**

- A. Facility. Academy shall comply with all health and safety laws, regulations, ordinances, directives, and rules of controlling federal, state, and local government and will immediately report all workplace accidents and injuries of Worksite Staff to Partner Solutions for Schools by fully completing and sending an incident report form within 24 hours after the accident. Academy agrees to comply at its expense with any specific directives from Partner Solutions for Schools, Partner

Solutions for Schools' workers' compensation carrier, or any government agency having jurisdiction over the workplace health and safety. Academy shall provide or ensure use of all personal protective equipment, as required by federal, state or local law, regulation, ordinance, directive, or rule or as deemed necessary by Partner Solutions for Schools, its workers' compensation or liability insurance carrier. Partner Solutions for Schools or its insurance carriers shall have the right to inspect Academy's place of business at all reasonable times to ensure compliance with the terms of this Agreement.

- B. Fair Labor Standards Act. Academy shall provide through the School Leader or designee complete and accurate information to Partner Solutions for Schools concerning the nature and extent of the duties performed or to be performed by the Worksite Staff and Academy shall be responsible for providing records of hours worked by the Worksite Staff upon request by Partner Solutions for Schools via on-line system provided. Academy shall reimburse Partner Solutions for Schools for any overtime pay that is or becomes due to or owed to any Worksite Staff.
- C. Complaints. Academy will immediately (within 24 hours) report to Partner Solutions for Schools any complaints by Worksite Staff concerning any alleged violation of employment, immigration or safety laws or regulations and will cooperate with Partner Solutions for Schools in investigating and resolving any such complaints. Any complaints about Academy operations (such as complaints from students, parents, authorizer, visitors, etc...) shall be the sole responsibility of the Academy.
- D. Notification Requirements. Academy will immediately (within 24 hours) report civil or administrative proceedings regarding employment matters and notify Partner Solutions for Schools of any requests for leave of absence, resignation or other change in status of any Worksite Staff. The Academy is also required to notify PS in writing if the Academy receives a notification from their Authorizer discussing a possibility of an intent to revoke the Contract and/or non-renewal or closure is discussed by a Board member or their Authorizer.
- E. Evaluation of Worksite Staff. Evaluation and compensation systems shall be selected by the Academy and shall comply with all applicable laws. The Academy through the School Leader shall conduct teacher performance evaluations as it relates to the delivery of the curriculum in the Academy and as required by the Michigan Department of Education.

If the Board becomes dissatisfied with the performance of Worksite Staff, the Board shall state the causes of such dissatisfaction in writing and deliver it to Partner Solutions for Schools. It is agreed that any dissatisfaction shall be reasonable in nature and related specifically to the duties and responsibilities of the Worksite Staff at the Academy.

5. JOINT RESPONSIBILITIES

- A. Direction and Control of Worksite Staff. Partner Solutions for Schools will administer payroll and benefit services for the Academy, pay the wages of Worksite Staff and has the right to hire, fire, promote, reassign, discipline and terminate any Worksite Staff in consultation with the Academy and as otherwise provided in this Agreement. In performing the above responsibilities, the School Leader will confer and consult with Partner Solutions for Schools and the Academy as

necessary or requested or as otherwise provided in this Agreement before hiring, firing, promoting, reassigning, disciplining and/or terminating any Worksite Staff. The Academy, through the School Leader, will be responsible for the day to day activities of Worksite Staff to operate the Academy in compliance with Academy policies, procedures, their Authorizer contract and all applicable law.

The Academy agrees to follow Partner Solutions for Schools' directives, policies and procedures to maintain compliance in employment issues. In relation to Academy's day-to-day control of Worksite Staff, the Academy may have opportunity to make decisions or take action that is governed by employment laws, including but not limited to the Americans with Disabilities Act, the Family and Medical Leave Act, the National Labor Relations Act, the Fair Labor and Standards Act, and any other federal, state, or local employment and discrimination laws. If the Academy makes such decision or takes such action without consulting PS or if the Academy fails or refuses to abide by the advice provided by PS on such issue, Academy agrees to indemnify, defend, and hold PS harmless from any and all claims or liabilities which may arise as a result from such decision or action, or failure to abide by the advice of PS and its instructions as an employer.

- B. Criminal Background Checks. Partner Solutions for Schools and the Academy acknowledge that Worksite Staff assignments must be in compliance with Sections 1230, 1230a, 1230b and related provisions of the Code pertaining to criminal background checks and unprofessional conduct checks whether or not they in fact apply to Worksite Staff and that said compliance will be a term and condition of Partner Solutions for Schools' employees, working at the Academy.

The Academy, through the School Leader, shall conduct criminal background checks on all Worksite Staff as required by law. Partner Solutions will track the results and provide reporting as requested. The Academy is responsible for any costs associated with performing the criminal background check.

Partner Solutions for Schools shall conduct unprofessional conduct checks on all Worksite Staff. Partner Solutions for Schools will forward any negative results of unprofessional conduct checks to the School Leader, acting on behalf of the Board.

Partner Solutions for Schools shall consult with the Academy for any non-listed felony before exercising any discretion pursuant to the above referenced statutes.

6. FEE AND PAYMENT

- A. Service Fee. During the Term of this Agreement, the Board shall pay Partner Solutions for permanent personnel services an annual fee of four and a half percent (4.5%) of total gross wages paid to staff assigned by Partner Solutions for Schools to perform Services for the Academy (the "Fee").

The parties agree that the Fee amount is reasonable compensation for the provision of the Services.

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

- i. (A) Partner Solutions' compensation under this Agreement is reasonable

compensation for services to be rendered hereunder and is not based, in whole or in part, on a share of net profits and/or a share of the net losses from the operation of the Academy or upon the disposition, damage or destruction of the Academy's property; (B) This Agreement does not pass on to Partner Solutions the burden of bearing any share of net losses from the operation of the Academy or upon the disposition, damage or destruction of the Academy's property; (C) The term of this Agreement is not greater than 30 years or 80 percent of the useful life of the Academy's school facilities currently financed with tax-exempt debt (if shorter) including all renewal options; (D) The Academy bears the risk of loss upon the disposition, damage or destruction of the Academy's property; and (E) Partner Solutions is not entitled to and will not take any federal tax position that is inconsistent with being a service provider under this Agreement to the Academy.

- ii. In interpreting this Agreement and in the provision of the services required hereunder, Partner Solutions shall not have any role or relationship with the Academy that, in effect, substantially limits the Academy's ability to exercise its rights and obligations under State law. As required by the Academy's Article of Incorporation and Bylaws, the Academy Board may not include any director, officer or employee of a management company that contracts with the Academy. In furtherance of such restriction, it is agreed between the Academy and Partner Solutions that none of the voting power of the governing body of the Academy will be vested in Partner Solutions or its directors, members, managers, officers, shareholders and employees, and the Academy and Partner Solutions will not be related parties as defined in Treas. Reg. 1.150-1(b).

- B. Payroll Costs. The Academy will also pay Partner Solutions for Schools, on an at-cost basis for properly invoiced salary, benefits, and other costs attributable to Worksite Staff ("Payroll Costs"), including but not limited to gross wages, FICA, Medicare, FUTA, SUTA, workers' compensation insurance, professional liability insurance, separation costs, employer portions of health, dental, vision and life insurance, and 401K employer contributions (if applicable).

Partner Solutions for Schools shall be in receipt of funds for Payroll Costs no later than the third business day preceding each payroll date ("Payroll Date") for Partner Solutions for Schools' Worksite Staff. Said funds will be received by Partner Solutions for Schools via an electronic transfer, either initiated by the Academy or by Partner Solutions for Schools, whichever is agreed upon by both parties. For purposes of this Agreement the Payroll Date shall be that date or dates established annually by Partner Solutions for Schools.

If the Payroll Costs funding is not received in full three (3) business days prior to the Payroll Date, payroll will not be processed until full payment is received from the Academy, unless prior arrangements have been made in writing between the Academy and Partner Solutions for Schools

- C. Reimbursable Expenses. In addition to the Fee, the Academy shall reimburse Partner Solutions for Schools for all costs reasonably incurred and paid by Partner Solutions for Schools directly attributable to and appropriately apportioned to providing the Services as specified in this

Agreement (“Reimbursable Expenses”). Such costs include, but are not limited to, Payroll Costs for Worksite Staff that were not advanced under Section B above, costs mandated by governmental entity, administrative agency or court of law (for example, payment into the Michigan Public School Employees Retirement System), employment ads, recruiting fees, background screening fees, Concentra testing fees, advanced training or Academy-specific training, job fair booth fees, substitute charges/fees, and other mutually agreed upon expenses.

Reimbursable Expenses incurred by Partner Solutions for Schools will be paid by the Academy by the 15th day of the month following the month the expenditure was incurred by Partner Solutions for Schools.

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

- D. Availability of Funds. Notwithstanding any other term or provision in this Agreement to the contrary, Partner Solutions for Schools shall not be, directly or indirectly, liable to any third party for any cost or expense incurred by the Academy, and Partner Solutions for Schools shall only be required to perform its responsibilities under this Agreement to the extent Partner Solutions for Schools has received funds from the Academy.
- E. Other Institutions. The Academy acknowledges that Partner Solutions for Schools may enter into agreements similar to this Agreement with other public or private educational schools or institutions (the “Institutions”). Partner Solutions for Schools shall maintain separate accounts for reimbursable expenses incurred on behalf of the Academy and for reimbursable expenses incurred on behalf of the Institutions. Partner Solutions for Schools shall only charge the Academy for expenses incurred on behalf of the Academy.

If Partner Solutions for Schools incurs reimbursable expenses on behalf of the Academy and the Institutions which are incapable of precise allocation between the Academy and the Institutions, then Partner Solutions for Schools shall allocate such expenses among the Institutions and the Academy, on a pro-rata basis, based on the number of students enrolled at the Academy and the Institutions, or the number of staff assigned to the Academy and the Institutions or upon such other equitable basis as agreed by the parties.

7. TERM AND TERMINATION

- A. Term. This Agreement shall be effective for the duration of the Academy’s current authorizing Contract with the Authorizer, subject to earlier termination under this Section. The Term will be for a ten (10) year period beginning July 1, 2022 and ending June 30, 2032 (the “Term”).
- B. Termination by PS. PS may terminate this Agreement prior to the end of the Term in the event the Board fails to remedy a material breach within the required time frames below.
1. PS may immediately terminate this Agreement with no additional liability or responsibility if Partner Solutions for Schools fails to receive compensation for Payroll Costs. For this breach only, the Academy has until the Payroll Date to fund payroll or to reach an

agreement with Partner Solutions for Schools on the payment of these funds or else an immediate breach may be declared.

2. PS may also immediately terminate this Agreement with no additional liability or responsibility upon the occurrence of any of the following:
 - a) Academy operations cease to exist due to, but not limited to, bankruptcy or insolvency, discontinued operations by successors and assigns, facility closure in a manner that prevents worksite staff from working, or reconstitution;
 - b) The Academy requests a reduction in workforce of more than 20%;
 - c) The Academy is a financially distressed business as set forth in the Worker Adjustment and Retraining Notification Act (WARN), 29 U.S.C. §2101, et seq. The Board shall notify Partner Solutions for Schools 90 days prior to the facility closure in order for Partner Solutions for Schools to satisfy notice requirements to Worksite Staff under WARN;
 - d) A determination has been made by a governmental entity, administrative agency or court of law that Partner Solutions for Schools is required to pay into MPSERS.
 - e) Failure by the Academy to pay the Fee or Reimbursable Expenses;
 - f) If there is a substantial and unforeseen increase in the cost of administering services of this Agreement; or
 - g) The Academy makes decisions inconsistent with the recommendations of PS.

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

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

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

- C. Termination by the Academy. The Academy may terminate this Agreement prior to the end of the Term in the event that PS fails to remedy a material breach within the required time frames below. A material breach includes, but is not limited to:
 - 1) Material failure by PS to account for its expenditures or to pay funds for all compensation required for payroll (provided that Partner Solutions for Schools has received such funds from the Academy to do so);

- 2) Material failure by PS to provide the Services as required by this Agreement;
- 3) A determination has been made by a governmental entity, administrative agency or court of law that Partner Solutions for Schools is required to pay into MPSERS; or
- 4) Any action or inaction by PS that places the Contract in jeopardy of revocation, suspension or termination, as evidenced by written notification from the Authorizer and is not cured within sixty (60) days of that notice.

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

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

- D. Revocation or Termination of Contract – If the Academy's Contract issued by the Central Michigan University Board of Trustees is revoked, terminated or a new charter contract is not issued to the Academy after expiration of the Academy's Contract, this agreement shall automatically terminate on the same day as the Academy's Contract is revoked, terminated, or expires without further action of the parties.
- E. Academy Closure or Reconstitution - In the event that the Academy is required (i) to close an Academy site pursuant to a notice issued by the Michigan Department of Education under Section [507][528][561] of the Code, MCL [380.507][380.528][380.561]; or (ii) to undergo a reconstitution pursuant to Section [507][528][561] of the Code, MCL [380.507][380.528][380.561], and the Contract, and such closure of an Academy site or reconstitution causes an amendment to or termination of this ESP Agreement, the parties agree that this ESP Agreement shall be amended or terminated to implement the Academy site closure or reconstitution, with no cost or penalty to the Academy, and PS shall have no recourse against the Academy or the University Board for implementing such site closure or reconstitution.

8. INDEMNIFICATION AND COOPERATION

- A. Indemnification of PS. To the extent permitted by law, the Academy shall indemnify, save, and hold harmless PS and all of its employees, officers, directors, subcontractors, and agents against any and all lawsuits and causes of action or other forms of liability that may arise out of or by reason of any noncompliance by the Academy with any agreements, covenants, warranties or undertakings of the Academy contained in or made pursuant to this Agreement; any misrepresentations or breach of this Agreement, enforcement of this Agreement, or Academy's obligations hereunder, including but not limited to, failure to timely and accurately notify PS of

any workplace injuries, leaves of absence, hours worked, change in employment status; any claim arising out of the Academy's educational and school operations (including but not limited to student achievement, special education, student discipline, student or parent issues, implementation of policies and procedures); any violations of law by the Academy, its officers, directors, contractors or other agents; any act or omission of the Academy, its officers, directors, contractors or other agents; any incorrect information received from Academy that was relied upon by PS; any acts or failures to act by Academy which occurred prior to the Effective Date of this Agreement; and if the Academy makes a personnel decision without consulting PS or if Academy fails or refuses to abide by the advice provided by PS on such personnel issue.

In the event that the Academy or PS receives funds for the benefit of the Academy pursuant to a grant, endowment, scholarship, or other source of governmental funding ("Funding"), the Academy shall be solely responsible for the Funding and any liabilities associated therewith, including any Funding that is ordered returned to the distributing agency. The Academy further agrees, to the extent permitted by law, to indemnify, save, and hold harmless PS and all of its employees, officers, directors, subcontractors, and agents against any and all lawsuits and causes of action or other forms of liability that may arise in connection with the Funding.

In addition, to the extent permitted by law, the Academy shall indemnify, save, hold harmless, and reimburse PS for any and all legal expenses and costs associated with the defense of any such claim, demand or suit, including any claim for failure to pay wages or overtime based on the hours worked reports approved and submitted by the School Leader. The Academy agrees to advance to PS all costs, actual attorneys' fees, actual experts' fees, and similarly related expenses immediately upon request so that PS is not required to pay such expenses out of its own funds.

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

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

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

- B. Indemnification of the Academy. PS shall indemnify, save, and hold harmless the Academy and all of its employees (if any), officers, directors, volunteers, subcontractors, and agents against any

and all lawsuits and causes of action or other forms of liability that may arise out of, or by reason of any noncompliance by PS with any agreements, covenants, warranties, or undertakings of PS contained in or made pursuant to this Agreement, and any misrepresentation or breach of this Agreement.

In addition, PS shall indemnify, save, hold harmless, and reimburse the Academy for any and all legal expenses and costs associated with the defense of such claim, demand or suit. PS agrees to advance to the Academy all costs, actual attorneys' fees, actual experts' fees, and such similarly related expenses immediately upon request so that the Academy is not required to pay such expenses out of its own funds. The Academy agrees that for any claim for indemnification made by the Academy, to the extent the interests of PS and the Academy are aligned, the parties agree to coordinate a defense to minimize the costs of such defense. To the extent PS shall be responsible for indemnification of the Academy, PS shall have the right to select the attorneys of its choice and to make all decisions and in every respect control the manner in which PS and the Academy are defended. Notwithstanding the foregoing, in no event shall PS indemnify the Academy for the attorney fees accrued by the Board in the regular course of business.

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

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

- C. Indemnification for Negligence. To the extent permitted by law, each party to this Agreement shall indemnify and hold harmless the other, and their respective boards of directors, shareholders, officers, employees, volunteers, agents, or representatives, from any and all claims and liabilities which they may incur and which arise out of the negligence of any of the other party's board of directors, shareholders, officers, employees, volunteers, agents, or representatives.
- D. Immunities and Limitations. The Academy may assert all immunities from and statutory limitations of liability in connection with any claims arising under this Agreement.
- E. Responsibility of Academy. The Academy will be solely and entirely responsible for its acts and omissions and for the acts and omissions of the Academy's agents and employees (if any) in connection with the performance of the Academy's responsibilities under this Agreement; provided, however, that nothing in this Agreement is intended, nor will be construed, as a waiver of the governmental immunity provided to the Academy and its incorporators, board members, officers, employees, and volunteers under Section 7 of Act 170, Public Acts of Michigan, 1964, as amended, MCL 691.1407. If PS is made a party to any litigation involving claims arising out of or relating in any way to any alleged acts and/or omissions of the Academy or its directors, agents, or employees, if any, the Academy will provide any reasonable assistance requested by PS in the defense against such claims as long as such assistance does not adversely affect the Academy's ability to defend against such claims.

- F. Mutual Duty to Cooperate. The parties acknowledge that each party has a duty and obligation to cooperate with the other party, and further that such duty to cooperate is a material part of this Agreement. The purpose of the duty to cooperate is to enable each party to perform its obligations as efficiently as possible. The duty to cooperate also includes reasonable assistance in the event of litigation or a dispute involving a party related to the Academy or the Services provided, such as provision of testimony, records and/or documents reasonably related to the litigation or dispute (which are not otherwise protected from disclosure).
- G. Indemnification of Authorizer. The parties acknowledge and agree that the Authorizer, its Board of Trustees, and its members, officers, employees, agents or representatives (collectively “Authorizer”) are deemed to be third party beneficiaries for purposes of this Agreement. As third party beneficiaries, PS hereby promises to indemnify, defend and hold harmless the Authorizer 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) of settlement and prosecution imposed upon or incurred by the Authorizer, and not caused by the sole negligence of the Authorizer, which arise out of or are in any manner connected with the Authorizer Board’s approval of the Academy’s application, the Authorizer Board’s consideration of or issuance of a Contract, PS’ preparation for or operation of the Authorizer, or which are incurred as a result of the reliance by the Authorizer upon information supplied by PS, or which arise out of PS’ failure to comply with the Contract or applicable law. The parties expressly acknowledge and agree that the Authorizer may commence legal action against PS to enforce its rights as set forth in this section of the Agreement.

9. **INSURANCE**

- A. Academy Insurance. The Academy will secure and maintain general liability and umbrella insurance coverage in accordance with its Contract. This coverage will include the building and related capital facilities if they are the property of the Academy. The Academy will maintain such insurance in an amount and on such terms as required or permitted by the provisions of the Contract, including the indemnification of PS required by this Agreement, and naming PS as an additional insured. The Academy will, upon request, present evidence to PS that it maintains the requisite insurance in compliance with the provisions of this section. PS will comply with any information or reporting requirements applicable to the Academy under the Academy’s policy with its insurer(s), to the extent practicable. Nothing in this Agreement is intended, nor shall be construed, as a waiver or relinquishment of any immunity from action or liability enjoyed by the Academy under controlling law.
- B. PS Insurance. PS will secure and maintain general liability and umbrella insurance coverage, and workers compensation coverage with the Academy listed as an additional insured. PS will maintain such policies of insurance as are required by the Contract, including the indemnification of the Academy as required by this Agreement. In the event that the Authorizer requests any change in coverage, PS 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. PS will, upon request, present evidence to the Academy or its Authorizer that it maintains the requisite insurance in compliance with the provisions of this section. The Academy will comply with any information

or reporting requirements applicable to PS under PS's policy with its insurer(s), to the extent practicable.

- C. Workers' Compensation Coverage. Additionally, each party shall maintain workers' compensation insurance, as required by state law, covering their respective employees, if any.

10. WARRANTIES AND REPRESENTATIONS

- A. Warranties and Representations of the Academy. The Academy represents to PS that (a) it has the authority under law to execute, deliver and perform this Agreement and to incur the obligations provided for under this Agreement, (b) its actions have been duly and validly authorized, and (c) it will adopt the necessary resolutions or expenditure approvals required for execution of this Agreement.
- B. Warranties and Representations of Partner Solutions. Partner Solutions represents and warrants to the Academy that (a) it is a Michigan corporation in good standing duly authorized to conduct business in the State of Michigan, (b) it has the authority under applicable laws to execute, deliver and perform this Agreement and to incur the obligations provided for under this Agreement, (c) its actions have been duly and validly authorized, and (d) it will adopt any and all resolutions required for execution of this Agreement.
- C. Warranties and Representations of Partner Solutions for Schools. Partner Solutions for Schools represents and warrants to the Academy that (a) it is a Michigan corporation in good standing duly authorized to conduct business in the State of Michigan, (b) it has the authority under applicable laws to execute, deliver and perform this Agreement and to incur the obligations provided for under this Agreement, (c) its actions have been duly and validly authorized, and (d) it will adopt any and all resolutions required for execution of this Agreement.
- D. Mutual Representations and Warranties. Each party represents and warrants to the other party that except as disclosed in writing to the other party, to its knowledge, there are no pending actions, claims, suits, or proceedings, whether threatened or reasonably anticipated, against or affecting it, which if adversely determined would have a material adverse effect (as might be reasonably determined by the non-affected party if disclosed) on its ability to perform its obligations under this Agreement.

11. ALTERNATIVE DISPUTE RESOLUTION

- A. Mediation. Any and all disputes between the parties concerning any alleged breach of this Agreement or arising out of or relating to the interpretation of this Agreement or the parties' performance of their respective obligations under this Agreement shall first be communicated in writing to the other party and mutually discussed between the parties with an opportunity to cure. If no resolution can be ascertained through that mutual discussion, then the matter will be submitted to mediation for resolution in Ingham County, Michigan. Both parties must mutually agree upon the mediator selected and shall participate in all meetings in good faith. The mediation shall be conducted in accordance with the rules of the American Arbitration Association seated in Ingham County, Michigan, with such variations as the parties and arbitrators unanimously accept. The parties will share equally in the costs of the mediation including forum fees, expenses and

charges of the mediator.

- B. Arbitration. If the mediation does not result in a mutually satisfactory compromise, then the matter shall be resolved by arbitration, and such procedure shall be the sole and exclusive remedy for such matters. Unless the parties agree upon a single arbitrator, the arbitration panel shall consist of three (3) persons. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association seated in Ingham County, Michigan, with such variations as the parties and arbitrators unanimously accept. The arbitrators' award shall be final and binding. A judgment on the award rendered by the arbitrators may be entered in any court having appropriate jurisdiction, by any party, without the consent of the other party. The losing party shall pay the cost of arbitration, not including attorney fees. It shall be within the discretion and purview of the arbitrator or arbitration panel to award reasonable attorney fees to the prevailing party.

12. MISCELLANEOUS

- A. Entire Agreement. This Agreement supersedes and replaces any and all prior written or oral agreements and understandings between the Academy and PS. This Agreement constitutes the entire agreement of the parties.
- B. Force Majeure. Notwithstanding any other sections of this Agreement, neither party shall be liable for any delay in performance or inability to perform due to acts of God or beyond human control or control of the parties including but not limited to war, riot, embargo, fire, explosion, sabotage, accident, labor strike, flood, terrorism, school closure, pandemic or other acts beyond their reasonable control.
- C. Governing Law. This Agreement and the rights of the parties hereto shall be interpreted according to the laws of the State of Michigan.
- D. Governmental Immunity. Nothing in this Agreement is intended, nor will be construed, as a waiver of the governmental immunity provided to the Academy and its incorporators, board members, officers, employees (if any), and volunteers under Section 7 of Act 170, Public Acts of Michigan, 1964, as amended, MCL 691.1407.
- E. Official Notices. All notices or other communications required by the terms of this Agreement shall be in writing and sent to the parties at the addresses set forth below. Notice may be given by certified or registered mail, postage prepaid, return receipt requested, or personal delivery. Notices shall be deemed to have been given on the date of personal delivery, or, if given by mail, the postmark date. Personal delivery can be accomplished by email to any email hereafter the subject of authorized use for said purpose by the recipient. Unless amended or updated in writing, the addresses of the parties hereto for the purposes of this Agreement shall be:

THE ACADEMY: Board President
Cole Academy
1915 W. Mt. Hope Ave.
Lansing, Michigan 48910

PS: Partner Solutions

Partner Solutions for Schools
c/o Chris Matheson
869 South Old US 23
Brighton, Michigan 48114

- F. Assignment. This Agreement shall not be assigned (a) by PS, without prior consent of the Board, in writing which consent shall not be unreasonably withheld; or (b) by the Academy, without the prior consent of PS, in writing, which consent shall not be unreasonably withheld. PS may, without the consent of the Board, delegate the performance of but not responsibility for any duties and obligations of PS hereunder to any independent contractor, expert or professional adviser.
- G. Limitation of Liability. EXCEPT FOR AMOUNTS EXPRESSLY DUE AND OWING UNDER THIS AGREEMENT, EACH PARTY'S TOTAL LIABILITY TO THE OTHER AND ANY THIRD PARTIES UNDER OR ARISING OUT OF THIS AGREEMENT SHALL BE LIMITED TO THE AGGREGATE AMOUNTS PAID OR DUE AND OWING BY THE ACADEMY TO PS HEREUNDER. THIS LIMITATION DOES NOT APPLY TO ANY AMOUNTS OWED PURSUANT A PARTY'S INDEMNIFICATION OBLIGATIONS UNDER THIS AGREEMENT. PS TOTAL LIABILITY TO THE ACADEMY UNDER OR ARISING OUT OF THIS AGREEMENT SHALL BE LIMITED TO THE AGGREGATE AMOUNTS PAID OR DUE AND OWING BY THE ACADEMY TO PS HEREUNDER. THIS LIMITATION DOES NOT APPLY TO ANY AMOUNTS OWED PURSUANT TO A PARTY'S INDEMNIFICATION OBLIGATIONS UNDER THIS AGREEMENT.
- H. Amendment. This Agreement may only be amended in writing, signed by a duly authorized representative of each party.
- I. Effect of Headings. The underlined headings are included for convenience of the reader, and if the underlined headings are inconsistent with the other text the underlined text shall be disregarded.
- J. Waiver. No waiver of any portion of this Agreement shall be deemed or shall constitute a waiver of any other provision, nor shall such waiver constitute a continuing waiver unless otherwise expressly stated in writing.
- K. Severability. The invalidity of any portion or term of this Agreement shall not affect the remaining portions or terms of this Agreement. In the event a portion or a term of this Agreement is deemed invalid, the parties shall cooperatively work together to modify the invalid portion or term as minimally as possible to cure the invalidity, while at all times preserving the spirit and purpose of the applicable portion or term.
- L. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.
- M. No Third-Party Rights. This Agreement is made for the sole benefit of the Academy and PS. Except as otherwise expressly provided herein, nothing in this Agreement shall create or be deemed to create a relationship between the parties, or either of them individually with any third person, third party beneficiary, fiduciary, or the Authorizer.
- N. Survival of Termination. All representations, warranties, and indemnities made in this Agreement shall survive any termination or expiration of this Agreement without limitation.

- O. Delegation of Authority; Compliance with Laws. Nothing in this Agreement shall be construed as delegating to PS any of the powers or authority of the Board which are not subject to delegation by the Board in accordance with all applicable laws. The parties agree to comply with all applicable laws.
- P. Academy Property/Ownership. The parties agree that the Academy shall be the owner of all documentation, education records, data, licenses, copyright, inventions, trade names and marks, logos, including the Academy's official name and name it is known by or formerly known as, developed, produced or created pursuant to the performance of this Agreement, funded by the Academy, by use of time paid for by the Academy and no matter by whom produced or created and which were owned or possessed or asserted by the Academy prior to this Agreement. PS shall return to or make available to the Academy anything owned by the Academy on demand.
- Q. PS Property/Ownership. The parties agree that PS shall be the owner of all documentation, education records, data, licenses, copyright, inventions, trade names and marks, logos, including PS's official name and name it is known by or formerly known as, developed, produced or created pursuant to the performance of this Agreement, funded by PS, by use of time paid for by PS and no matter by whom produced or created and which were owned or possessed or asserted by PS prior to this Agreement. The Academy shall return to or make available to PS anything owned by PS on demand.
- R. Tax Exempt Financing. With respect to the Academy's currently outstanding tax-exempt bonds and any future tax-exempt debt obligations, the parties intend that this Agreement meet all of the applicable safe harbor conditions as set forth in Sections 5.02 through Sections 5.07 of Revenue Procedure 2017-13. In this regard, the Academy and PS make the following representations: (1) (a) PS's compensation under this Agreement is reasonable compensation for services to be rendered hereunder and is not based, in whole or in part, on a share of net profits and/or a share of the net losses from the operation of the Academy or upon the disposition, damage or destruction of the Academy's property; (b) This Agreement does not pass on to PS the burden of bearing any share of net losses from the operation of the Academy or upon the disposition, damage or destruction of the Academy's property; (c) The term of this Agreement is not greater than 30 years or 80 percent of the remaining useful life of the Academy's tax-exempt bond financed school facility (if shorter) including all renewal options; (d) The Academy bears the risk of loss upon the disposition, damage or destruction of the Academy's property; and (e) PS is not entitled to and will not take any federal tax position that is inconsistent with being a service provider under this Agreement to the Academy. In interpreting this Agreement and in the provision of the services required hereunder, PS shall not have any role or relationship with the Academy that, in effect, substantially limits the Academy's ability to exercise its rights and obligations under State law. (2) As required by the Academy's Article of Incorporation and Bylaws, the Academy Board may not include any director, officer or employee of a management company that contracts with the Academy. In furtherance of such restriction, it is agreed between the Academy and PS that none of the voting power of the governing body of the Academy will be vested in PS or its directors, members, managers, officers, shareholders and employees, and the Academy and PS will not be a "related party" as defined in Treas. Reg. 1.150-1(b).
- S. Execution. The parties may execute this Agreement by facsimile or in counterparts. A facsimile or

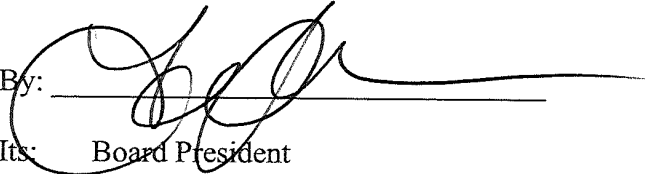
photographic copy of this Agreement may be relied upon by either party, or any third party, as if it were an original signature copy. If this Agreement is executed in counterparts, the separate counterpart signature pages shall be combined and treated by the parties, or any third party, as if the separate counterpart signature pages were part of one original signature copy. If the parties agree, signatures may be replaced by representations made in writing and exchanged by the parties in whatever form they agree.

- T. Review by Independent Counsel. The parties agree that each has reviewed, or had the opportunity to review, this Agreement with its own independent legal counsel prior to the execution of this Agreement.

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

THE ACADEMY:

COLE ACADEMY, a Michigan public school academy

By: 
Its: Board President

PS:

**PARTNER SOLUTIONS
PARTNER SOLUTIONS FOR SCHOOLS**

By: 
Carlie Lockwood (Jun 17, 2022 14:38 EDT)

Its: Designated Officer

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

a. Cole Academy Lansing

Site Plan 6-3

Floor Plans 6-4

Office of Fire Safety Approval 6-6

Certificates of Use and Occupancy 6-7

Facility Financing Documents 6-9

b. Cole Academy East

Site Plan 6-64

Floor Plan..... 6-65

Certificate of Use and Occupancy 6-66

Facility Financing Documents 6-67

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 Cole Academy (the "Academy") is as follows:

a. Cole Academy Lansing

Address: 1915 W. Mt. Hope
Lansing, MI 48910

Description: The Site includes a 12,122 square foot facility, which was constructed in 2000. It is a single-story building with a main entrance that opens into a reception area. The facility includes seven classrooms, seven restrooms, two offices, a library, conference room, kitchen, multipurpose room, mechanical rooms and storage areas. In 2014, the Academy expanded the facility to include a 6,400 square foot gymnasium. The Site also includes an outdoor play area.

Configuration of Grade Levels: Kindergarten through Fifth Grade.

Term of Use: Term of Contract.

Name of School District and Intermediate School District:

Local: Lansing School District
ISD: Ingham

b. Cole Academy East

Address: 2921 E. Coleman Rd.
East Lansing, MI 48823

Description: The Site includes 6.18 acres of property and a 23,017 square foot facility. It is a single-story building with a main entrance that opens into the reception area. The facility includes nine classrooms, two resource rooms, a computer lab, an art room, a library, 10 restrooms, a gymnasium, a kitchen, a teacher work room, seven offices, and storage space. The Site location is a unique parcel that includes an East Lansing postal address, a Clinton County assessment location, and a Lansing School District jurisdiction. The Site also includes an outdoor play area.

Configuration of Grade Levels: Kindergarten through Fifth Grade.

Term of Use: Term of Contract.

Name of School District and Intermediate School District:

Local: Lansing School District
ISD: Ingham

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

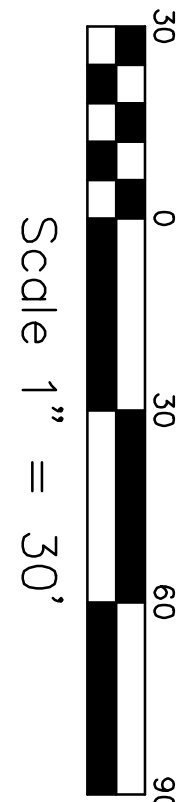
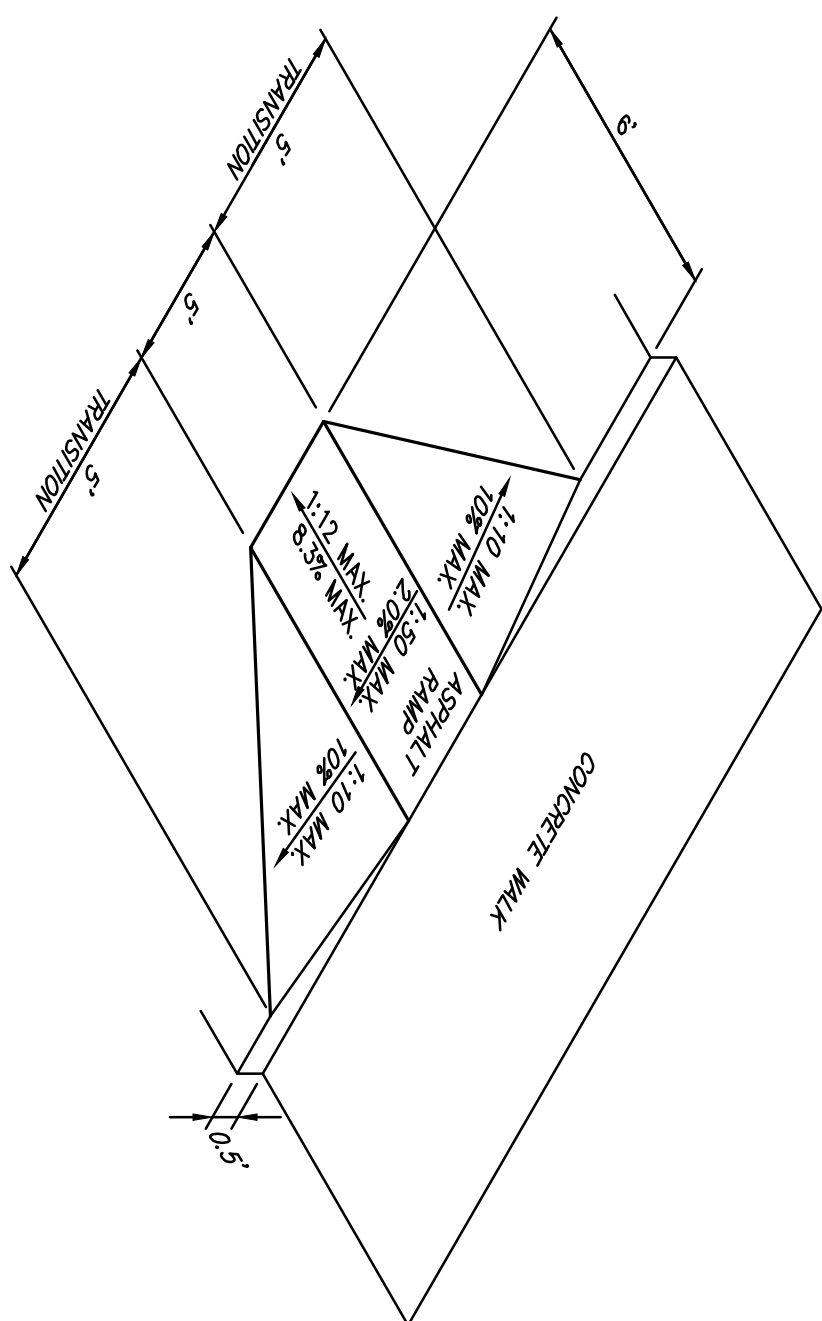
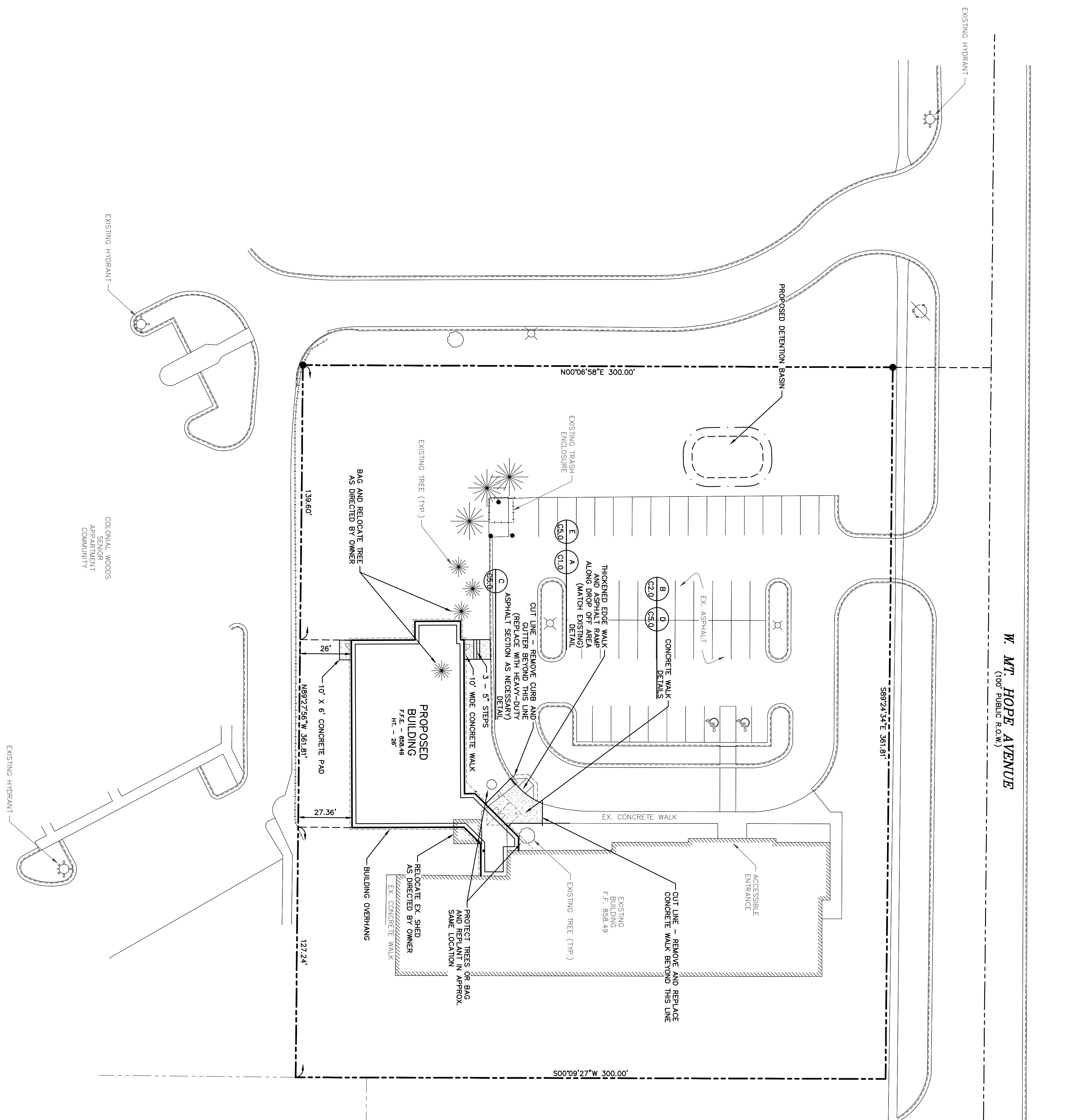
4. In addition, the Academy and the University Board hereby acknowledge and agree that this Contract is being issued to the Academy with the understanding that the Academy cannot conduct classes as a public school academy in this state until it has obtained the necessary fire, health and safety approvals 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.

Cole Academy Lansing

1915 W. Mt. Hope
Lansing, MI 48910



NOTES

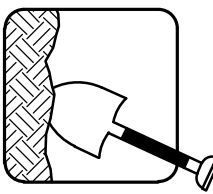
1. BENCHMARKS
- CONTROL BM: CITY OF LANSING BM 20 "A" INTERSECTION OF BOSTON BLVD. & M.T. HOPE AVE. MARK IS "X" CHISELED INTO NORTH EDGE OF RIM TO MANHOLE.
- ELEVATION: 8449.965 (USC & GNSD)
2. SITE BM 1 - RAILROAD SPIKE IN SOUTH SIDE OF POWER POLE SOUTH SIDE OF M.T. HOPE, 150' ± WEST OF DRIVE TO COLE ACADEMY
- ELEVATION: 853.56
3. SITE BM 2 - CHISELED " X " ON SOUTH SIDE OF LIGHT POLE BASE AT THE SOUTH END OF COLE ACADEMY PARKING LOT.
- ELEVATION: 857.91
4. THE CONTRACTOR SHALL CALL "MISS DIG" AT 1-800-462-7171 AT LEAST THREE (3) WORKING DAYS (INCLUDING WEEKENDS AND HOLIDAYS) PRIOR TO CONSTRUCTION.
5. LSG ENGINEERS & SURVEYORS WILL NOT BE RESPONSIBLE FOR FIELD DESIGN CHANGES MADE BY THE CONTRACTOR OR THE CONTRACTOR'S SURVEYOR WHERE THESE DESIGN CHANGES HAVE NOT BEEN APPROVED BY LSG ENGINEERS & SURVEYORS.

SITE DATA

PARCEL NUMBERS:	33-01-01-28-101-552
LAND USE:	SCHOOL
SITE:	RECREATIONAL (GOLF COURSE)
SOUTH:	SENIOR APARTMENT COMMUNITY
EAST:	CHURCH
WEST:	SENIOR APARTMENT COMMUNITY
BUILDING HEIGHT:	REQUIRED: NONE
	PROPOSED: 28
MIN. SETBACK (PER BUREAU OF CONSTRUCTION CODES)	REQUIRED: 1' PER FOOT OF BUILDING HEIGHT
	PROPOSED: 26'

CURB RAMP TO CURB
WITH FLARED EDGES

The logo of the American Chemical Society (ACS) is a circular emblem. It is divided vertically by a line. The left half of the circle contains the text "C1.0" in a serif font. The right half of the circle contains the letter "A" in a serif font.



BEFORE YOU DIG
OR DRILL
CALL
1-800-482-7171
(TOLL FREE)

7/1/2013	FOR BIDS AND CONSTRUCTION	GKL
6/13/2013	FOR SITE PLAN SUBMITTAL	GKL
DATE	DESCRIPTION	BY
REVISIONS/SUBMITTALS		

LSG
Engineers
& Surveyors

3135 PINE TREE ROAD
SUITE D
LANSING, MI 48911
PH. (517) 393-2902
FAX (517) 393-2608
www.lsg-es.com

INGHAM ISD
2630 W. HOWELL STREET
MASON, MI 48854

PREPARED FOR:

SITE PLAN
FOR
COLE ACADEMY - GYMNASIUM
1915 W. MT. HOPE AVENUE
LANSING, MI 48910

FILE	C1.0.DWG
DESIGNED BY	GKL
DRAWN BY	GKL
CHECKED BY	AOB
DATE	JUNE 13, 2013
SCALE	
HOR.	1" = 30'
VERT.	N/A
PROJECT NO.	1329
SHEET NO.	C1.0

DOORS & FRAMES

ROOM FINISHES

NUMBER	ROOM NAME	DOOR		FRAMES		DETAILS REFER TO A2.1	FIRE RATING	HARDWARE	REMARKS		NAME	FLOOR						WALLS						CELLING		REMARKS							
		SIZE	TYPE	MATERIAL	TYPE							MATERIAL	BASE	NORTH		SOUTH		EAST		WEST		MATERIAL	FINISH	HEIGHT									
														FINISH	MAT'L	FINISH	MAT'L	FINISH	MAT'L	FINISH	MAT'L												
101	CONNECTOR LOBBY	(PR)3'-0"x7'-2"x 1 3/4"	FG	AL	III	AL	D1	D1		101	CONNECTOR LOBBY	VCT	VB	GYP	PNT	GYP	PNT	GYP	PNT	GYP	PNT	GYP	PNT	GYP	PNT	GYP	PNT	GYP	PNT	GYP	PNT	*10'-0"	* MATCH EXISTING CORRIDORS
102A	GYM	(2) 3'-0"x7'-2"x 1 3/4"	V	HM	II	HM	A1/5.1	90	02	102	GYM	SV	VB	GYP	PNT	GYP	PNT	GYP	PNT	GYP	PNT	GYP	PNT	GYP	PNT	GYP	PNT	GYP	PNT	VARES			
102B	GYM	3'-0"x7'-2"x 1 3/4"	V	HM	I	HM	D1		03	103	CLOSET	SC	VB	GYP	PNT	GYP	PNT	GYP	PNT	GYP	PNT	GYP	PNT	GYP	PNT	GYP	PNT	GYP	PNT	VARES			
102C	GYM	3'-0"x7'-2"x 1 3/4"	V	HM	I	HM	D1		04	104	CLOSET	SC	VB	GYP	PNT	GYP	PNT	GYP	PNT	GYP	PNT	GYP	PNT	GYP	PNT	GYP	PNT	GYP	PNT	VARES			
103	CLOSET	3'-6"x7'-2"x 1 3/4 "	F	HM		HM	II		05																								
104	CLOSET	3'-6"x7'-2"x 1 3/4 "	F	HM	I	HM	II		05																								

1. REFER TO SPECIFICATIONS FOR SHEET VINYL.
2. ALL EXPOSED DUCTWORK & GRILLES
TO BE PAINTED

3. REFER TO SPECIFICATIONS FOR FLOORING &
CEILING DESIGNATIONS

LEGEND:

SC	* SEALED CONCRETE
SV	* SHEET VINYL
VCT	* VINYL TILE
VB	* VINYL BASE
GYP	* GYPSUM BOARD
PNT	* PAINT
ACP	* ACOUSTIC CEILING TILE

DEMOLITION NOTES

1. REFER TO SPECIFICATIONS FOR SHEET VINYL TILE AND CEILING TILE TYPES
 2. ALL EXPOSED DUCTWORK & GRILLES TO BE PAINTED
 3. REFER TO SPECIFICATIONS FOR FLOORING & CEILING DESIGNATIONS
- LEGEND:**
-
- SEALED CONCRETE

GENERAL NOTES

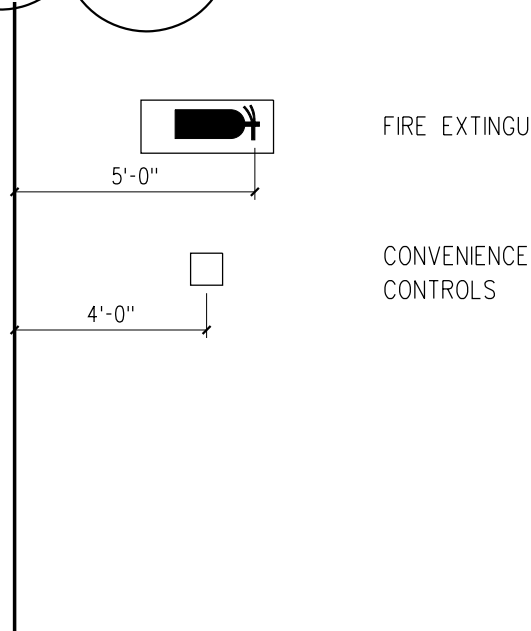
- | | |
|-----|-------------------------|
| VB | = VINYL BASE |
| GYP | = GYPSUM BOARD |
| PNT | = PAINT |
| ACP | = ACOUSTIC CEILING TILE |
| | |

WALL TYPES

- [illegible]

TYPICAL MOUNTING HEIGHTS

Scale: 1/4" = 1'-0"

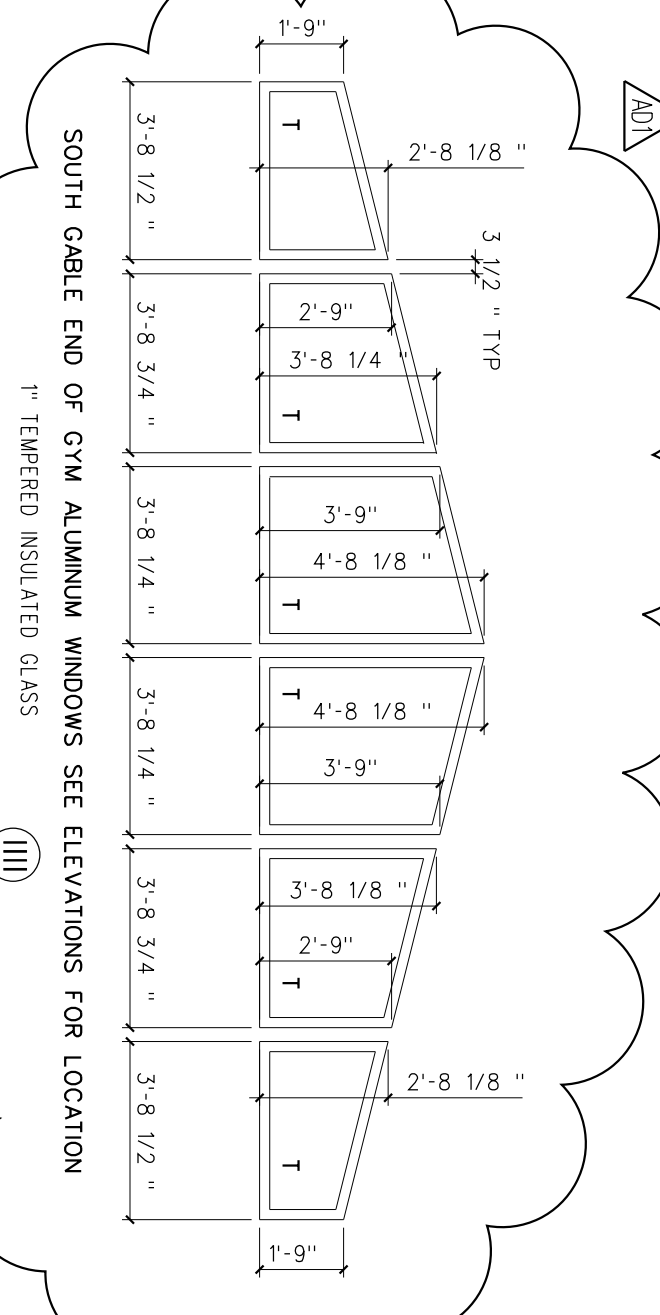
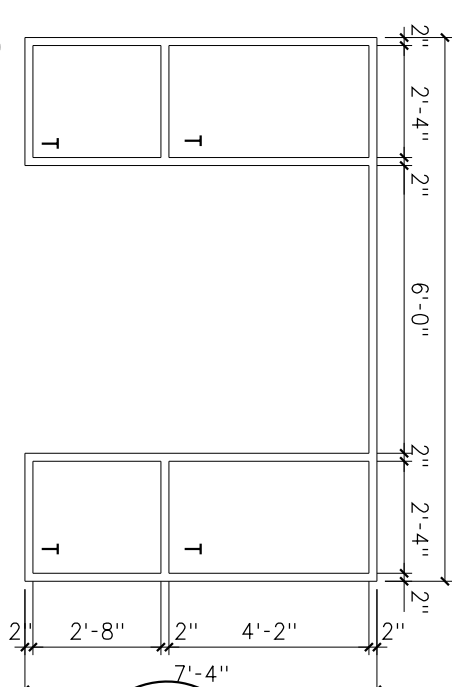
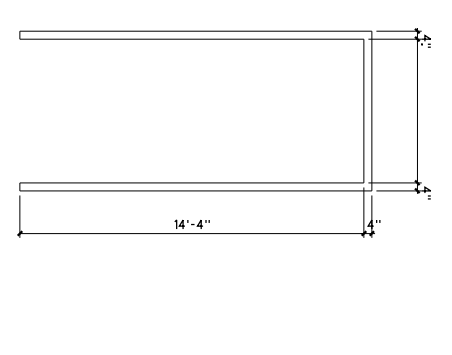
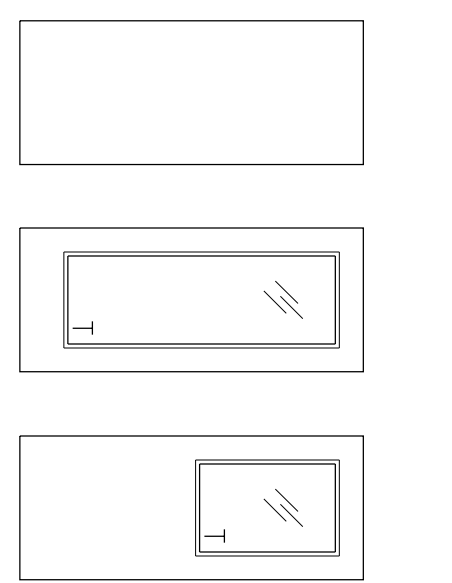


DOOR TYPES

- ## DOOR TYPES

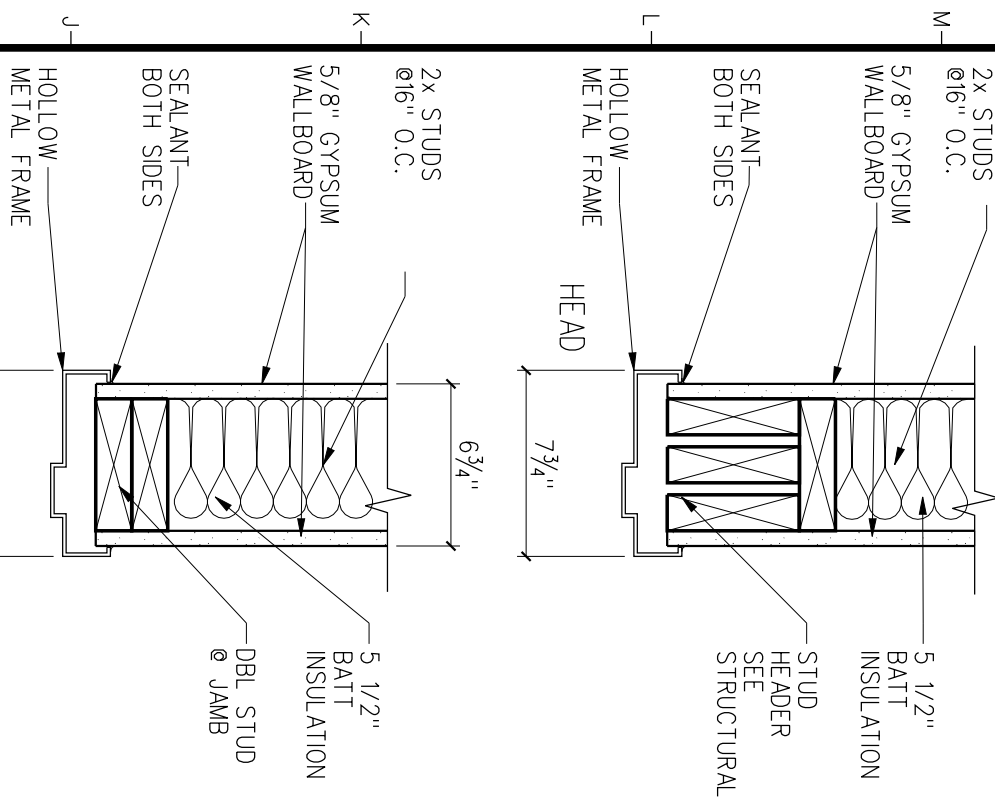
FRAME TYPES

- ## FRAME TYPE



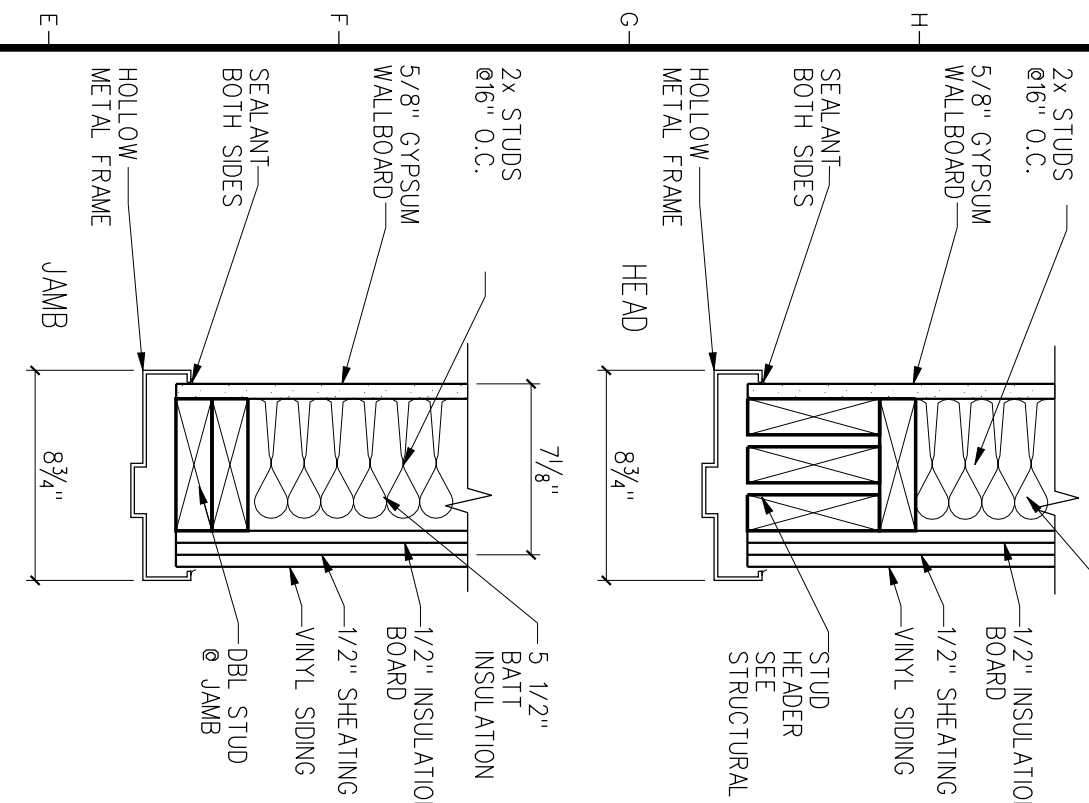
11 WM FRAME / WD STUD
A1.0 Scale: 1 1/2" = 1'-0"

scale: 1/2" = 1'-0"

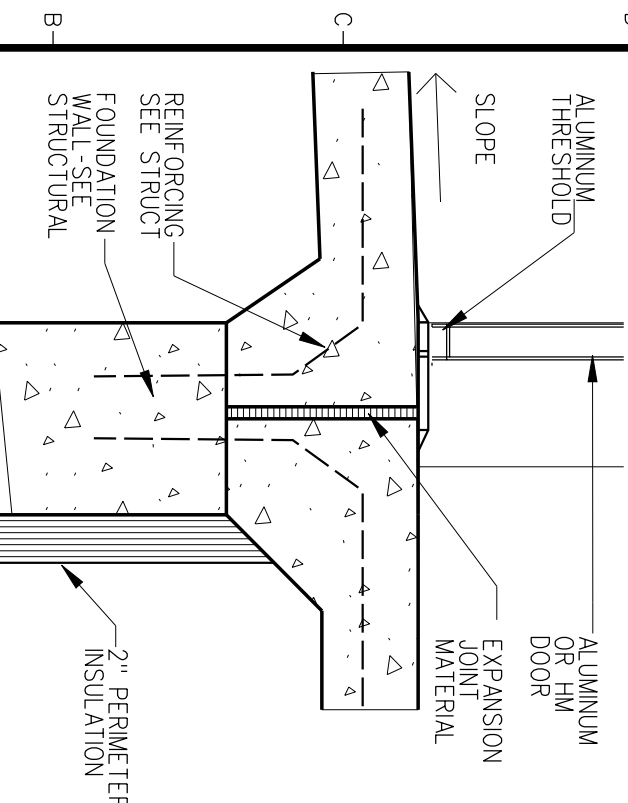


D1 WM FRAME / WD STUD
 A10
 Scale: 1 1/2" = 1'-0"

Scale: 1 1/2" = 1'-0"

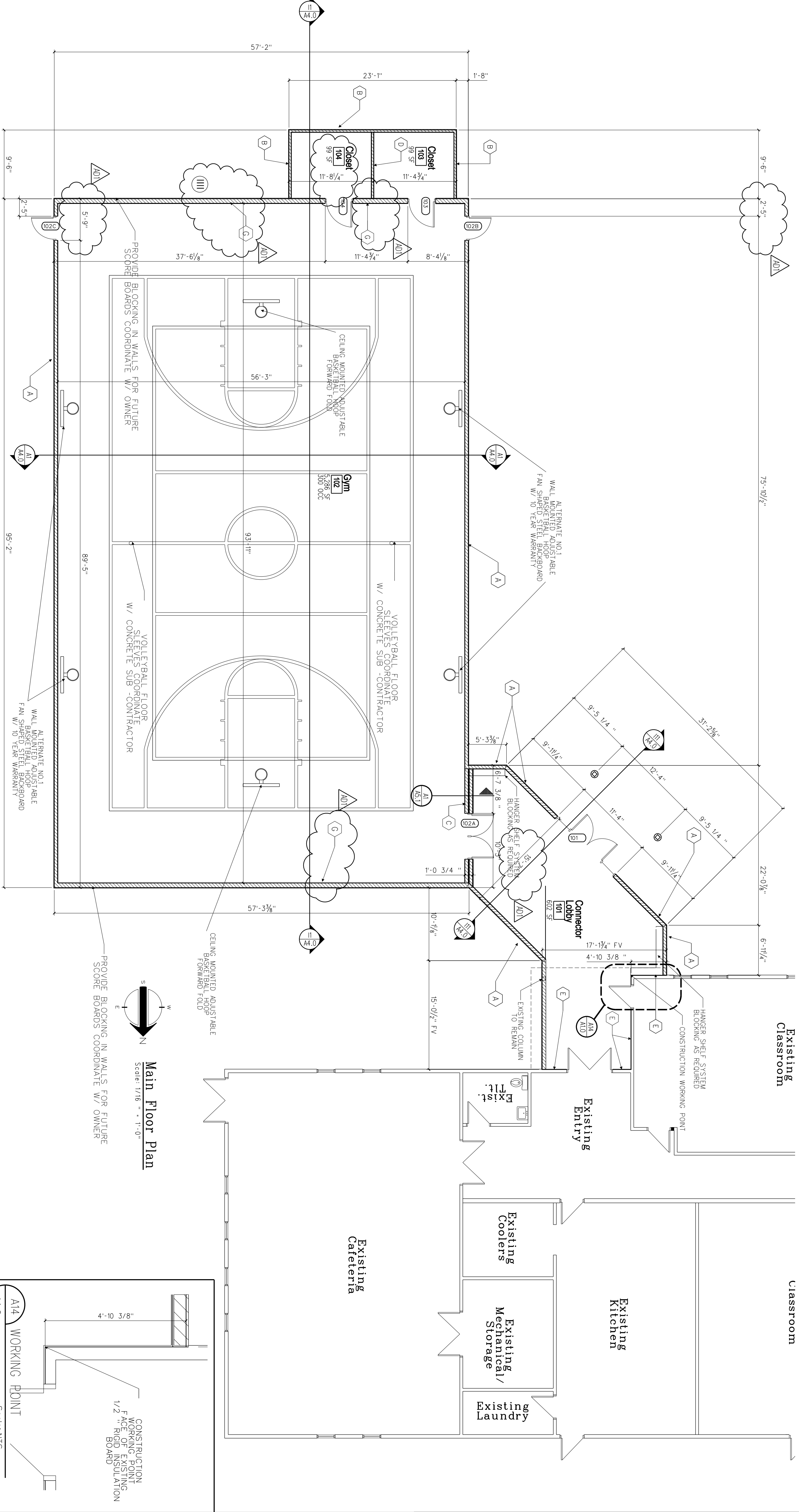
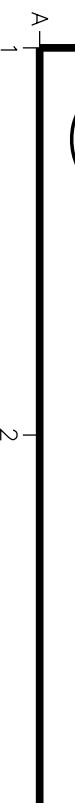


Scale: 1 1/2" = 1'-0"



A1 THRESHOLD

Scale: 1 1/2" = 1'-0"



Main Floor Plan

SCORE BOARDS COORDINATE W/ OWNER

Cole Academy

1915 Mount Hope Avenue
Lansing Michigan 48010

Floor Plan

Issued	Drawing No. A1.0
Project No. 10051	

**Jeffrey
Parker**
architects

ARCHITECTURE PLANNING ENGINEERING

Grand Rapids MI 49508
Fax: 616-241-0098

Addition For:



State of Michigan
John Engler, Governor

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

Inspection Report

Page 1 of 1

OFS-40

Office of Fire Safety

General Office Building

7150 Harris Drive

Lansing, MI 48909-7504

Web Site www.cis.state.mi.us/fire

PROJECT NAME	DATE	COUNTY	PROJECT
Michigan Early Elementary Center	October 3, 2000	Ingham	1372-00
ADDRESS	FACILITY TYPE	RULES/CODES	JOB/LIC/FAC. NO.
1915 W. Mt Hope	School	99 School	N/A
CITY, STATE ZIP CODE	FACILITY REPRESENTATIVE	INSPECTION TYPE	
Lansing, Michigan 48910	Creekwood Architecture, Inc	Final	

PROJECT DESCRIPTION: New School Building

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

FIRE SAFETY CERTIFICATION		PROJECT STATUS	REVIEWED BY
Full Approval		Closed	WK
DISTRIBUTION	INSPECTING OFFICIAL	ADDRESS	7150 Harris Drive Lansing, MI 489909 517-322-5498 517-322-1356 casey.griggs@cis.state.mi.us
Facility File	Casey Griggs	TELEPHONE	
Q Local FD	SIGNATURE OF OFFICIAL	FAX	
Education Architect	<i>Casey Griggs</i>	E-MAIL	

CERTIFICATE OF USE AND OCCUPANCY

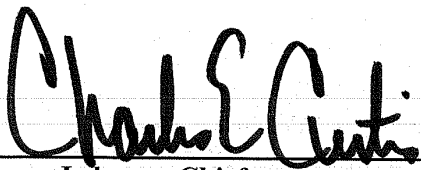
PERMANENT

**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: B032275
Cole Academy
1915 W Mount Hope
Lansing, Michigan
Ingham 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 110.0 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**

October 27, 2011

CERTIFICATE OF USE AND OCCUPANCY

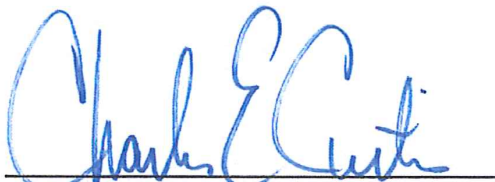
PERMANENT

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. B035589
Cole Academy
1915 W Mount Hope Avenue
Lansing, Michigan
Ingham County

The above named building of Use Group E 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.



Todd Y. Cordill, NCARB
Chief

Charles E. Curtis, Assistant Chief
Building Division

August 26, 2014

Cole Academy Lansing
Facility Financing Documents

BOND PURCHASE AGREEMENT

\$2,495,000

COLE ACADEMY

Public School Academy Refunding Bonds, Series 2013

February 4, 2013

Cole Academy
County of Ingham
State of Michigan

Pursuant to the terms and conditions of this Bond Purchase Agreement (“Agreement”), Cole Academy, a Michigan public school academy (the “Academy”), hereby offers to sell, and Lake Forest Securities LLC (the “Underwriter”) hereby offers to purchase, the Academy’s Public School Academy Refunding Bonds, Series 2013 in the aggregate principal amount of \$2,495,000 to be dated February 14, 2013 (the “Series 2013 Bonds”). The Series 2013 Bonds shall be described in, and shall be issued and secured under and pursuant to, a Trust Indenture, between the Academy and U.S. Bank National Association, as Trustee (the “Trustee”), dated as of February 1, 2013 (the “Indenture”) and an authorizing resolution adopted by the Board of Directors of the Academy (the “Board”) on January 17, 2013 (the “Resolution”), substantially in the forms heretofore delivered to the Underwriter, with only such changes therein as shall be mutually agreed upon. The Underwriter agrees to make an initial bona fide public offering of the Series 2013 Bonds at the offering prices set forth in the Official Statement; however, the Underwriter may offer and sell the Series 2013 Bonds to certain dealers and others at prices lower than such offering prices and the Underwriter further reserves the right to change such offering prices after the initial offering as the Underwriter shall deem necessary in connection with the marketing of the Series 2013 Bonds. Terms not otherwise defined herein shall have the same meaning as such terms are given in the Indenture. The parties hereto represent, warrant and agree as follows:

SECTION 1. REPRESENTATIONS, WARRANTIES, AND AGREEMENTS OF THE ACADEMY

- (a) The Academy is a public school academy duly organized and validly existing under Act 451, Michigan Public Acts, 1976, as amended, and is authorized by the provisions of the Constitution and the laws of the State of Michigan to issue the Series 2013 Bonds for the purposes described in the Resolution and the Indenture.
- (b) The Academy has complied with or, as of the date of delivery, will have complied with all provisions of the Constitution and laws of the State of Michigan with respect to all transactions contemplated by this Agreement, the Series 2013 Bonds, the Resolution, the escrow agreement between the Academy and U.S. Bank National Association (the “Escrow Agreement”), the State Aid Agreement to be entered into between the Trustee, the Academy, and Central Michigan

University Board of Trustees, as the Academy's fiscal agent, dated as of February 1, 2013 (the "State Aid Agreement") and any and all other agreements relating thereto, including the sale and delivery of the Series 2013 Bonds to the Underwriter as provided herein, compliance with which is required as of the date of delivery of the Series 2013 Bonds.

- (c) The information contained in the Preliminary Official Statement, dated February 1, 2013 (the "Preliminary Official Statement"), including the appendices thereto, and any amendment or supplement that may be authorized by the Academy for use with respect to the Series 2013 Bonds (other than the information contained in the sections captioned "DESCRIPTION OF THE BONDS - Book-Entry-Only System" and "UNDERWRITING" as to which no representation is made) is true, accurate, and complete, does not contain any untrue statement of a material fact, and does not omit to state a material fact necessary in order to make the statements made therein not misleading. At Closing (as hereinafter defined), the Official Statement, when prepared, including the appendices thereto, and any amendment or supplement that may be authorized by the Academy for use with respect to the Series 2013 Bonds (the "Official Statement") (other than the information contained in the sections captioned "DESCRIPTION OF THE BONDS - Book-Entry-Only System" and "UNDERWRITING" as to which no representation is made) shall be true, accurate, and complete and will not contain any untrue statement of a material fact and will not omit to state a material fact necessary in order to make the statements made therein not misleading.

If, at any time during the Underwriting Period (as defined herein) when an Official Statement should be delivered in connection with offers and sales of the Series 2013 Bonds, any event occurs as a result of which the Official Statement as then amended or supplemented would include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements made therein not misleading, the Academy will notify the Underwriter of the occurrence of such event and will cooperate with the Underwriter in the prompt preparation of an amendment or supplement which will correct such statement or omission.

- (d) Prior to Closing, the Academy will have authorized all necessary action to be taken by it for: (i) the issuance and sale of the Series 2013 Bonds upon the terms set forth herein and in the Resolution, the Indenture and the Official Statement; (ii) the passage and approval of the Resolution providing for the issuance of and security for the Series 2013 Bonds; (iii) the approval of the Official Statement and its use by the Underwriter in the public offering and sale of the Series 2013 Bonds, and the execution of the Official Statement by the President of the Board; (iv) the execution, delivery, receipt and due performance of this Agreement, the Indenture, the Escrow Agreement, the State Aid Agreement, the Series 2013 Bonds, the Resolution, the Environmental Indemnification Agreement, between the Academy and the Trustee, dated as of February 1, 2013 (the "Environmental Indemnification Agreement"), the Mortgage and any other documents as may be required to be executed, delivered and received in order to consummate this transaction; and (v) the consummation of this transaction.

- (e) The Academy has not been served with any litigation, administrative action or proceeding, and to the knowledge of the appropriate officials of the Academy no litigation or administrative action or proceeding has been threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Series 2013 Bonds, or questioning or contesting the validity of the Series 2013 Bonds or the proceedings or authorities under which they are authorized to be issued, sold, executed and delivered, or questioning or contesting the validity of the Resolution, the Continuing Disclosure Agreement in the form attached to the Official Statement (the "Continuing Disclosure Agreement"), or the Academy's existence or powers.
- (f) Upon the advice of counsel and to the best of the Academy's knowledge, the execution and delivery of the Official Statement, this Agreement, the Series 2013 Bonds, the Resolution, the Indenture, the Escrow Agreement, the State Aid Agreement, the Environmental Indemnification Agreement, the Mortgage and the other necessary agreements, and compliance with the provisions thereof, will not conflict with or constitute the Academy's breach of or a default under any agreement, indenture, lease or other instrument to which the Academy is bound, and will not conflict with or violate any existing law, regulation, rule, decree or order.
- (g) Any certificates signed by an authorized officer of the Academy and delivered to the Underwriter shall be deemed a representation and warranty by the Academy to the Underwriter as to the statements made therein.
- (h) The Academy will timely file, with the Internal Revenue Service, Form 8038-G Information Return for Tax-Exempt Governmental Obligations in order to maintain the tax exempt status of the Series 2013 Bonds.
- (i) The Academy has no record of default on payment of its bonded indebtedness.
- (j) The audited financial statements of the Academy included in the Official Statement present the financial position of the Academy at June 30, 2010, June 30, 2011, and June 30, 2012, and the results of its operations and the changes in its financial position for the year then ended. For the period from the dates of the presented financial information to the date of this Agreement, there has been no material adverse change in the financial condition of the Academy except as described in the Official Statement. The inclusion of the audited financial statements in the Official Statement as presented does not violate any agreement with the Academy's auditors as to the use of such statements.
- (k) The Academy will reasonably cooperate with the Underwriter in qualifying the Series 2013 Bonds for offer and sale under the securities or blue sky laws of such jurisdiction of the United States as the Underwriter may request; provided, however, that the Academy shall not be obligated to consent to service of process, be subject to taxation in any such jurisdiction or be required to pay any costs or expenses of qualification of the Series 2013 Bonds in any such jurisdiction.

BOND PURCHASE AGREEMENT
Cole Academy, Series 2013 Bonds

- (l) The Academy will operate and maintain the Facility as provided in and subject to all the terms and provisions of the Indenture and will observe all covenants in the Indenture.
- (m) The Academy will not take any action or permit any action to be taken, or cause or permit any circumstance within its control to arise or continue, if such action would adversely affect the exclusion of interest on the Series 2013 Bonds from gross income for federal tax purposes.
- (n) As long as the Series 2013 Bonds remain outstanding, if requested by the Underwriter, the Academy will send one copy of its audited financial statement annually to the Underwriter as soon as such statement becomes available.

SECTION 2. PURCHASE, SALE AND DELIVERY OF THE SERIES 2013 BONDS

On the basis of the representations, warranties and covenants contained herein and in the other agreements referred to herein, at Closing, the Underwriter agrees to purchase from the Academy, and the Academy agrees to sell to the Underwriter, all (but not less than all) of the: (i) Series 2013 Bonds at a purchase price of \$2,372,200.24 which equals the par value of the Series 2013 Bonds of \$2,495,000.00, less original issue discount of \$65,037.50, and less the Underwriter's discount of \$62,375.00, plus accrued interest in the amount of \$4,612.74.

- (a) The Series 2013 Bonds shall be issued and secured as provided in the Resolution. The Series 2013 Bonds shall be in the principal amount, be dated, have the maturities, bear interest at the rates per annum, be sold at the prices, and be subject to redemption prior to maturity at the times, on the terms and in the manner set forth in Exhibit A attached hereto.
- (b) Payment for the Series 2013 Bonds shall be made to the order of the Academy in immediately available funds. The Closing for the payment for the Series 2013 Bonds shall take place at the Birmingham offices of Clark Hill PLC, at 10:00 a.m., local time, on February 14, 2013, or such other time or date as shall be agreed upon by the Academy and the Underwriter. The above-referenced hour and date of such delivery and payment is herein referred to as the "Closing" or the "Closing Date." The delivery of the Series 2013 Bonds shall be made in definitive form bearing CUSIP numbers for registration through a book-entry-only system of registration described in the Official Statement and shall be registered in the name of Cede & Co., nominee for The Depository Trust Company ("DTC"). The Series 2013 Bonds shall be available through DTC, at least 24 hours prior to the Closing Time, or such other place, time or date as the Underwriter shall designate.
- (c) The Underwriter agrees to provide the Academy with a certificate(s) in form acceptable to Clark Hill PLC ("Bond Counsel") as to the issue price, weighted average maturity and yield of the Series 2013 Bonds, all within the meaning of the Internal Revenue Code of 1986, as amended.

SECTION 3. CONDITIONS TO THE UNDERWRITER'S OBLIGATIONS

The Underwriter's obligations under this Agreement shall be subject to the Academy's compliance with its obligations and agreements to be performed at or prior to Closing and to the truth, accuracy and completeness of the Academy's representations and warranties contained herein, and shall also be subject to the following conditions:

(a) This Agreement, the Series 2013 Bonds, the Official Statement, the Resolution, the Indenture, the Escrow Agreement, the Environmental Indemnification Agreement, the Mortgage and the State Aid Agreement shall be authorized, executed, and delivered by the Academy. The Resolution shall be in full force and effect and shall not have been amended, modified or supplemented.

(b) At Closing, the Underwriter shall receive:

- i. (A) the legal opinion of Bond Counsel, substantially in the form attached as Appendix E to the Preliminary Official Statement and a supplemental opinion substantially in the form attached hereto as Exhibit B; and (B) the opinion of Clark Hill PLC, acting in its role as Underwriter's counsel ("Underwriter's Counsel"), substantially in the form attached hereto as Exhibit C;
- ii. A certificate of the President of the Board or other authorized officer of the Academy satisfactory to the Underwriter, in form and substance satisfactory to the Underwriter, dated as of the Closing to the effect that: (A) the Academy has performed all obligations necessary to be performed at or prior to Closing and that all representations and warranties contained herein are true, accurate and complete as of Closing; (B) the Academy has authorized the execution, delivery, receipt and due performance of the Series 2013 Bonds, the Resolution, the Indenture, the State Aid Agreement, the Escrow Agreement, the Environmental Indemnification Agreement, the Mortgage, the Continuing Disclosure Agreement and any other documents as may be required to be executed, delivered and received in order to consummate this transaction; (C) the Academy has not been served with any litigation, administrative action or proceeding, and to the knowledge of the appropriate officials of the Academy, no litigation or administrative action or proceeding has been threatened against it, seeking to restrain or enjoin the issuance and delivery of the Series 2013 Bonds or questioning or contesting the validity of the Series 2013 Bonds, or the proceedings or authorities under which they are authorized to be issued, sold, executed and delivered, or questioning or contesting the validity of the Resolution, the Indenture, the Mortgage, the Environmental Indemnification Agreement, the State Aid Agreement, the Continuing Disclosure Agreement or the Academy's existence or powers; and (D) upon the advice of counsel and to the best of the Academy's knowledge, the execution, delivery, receipt and due performance of the Series 2013 Bonds, the Resolution, the Indenture, the State Aid Agreement, the

Mortgage, the Escrow Agreement, the Environmental Indemnification Agreement, the Continuing Disclosure Agreement and any other agreements will not conflict with or constitute a breach of or a default under any agreement, indenture, lease or other instrument to which the Academy is bound and will not conflict with or violate any existing law, regulation, rule, decree, or order;

- iii. A certificate, dated the Closing Date, signed by an authorized officer or officers of the Trustee, to the effect that the Trustee is a national banking association, duly organized and existing under the laws of the United States, and has full power and authority to conduct its activities, to execute, deliver and perform its obligations under the Indenture, and to carry out the transactions contemplated thereby; and that the Indenture constitutes the legal, valid and binding obligation of the Trustee enforceable against the Trustee in accordance with its terms except as limited by (A) bankruptcy, insolvency, reorganization, moratorium or other laws relating to, or affecting generally, the enforcement of creditors' rights and remedies, and (B) the availability of equitable remedies, including specific performance and injunctive relief;
- iv. A closing certificate, dated the Closing Date, signed by an authorized officer of the Central Michigan University Board of Trustees, as the Academy's authorizing body;
- v. The Resolution certified by the Secretary of the Board as having been duly adopted;
- vi. An executed copy of the Indenture;
- vii. The Official Statement executed on behalf of the Academy by the authorized officer of the Academy;
- viii. An executed copy of the Continuing Disclosure Agreement, Escrow Agreement, State Aid Agreement, Environmental Indemnification Agreement and Mortgage;
- ix. The verification report of Robert Thomas CPA, LLC, Shawnee Mission, Kansas (the "Verification Agent")
- x. Non-Arbitrage and Tax Compliance Certificate of the Academy;
- xi. A mortgagee title insurance policy which shall evidence good and marketable title in the Academy to the Facility (as defined in the Indenture), insuring the Trustee's first mortgage lien thereon;
- xii. Such additional certificates as the Underwriter and its counsel may reasonably request to evidence performance of or compliance with the provisions of this Agreement, all such certificates and other documents to be satisfactory in form and substance to the Underwriter; and

BOND PURCHASE AGREEMENT
Cole Academy, Series 2013 Bonds

- xiii. Two (2) transcripts of all proceedings and documents relating to the authorization, issuance, sale and delivery of the Series 2013 Bonds to be provided within a reasonable time after the Closing Date.

If any of the conditions specified in this Section shall not have been fulfilled when and as required by this Agreement, or if any of the opinions, instruments, documents, proceedings or certificates mentioned above or elsewhere in this Agreement shall not be in all material respects reasonably satisfactory in form and substance to the Underwriter, this Agreement and all obligations of the Underwriter hereunder may be canceled by the Underwriter on, or at any time prior to, the Closing. Notice of such cancellation shall be given to the Academy in writing.

SECTION 4. THE UNDERWRITER'S RIGHT TO CANCEL

The Underwriter has the right to cancel the Underwriter's obligation to purchase the Series 2013 Bonds by notifying the Academy in writing of its election to do so between the date hereof and Closing, if at any time prior to Closing:

- (a) The House of Representatives or the Senate of the United States of America (the "United States") or committees thereof have pending before them legislation introduced previous to Closing, which if enacted in its form as introduced or as amended, would in the Underwriter's sole, reasonable opinion, have the purpose or effect of imposing federal income taxation (other than alternative minimum income or other indirect taxation) upon revenues or other income of the general character to be derived by the Academy or by any similar body, or upon interest received on obligations of the general character of the Series 2013 Bonds or which, in the Underwriter's sole, reasonable opinion, materially adversely affects the market price of the Series 2013 Bonds;
- (b) A tentative decision with respect to legislation is reached by a committee of the House of Representatives or the Senate of the United States; or legislation is favorably reported by such committee or introduced, by amendment or otherwise; or passed by the House of Representatives or the Senate; or recommended to the Congress of the United States for passage by the President of the United States; or enacted by the Congress of the United States; or a decision by a court established under Article III of the Constitution of the United States or the Tax Court of the United States is rendered; or a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service is made or proposed having in the Underwriter's sole, reasonable opinion, the purpose or effect of imposing federal income taxation (other than alternative minimum income or other indirect taxation) upon revenues or other income of the general character to be derived by the Academy or by any similar body or upon interest received on obligations of the general character of the Series 2013 Bonds; or any other event has occurred which, in the Underwriter's sole, reasonable opinion, materially adversely affects the market price of the Series 2013 Bonds;
- (c) (i) Any legislation, ordinance, rule or regulation is introduced in or enacted or imposed by any governmental body, department or agency in the State of Michigan, or (ii) the authority of the Academy to issue the Series 2013 Bonds is

questioned by any department of the State of Michigan, or (iii) a decision by any court of competent jurisdiction within the State of Michigan is rendered which, in the Underwriter's sole, reasonable opinion, materially adversely affects the market price of the Series 2013 Bonds;

- (d) A stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter, is issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Series 2013 Bonds, or the issuance, offering or sale of the Series 2013 Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of any provision of the federal securities laws, the Securities Act of 1933, as amended, and as then in effect (the "Securities Act") or the qualification provisions of the Trust Indenture Act of 1939, as amended and as then in effect (the "Trust Indenture Act");
- (e) Legislation is enacted by the Congress of the United States, or a decision by a court established under Article III of the Constitution of the United States is rendered, to the effect that obligations of the general character of the Series 2013 Bonds, including all the underlying obligations, are not exempt from registration under the Securities Act, or the Securities Exchange Act of 1934, as amended and as then in effect (the "Exchange Act"), or that the Resolution is not exempt from qualification under the Trust Indenture Act;
- (f) Any event shall have occurred, or information become known, which, in the Underwriter's sole, reasonable opinion, makes untrue in any material respect any statement or information contained in the Official Statement or has the effect that the Official Statement as originally circulated contains an untrue statement of a material fact, or omits to state a material fact necessary in order to make the statements made therein not misleading;
- (g) Additional material restrictions not in force as of this date are imposed upon trading in securities generally by any governmental authority or by any national securities exchange;
- (h) The New York Stock Exchange or other national securities exchange, or any governmental authority, imposes, as to the Series 2013 Bonds or obligations of the general character of the Series 2013 Bonds, any material restrictions not now in force, or increases materially, those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;
- (i) A war involving the United States is declared, or any conflict involving the armed forces of the United States escalates, or any other national emergency relating to the effective operation of government or the financial community occurs, which, in the Underwriter's sole, reasonable opinion, materially adversely affects the market price of the Series 2013 Bonds (it being agreed by the Underwriter that there is no war, conflict or national emergency of such a character as of the date hereof);

- (j) Any rating or ratings with respect to the Series 2013 Bonds are revoked or downgraded; or
- (k) A general banking moratorium is established by federal, New York, Illinois or Michigan authorities.

SECTION 5. CONDITIONS OF THE ACADEMY'S OBLIGATIONS

The Academy's obligations to sell and deliver the Series 2013 Bonds are subject to the following conditions on or before the Closing Date:

- (a) The Academy shall have received the opinions described in Section 3(b)(i) hereof;
- (b) The Underwriter shall have tendered the purchase price set forth in Section 2 hereof; and
- (c) The Academy shall have received such additional certificates as the Academy may reasonably request, including a certificate as to the "original issue price".

SECTION 6. REPRESENTATIONS, WARRANTIES AND AGREEMENTS TO SURVIVE DELIVERY

All of the Academy's representations, warranties and agreements and the agreements of the Underwriter set forth in this Agreement shall remain operative and in full force and effect regardless of any investigations made by the Underwriter on its own behalf and shall survive delivery of the Series 2013 Bonds to the Underwriter.

SECTION 7. PAYMENT OF EXPENSES

- (a) Whether or not the Series 2013 Bonds are delivered by the Academy to the Underwriter, the Underwriter shall be under no obligation to pay any expenses incident to the performance of the obligations of the Academy hereunder except for those expenses provided in subparagraph (b) below and those authorized in advance by the Underwriter in writing. All reasonable expenses and costs incident to the authorization, issuance, printing, sale and delivery, as the case may be, of the Series 2013 Bonds, the Trust Indenture, the Mortgage, and the State Aid Agreement shall be paid by the Academy, including without limitation (i) the preparation and printing of copies of the Preliminary Official Statement and the Official Statement; (ii) any documentary, stamp or other transfer taxes in connection with the original issue of the Series 2013 Bonds hereunder; (iii) all filing, registration and recording fees and expenses; (iv) the Trustee's fees, escrow agent fees, Verification Agent fees, and financial advisor fees; (v) the fees and disbursements of Bond Counsel and Underwriter's Counsel; (vi) the fees and expenses related to the blue sky qualification of the Series 2013 Bonds and the costs related thereto; (vii) CUSIP fees; (viii) fees of The Depository Trust Company; and (ix) the interest carrying costs arising in connection with the transaction contemplated hereunder as a result of the receipt by the Underwriter of

clearing house funds and the same day payment by the Underwriter of immediately available federal funds.

- (b) The Underwriter shall pay all expenses incident to the performance of the Underwriter's obligations hereunder, including but not limited to: (i) all advertising expenses in connection with the public offering of the Series 2013 Bonds; and (ii) all other expenses incurred by the Underwriter in connection with its public offering and delivery of the Series 2013 Bonds.

SECTION 8. USE OF OFFICIAL STATEMENT

- (a) The Academy agrees to deliver to the Underwriter prior to the Closing, at such addresses as the Underwriter shall specify, as many copies of the Official Statement (as supplemented and amended from time to time) as the Underwriter shall reasonably request, in order to comply with paragraph (b)(4) of Rule 15c2-12 of the Securities Exchange Commission under the Exchange Act (the "Rule") and with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board. The Academy agrees to deliver such Official Statement within seven (7) business days after the execution hereof.
- (b) The Academy hereby authorizes and approves the Preliminary Official Statement, and confirms that the information contained in the Preliminary Official Statement was deemed final as of its date for the purpose of enabling the Underwriter to comply with the requirements of paragraph (b)(1) of the Rule, except for the omission of such information as is permitted by paragraph (b)(1) of the Rule; authorizes the Official Statement to be dated February 4, 2013; and consents to their distribution and use by the Underwriter.
- (c) The Underwriter shall give notice to the Academy (i) of the date after which no Participating Underwriter, as such term is defined in the Rule, remains obligated to deliver Official Statements pursuant to the Rule (the "Underwriting Period"); or (ii) if there exists an unsold balance of Series 2013 Bonds thus causing an extension of the Underwriting Period, the Underwriting Period is deemed to end thirty (30) days after Closing unless the Underwriter notifies the Academy in writing prior to such date that there exists an unsold balance of the Series 2013 Bonds, in which case the Underwriting Period is deemed to be extended for thirty (30) days from the date notice is received. The period may be extended for additional periods of thirty (30) days each by the Underwriter delivering subsequent notices to the Academy.
- (d) If, at any time prior to the earlier of (i) receipt of notice from the Underwriter pursuant to Section 8(c) above that Official Statements are no longer required to be delivered under the Rule or (ii) thirty (30) days after Closing (unless the Underwriter notifies the Academy prior to such date that the underwriting period is deemed to be extended for thirty (30) days from the date notice is received) any event occurs with respect to the Academy as a result of which the Preliminary Official Statement or the Official Statement as then amended or supplemented might include an untrue statement of a material fact, or omit to state any material

fact necessary to make the statements therein not misleading, the Academy shall promptly notify the Underwriter in writing of such event. Any information supplied by the Academy for inclusion in any amendments or supplements to the Preliminary Official Statement or Official Statement will not contain any untrue or misleading statement of a material fact relating to the Academy or omit to state any material fact relating to the Academy necessary to make the statements therein not misleading.

SECTION 9. NOTICE

Any notice or other communication to be given to the Academy under this Agreement may be given by mailing or delivering the same in writing to:

President
Cole Academy
1915 West Mt. Hope Avenue
Lansing, MI 48910

and any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same to:

Lake Forest Securities LLC
17895 Hidden Acres Lane
Grand Haven, MI 49417
Attn: Municipal Trading

SECTION 10. APPLICABLE LAW: NONASSIGNABILITY

This Agreement shall be governed by the laws of the State of Michigan. This Agreement shall not be assigned by the Academy.

SECTION 11. TRANSACTION RELATIONSHIP

Inasmuch as the purchase and sale contemplated pursuant to this Agreement represents a negotiated transaction, the Academy acknowledges and agrees that: (i) the transaction contemplated by this Agreement is an arm's length, commercial transaction between the Academy and the Underwriter in which the Underwriter is acting solely as a principal and not acting as a fiduciary to the Academy; (ii) the Underwriter has provided advice with respect to the structure, timing or other similar matters concerning the Series 2013 Bonds as an underwriter and not as a fiduciary to the Academy; (iii) the Underwriter is acting solely in its capacity as an underwriter for its own account; (iv) the only obligations the Underwriter has to the Academy with respect to the transaction contemplated hereby are expressly set forth in this Agreement; and (v) the Academy has consulted with its own legal, accounting, tax, financial and other advisors, as applicable, to the extent deemed appropriate.

[Remainder of page intentionally left blank]

SECTION 12. EXECUTION OF COUNTERPARTS

This Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute one and the same document.

LAKE FOREST SECURITIES LLC

By: _____
Scott VanderWerp

Its: Michigan Branch Manager

Accepted as of the date first above written:

COLE ACADEMY

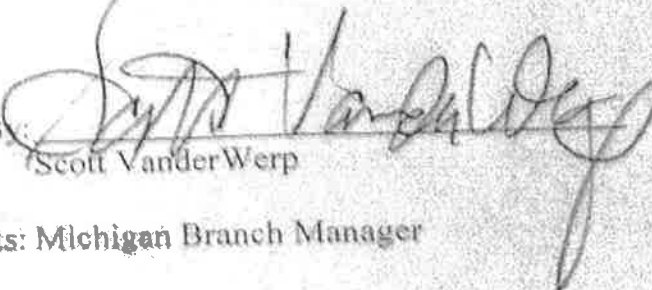
By:  _____
Brian Shaughnessy

Its: Superintendent

SECTION 12. EXECUTION OF COUNTERPARTS

This Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute one and the same document.

LAKE FOREST SECURITIES LLC

By: 
Scott VanderWerp

Its: Michigan Branch Manager

Accepted as of the date first above written:

COLE ACADEMY

By: _____
Brian Shaughnessy

Its: Superintendent

EXHIBIT A

BOND PRICING

Dated Date: February 1, 2013

Issue Date: February 14, 2013

Interest Payment Dates:

Semi-annually on April 1 and October 1 of each year until maturity or earlier redemption, commencing October 1, 2013.

Pricing Summary:

<u>Maturity</u>	<u>Par Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>Price</u>
2023*	\$ 1,030,000	4.750%	5.036%	97.750%
2027*	575,000	5.000	5.227	97.750
2031*	890,000	5.625	5.919	96.750
	<u>\$2,495,000</u>			

* Term Bonds

Optional Redemption:

The Series 2013 Bonds or portions of the Series 2013 Bonds in multiples of \$5,000 maturing on or after April 1, 2023 are subject to redemption prior to maturity at the option of the Academy in such order as the Academy may determine and by lot within any maturity, on any date occurring on or after April 1, 2022, at par plus accrued interest to the date fixed for redemption.

Mandatory Redemption:

The Series 2013 Bonds maturing April 1, 2023 ("Term Bonds"), are subject to mandatory redemption on April 1, 2014, and on each April 1 thereafter, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Principal Fund as follows:

<u>Redemption Dates</u>	<u>Principal Amounts</u>
April 1, 2014	\$ 65,000
April 1, 2015	90,000

BOND PURCHASE AGREEMENT
Cole Academy, Series 2013 Bonds

April 1, 2016	90,000
April 1, 2017	95,000
April 1, 2018	100,000
April 1, 2019	110,000
April 1, 2020	115,000
April 1, 2021	115,000
April 1, 2022	120,000
April 1, 2023 (Maturity)	130,000

The Series 2013 Bonds maturing April 1, 2027 (“Term Bonds”), are subject to mandatory redemption on April 1, 2024, and on each April 1 thereafter, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Principal Fund as follows:

<u>Redemption Dates</u>	<u>Principal Amounts</u>
April 1, 2024	\$ 135,000
April 1, 2025	140,000
April 1, 2026	145,000
April 1, 2027 (Maturity)	155,000

The Series 2013 Bonds maturing April 1, 2031 (“Term Bonds”), are subject to mandatory redemption on April 1, 2028, and on each April 1 thereafter, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Principal Fund as follows:

<u>Redemption Dates</u>	<u>Principal Amounts</u>
April 1, 2028	\$ 165,000
April 1, 2029	170,000
April 1, 2030	185,000
April 1, 2031 (Maturity)	370,000

Mandatory Redemption Upon Determination of Taxability:

The Series 2013 Bonds are subject to mandatory redemption prior to maturity, as a whole and not in part, on the earliest practicable date for which notice can be given following the occurrence of a Determination of Taxability, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

Redemption of Bonds Upon Occurrence of Certain Events:

Subject to Section 8.01 and 8.2 of the Indenture, the Series 2013 Bonds are redeemable at the option and upon the direction of the Bondholders of at least two-thirds (2/3rds) of the Outstanding Bonds, in whole at any time or in part on any Business Day from and to the extent of funds on deposit under the Indenture and available for this purpose at a redemption price equal

to the principal amount of each Bond to be redeemed plus accrued interest to the redemption date, upon the occurrence of any of the following events:

(i) The Facility shall have been damaged or destroyed in whole or in part to such extent that, as expressed in a Consulting Architect's Certificate filed with the Trustee, either (A) the Facility cannot reasonably be restored within a period of 12 consecutive months to the condition thereof immediately preceding such damage or destruction, (B) the Academy is thereby prevented from carrying on its normal operations for a period of 12 consecutive months, (C) the cost of restoration thereof would exceed the Net Proceeds of insurance carried thereon pursuant to the requirements of Section 7.03 of the Indenture, or (D) the final maturity of the Series 2013 Bonds is within five years of the date of such damage or destruction.

(ii) Title to, or the temporary use of, all or any substantial part of the Facility shall have been taken under the exercise of the power of eminent domain by any governmental entity, or Person, firm or corporation acting under governmental authority or because of a defect in title.

(iii) As a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Academy in good faith, the Indenture shall have become void or unenforceable or impossibility of performance in accordance with the intent and purposes of the parties as expressed in the Indenture. Redemption pursuant to this subsection (iii) shall be in whole only.

Only Net Proceeds of insurance or a condemnation award shall be used for a partial redemption of Bonds pursuant to subsections (e)(i) or (ii) above.

EXHIBIT B

DRAFT SUPPLEMENTAL OPINION OF BOND COUNSEL

February 14, 2013

Cole Academy
County of Ingham
State of Michigan

Lake Forest Securities LLC
as Underwriter

U.S. Bank National Association
as Trustee

This opinion is submitted pursuant to the Bond Purchase Agreement (the "Bond Purchase Agreement"), dated as of February 4, 2013, between the Underwriter and Cole Academy, a Michigan public school academy (the "Academy"), with respect to the purchase by the Underwriter and sale by the Academy of its Public School Academy Refunding Bonds, Series 2013 in the aggregate principal amount of \$2,495,000 (the "Series 2013 Bonds").

We have examined (in addition to the proceedings and documents specified in our approving opinion) executed counterparts of the Bond Purchase Agreement, the Preliminary Official Statement, dated February 1, 2013, and the Official Statement, dated February 4, 2013 (collectively referred to herein as the "Official Statement"), a certified copy of a Resolution of the Board of Directors of the Academy adopted January 17, 2013 (the "Resolution") approving authorization, execution, sale and delivery of the Series 2013 Bonds, the Bond Purchase Agreement, the Trust Indenture, dated as of February 1, 2013, between the Academy and U.S. Bank National Association (the "Indenture"), the State School Aid Payment and Direction, dated as of February 1, 2013 between the Academy and U.S. Bank National Association (the "State Aid Agreement") and the Mortgage, dated February 1, 2013 (the "Mortgage"). The Series 2013 Bonds, the Bond Purchase Agreement, the Indenture, the State Aid Agreement and the Mortgage are hereinafter collectively referred to as the "Bond Documents." On the basis of such examination and our review of such other information, records and documents as in our judgment is necessary and advisable, we are of the opinion that:

1. The Academy had at the time of execution of the Bond Purchase Agreement, and has as of the date hereof, full legal right, power and authority: (a) to enter into the Bond Purchase Agreement; and (b) to sell and deliver the Series 2013 Bonds to the Underwriter as provided in the Bond Purchase Agreement, the Resolution and the Official Statement; and the Academy had at the time of execution of the Bond Purchase Agreement, and has as of the date hereof, duly authorized and

approved the execution and delivery of, and the performance of its obligations contained in the Bond Purchase Agreement.

2. No further authorization or approval is required for the execution and delivery of the Bond Documents, and the Bond Documents constitute legal, valid and binding obligations of the Academy, enforceable in accordance with their terms; and no further authorization or approval is required for the performance by the Academy of its obligations under the Bond Documents. The enforceability of the Bond Documents may be limited by bankruptcy or similar laws affecting the rights of creditors generally.
3. The Academy has duly authorized, approved and executed the Official Statement.
4. The Series 2013 Bonds have been duly authorized and issued and we have examined one Bond as executed.
5. Other than the approvals which have been obtained, no consent or approval of, or registration or declaration with, any federal, state or other governmental commission, board, regulatory body or instrumentality, is required in connection with any of the actions of the Academy described in Paragraphs 1, 2, 3 or 4 hereof.
6. All legislation necessary to fulfill in all material respects the terms and conditions of the Series 2013 Bonds, including payment of the principal thereof and interest thereon, and to carry out the transactions contemplated by the Bond Purchase Agreement, is in full force and effect.
7. The fulfillment of the terms and conditions of, and the carrying out of the transactions contemplated by the Bond Documents and the Official Statement, do not and will not conflict with or constitute, on the part of the Academy, a breach of, or a default under, any existing law, including, without limitation, the Constitution of the State of Michigan, to which the Academy is subject or by which it is bound.
8. The statements contained in the Official Statement under the captions "INTRODUCTION", "DESCRIPTION OF THE BONDS" (except "Book-Entry-Only System therein), "SECURITY AND SOURCES OF PAYMENT OF THE BONDS", and "TAX MATTERS", insofar as such statements summarize the language and effect of the Bond Documents, the Constitution and the laws of the State of Michigan and federal income tax laws are fair and accurate summaries thereof in all material respects.

9. The Underwriter and Trustee may rely upon our approving legal opinion of even date herewith to the same extent as if it were addressed to them.

Although we have not independently verified and are not passing upon or assuming any responsibility for the accuracy, completeness or fairness of the statements in the Official Statement (except to the extent expressly set forth in Paragraph 8 hereof), in our capacity as Bond Counsel, in which capacity we have been dependent on information provided by representatives of the Academy, we attended conferences with representatives of the Academy and the Underwriter for the purpose of drafting the Bond Documents and such portions of the Official Statement expressly set forth in Paragraph 8 hereof and ancillary documents with respect to the Series 2013 Bonds. Such information and conferences did not disclose to us any information which causes us to believe that the Official Statement contained, as of its date or as of the date hereof, any untrue statement of a material fact or omitted as of its date, or omits as of the date hereof, to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

CLARK HILL PLC

EXHIBIT C

DRAFT OPINION OF UNDERWRITER'S COUNSEL

February 14, 2013

Lake Forest Securities LLC
17895 Hidden Acres Lane
Grand Haven, MI 49417

We have acted as counsel to Lake Forest Securities LLC (the "Underwriter") in connection with the purchase by the Underwriter of the Cole Academy (the "Academy") Public School Academy Refunding Bonds, Series 2013 in the aggregate principal amount of \$2,495,000 (the "Series 2013 Bonds") on the date hereof pursuant to the Bond Purchase Agreement, dated February 4, 2013 (the "Bond Purchase Agreement"), between you and the Academy. Capitalized terms used herein without definition have the same meanings as in the Official Statement, dated February 4, 2013, relating to the Series 2013 Bonds (the "Official Statement").

In our capacity as your counsel, we have participated in the preparation or review of the Bond Purchase Agreement, the resolution adopted by the Academy on January 17, 2013, authorizing the issuance and sale of the Series 2013 Bonds and related matters (the "Resolution"), the Trust Indenture, dated as of February 1, 2013 (the "Indenture"), between the Academy and U.S. Bank National Association, as Trustee (the "Trustee"), the Escrow Agreement, dated February 14, 2013, between the Academy and U.S. Bank National Association (the "Escrow Agreement") and the Official Statement, and we have examined the opinions pursuant to the Bond Purchase Agreement of Clark Hill PLC, acting in its role as bond counsel ("Bond Counsel").

In connection with this opinion letter, we have considered such documents and matters, and have relied upon such documents, certificates and other information furnished to us, as we deemed appropriate as a basis for our opinions set forth below. We are not expressing any opinion herein on the authorization, issuance, delivery or validity of the Series 2013 Bonds or with respect to any matter not expressly addressed herein, and we have assumed (other than the Underwriter), but not independently verified, that the signatures on all documents and certificates that we have examined are genuine. In addition, in rendering the opinions set forth below, we have relied upon the opinions of Bond Counsel as to the exclusion of the interest on the Series 2013 Bonds from gross income for federal income tax purposes.

BOND PURCHASE AGREEMENT
Cole Academy, Series 2013 Bonds

C - 1

Based upon and subject to the foregoing, we are of the opinion that:

1. The Series 2013 Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended, and the Resolution and the Indenture each are exempt from qualification as an indenture under the Trust Indenture Act of 1939, as amended.

2. The Statements in the Official Statement in the headings entitled, "INTRODUCTION", "DESCRIPTION OF THE BONDS" (other than under the subcaption "Book-Entry-Only-System"), "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS", "UNDERWRITING", "CONTINUING DISCLOSURE", EXHIBIT C and EXHIBIT F, insofar as such statements purport to summarize certain provision of the Series 2013 Bonds, Michigan law, and the Continuing Disclosure Agreement, constitute fair and accurate summaries thereof in all material respects.

3. Although we have not independently verified, and are not passing upon or assuming any responsibility for, the accuracy, completeness or fairness of the statements in the Official Statement other than as stated in paragraph 2 above, in our capacity as your counsel, in which capacity we have been dependent on information provided by representatives of the Academy and the Authorizing Body, we participated in conferences or telephone conferences and correspondence with Bond Counsel, representatives of the Underwriter, and with representatives of the Academy, the Trustee, the Authorizing Body and others, which conferences and correspondence did not disclose to us any information giving us reason to believe that the Official Statement (except with respect to the information contained under the subcaptions "Book-Entry-Only-System" and EXHIBIT A and the information contained therein as to the financial prospects of the Academy, and economic, financial, statistical or quantitative information, projections or estimates, and opinions of other counsel, as to which we express no opinion or belief) contained as of its date, or contains as of the date hereof, any untrue statement of a material fact or omitted as of its date, or omits as of the date hereof, to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Our engagement with respect to this matter is terminated as of the date hereof and we disclaim any obligation to update this letter. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person, but may be included in the transcript of proceedings for the Series 2013 Bonds.

CLARK HILL PLC

JMC:lam

MORTGAGE

COLE ACADEMY
as Mortgagor

to

U.S. BANK NATIONAL ASSOCIATION
as Mortgagee

RELATING TO:

\$2,495,000
COLE ACADEMY
Public School Academy Refunding Bonds, Series 2013

Dated as of February 1, 2013

Drafted by and when recorded, return to:

James M. Crowley
Clark Hill PLC
151 South Old Woodward Avenue
Suite 200
Birmingham, MI 48009

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EXHIBIT A LEGAL DESCRIPTION

EXHIBIT B PERMITTED ENCUMBRANCES

MORTGAGE

THIS MORTGAGE ("Mortgage") is made as of February 1, 2013, by and between COLE ACADEMY, as Mortgagor ("Mortgagor") and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, in its capacity as bond trustee for the Bonds (as defined below), as Mortgagee ("Mortgagee").

PRELIMINARY STATEMENTS

A. Pursuant to the Trust Indenture, dated as of February 1, 2013 (the "Trust Indenture"), between Mortgagor and U.S. Bank National Association, as trustee under the Trust Indenture, Mortgagor is issuing its Public School Academy Refunding Bonds, Series 2013 in the aggregate principal amount of \$2,495,000 (the "Bonds") for the purposes set forth in the Trust Indenture. All capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Trust Indenture.

B. Pursuant to the Trust Indenture, 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 Bonds.

C. The Bonds are secured by the Trust Estate (as defined in the Trust Indenture), including 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 Trustee 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 Ingham, State of Michigan, 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 (collectively, the "Improvements" and, together with the Land, the "Real Property");

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, 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.

TO HAVE AND TO HOLD the Mortgaged Estate hereby granted or mortgaged or intended to be granted or mortgaged, unto Trustee, 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 (as hereinafter defined) 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 Bonds and all replacements, renewals, amendments, extensions, substitutions and modifications thereof bearing interest and being payable as provided therein;

(ii) Payment of all indebtedness and performance of all obligations and covenants of Mortgagor under the Trust Indenture and each agreement of Mortgagor incorporated by reference therein or herein, or contained therein or herein;

(iii) Payment of all of the principal of and interest on any future advances under the Trust Indenture, this Mortgage, and any other instrument or other document given to evidence or further secure the payment and performance of any of the obligations thereunder; and

(iv) 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;

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 under the Trust Indenture, including advances made subsequent to the recording of this Mortgage, shall be secured with the priority afforded this Mortgage as recorded.

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

ARTICLE I

REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF MORTGAGOR

Mortgagor hereby represents, warrants, covenants and agrees:

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

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

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 or as permitted under the Trust Indenture) 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 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 Trust Indenture.

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 Trust Indenture.

(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 Trust Indenture, 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 Trust Indenture. 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 Trust Indenture or any of the obligations of Mortgagor under the Trust Indenture.

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 as provided in the Trust Indenture. 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 Bonds 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 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 and affiliates, and directors, officers, agents and employees and affiliates for, 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, its officers, employees, agents and representatives, 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) In accordance with the terms of the Trust Indenture, 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 in accordance with the terms of the Trust Indenture.

(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, in its sole discretion, and 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 may 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 its attorneys and experts, and cooperate with it 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 as provided in Section 7.02 of the Trust Indenture, and if to Mortgagee, shall be applied first to all reasonable costs and expenses incurred by Mortgagee in obtaining the proceeds. The balance of proceeds (referred to in the Trust Indenture as "net proceeds"), if any, shall be applied as directed by Mortgagor in accordance with the provisions of the Trust Indenture.

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 as provided in the Trust Indenture and 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 its 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, and for the purpose of performing any of the acts it is authorized to perform under the terms of the Trust Indenture.

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 Trust 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 Trust Indenture and in all of its proceedings pertaining to this Mortgage. The covenants, representations and warranties of Mortgagor set forth in the Trust Indenture 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. [Reserved].

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 of Michigan 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 Trust Indenture. The execution and delivery of the Trust Indenture and the performance and observance of the 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 and the Trust Indenture, 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 the Trust Indenture, 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 or the Trust Indenture, 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 Trust Indenture.

Section 1.28. Enforceability. This Mortgage and the Trust Indenture 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 the Trust Indenture, 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 is 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. As provided in the recitals to this Mortgage, 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. 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 Trust Indenture, 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 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 Trust Indenture 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 all Outstanding Bonds in accordance with the Trust Indenture, the lien of this Mortgage upon the Mortgaged Estate shall cease, and Mortgagee and Trustee shall execute and deliver to Mortgagor at Mortgagor's sole cost and expense all documents necessary to effect such a release.

ARTICLE II

ENVIRONMENTAL MATTERS

Section 2.01. Environmental Matters. Mortgagor hereby incorporates and reaffirms those covenants and representations contained in Sections 7.06, 7.07 and 7.08 of the Trust Indenture (including its covenant to provide certain environmental indemnifications) as an integral part of this Mortgage; provided, however, it is the intent of the parties that the

environmental indemnifications contained herein are separate and independent obligations of Mortgagor which shall survive any release, foreclosure or other satisfaction of this Mortgage, and such indemnifications shall not be subject to any anti-deficiency defense.

ARTICLE III

ASSIGNMENT OF RENTS AND LEASES

Section 3.01. Assignment of Revenues. Mortgagor hereby absolutely assigns and transfers to Mortgagee all the Revenues of the Mortgaged Estate and hereby gives to and confers upon Mortgagee the right, power and authority to collect such Revenues. Mortgagor irrevocably appoints Mortgagee its true and lawful attorney-in-fact, at the option of Mortgagee, at any time and from time to time, to take possession and control of the Mortgaged Estate and to demand, receive and enforce payment, to give receipts, releases and satisfaction, and to sue, in the name of Mortgagor or Mortgagee, for all such Revenues and apply the same to the Secured Obligations; provided, however, that Mortgagor shall have a license to possess and control the Mortgaged Estate and to collect such Revenues (but not more than one month in advance) which is revocable at any time upon an Event of Default by Mortgagor under the Trust Indenture. The assignment of the Revenues of the Mortgaged Estate in this Article III is intended to be an absolute assignment from Mortgagor to Mortgagee and not merely the passing of a security interest.

While the assignment made in this Mortgage is present, direct and continuing, the execution and delivery hereof shall not in any way impair or diminish the obligations of Mortgagor under the provisions of any lease nor shall any of the obligations contained in any lease be imposed upon Mortgagee.

Section 3.02. Collection Upon Default. Upon any Event of Default under this Mortgage or the Trust Indenture, Mortgagee may, at any time without notice, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the Secured Obligations (i) enter upon and take possession of the Mortgaged Estate, or any part thereof, and in its own name sue for or otherwise collect such Revenues, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including attorneys' fees, upon any Secured Obligations, and in such order as Mortgagee may determine, and (ii) prepare and submit any applications or other documentation as necessary in order to permit Mortgagee to collect the Revenues of the Mortgaged Estate. The collection of such Revenues, or the entering upon and taking possession of the Mortgaged Estate shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default.

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 negligence or willful misconduct.

ARTICLE IV

SECURITY AGREEMENT

Section 4.01. Creation of Security Interest. With respect to any portion of the Mortgaged Estate which now constitute 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 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 as defined in the Trust Indenture) 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 Trust Indenture (other than this Mortgage) subject to any applicable notice or cure periods provided therein;

(b) failure by Mortgagor to punctually perform or observe any covenant or agreement contained in this Mortgage (other than the monetary obligations described in paragraph (a) above) and such failure shall not have been cured within 30 days (or such longer period as permitted under the Trust Indenture) after written notice from Mortgagee of such failure;

(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 60 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 execution, attachment or similar process or judgment is not released, bonded, satisfied, vacated or stayed within 60 days after its entry or levy;

(f) if, during the term of the Bonds 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, unless any of the foregoing are permitted by the Trust Indenture;

(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 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) unless permitted by the Trust Indenture; or

(h) if at any time any representation, warranty or statement made by Mortgagor in the Trust Indenture 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.

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 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 Trust Indenture 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 Trust Indenture, 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, and its agents and representatives, 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; and

(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 at the beginning of this Mortgage 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 Trust Indenture 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 in its sole discretion 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 OF MICHIGAN 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 of Michigan.

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 Trust Indenture 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 in its absolute discretion 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 Trust Indenture 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 or Trustee 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 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.

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 Trust Indenture 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 the 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 "choate" 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 Trust Indenture, the terms of the Trust Indenture shall govern.

Section 6.02. Waiver of Rights. To the extent permitted by law, Mortgagor waives the benefit of all laws now existing or that hereafter may be enacted (i) providing for any appraisement before sale of any portion of the Mortgaged Estate, or (ii) in any way extending the time for the enforcement of the collection of the Secured Obligations or creating or extending a period of redemption from any sale made in collecting the Secured Obligations. To the full extent Mortgagor may do so under the laws of the State, Mortgagor agrees that Mortgagor will not at any time insist upon, plea, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisement, valuation, stay, extension, redemption or homestead exemption, and Mortgagor, for Mortgagor, Mortgagor's representatives, successors and assigns, and for any and all persons ever claiming any interest in the Mortgaged Estate, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisement, stay of execution, homestead exemption, notice of election to mature or declare due the whole of the Secured Obligations and marshaling in the event of foreclosure of the liens hereby created. If any law referred to in this Section and now in force, of which Mortgagor, Mortgagor's heirs, devisees, representatives, successors and assigns or other person might take advantage despite this Section, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to preclude the application of this Section. Mortgagor expressly waives and relinquishes any and all rights, remedies and defenses that Mortgagor may have or be able to assert by reason of the laws of the State of Michigan 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 pursuant to the Trust Indenture or otherwise, or for the performance or payment of any covenant or obligation contained herein, exceed the maximum amount permissible under applicable law. If from any circumstance whatsoever fulfillment of any provision hereof 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 Bonds shall ever receive as interest under the Bonds 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 Bonds 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 Bonds 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 if sent by hand delivery, one day after deposit with overnight courier or two days after deposit in the case of certified mail, postage prepaid, addressed to the following mailing addresses:

If to Mortgagor:	Cole Academy 1915 West Mt. Hope Avenue Lansing, MI 48910 Attention: Superintendent Telephone: (517) 372-0038 Facsimile: (517) 372-1446
------------------	---

If to Mortgagee:	U.S. Bank National Association Corporate Trust Services (EP-MN-WS3C) 60 Livingston Avenue St. Paul, MN 55107 Attention: Corporate Trust Department Telephone: (651) 466-6307 Facsimile: (651) 466-7429
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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; Conflicting 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 Bonds 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 and as permitted under the Trust Indenture.

Section 6.10. Assignment of Mortgagee's Interest. It is expressly agreed that any and all terms of this Mortgage, the Trust Indenture 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 its successors and assigns, and the words "Mortgagee" shall also mean and include the successor or successors and the assign or assigns of Mortgagee and its successors and assigns. 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 Trust Indenture.


Section 6.12. Obligations of Mortgagor. The obligations of Mortgagor to make payments hereunder and under the Trust Indenture and to perform and observe all agreements on its part contained herein and therein shall be absolute and unconditional. Until this Mortgage is terminated or payment in full of all Bonds is made or is provided for in accordance with the Trust Indenture, Mortgagor (i) will not suspend or discontinue any payments under the Trust Indenture 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 Trust Indenture, this Mortgage and the Bonds; and (iii) except as provided herein will not terminate the Trust Indenture 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 Bonds or for any claim based thereon or under the Trust Indenture, this Mortgage or the Bonds 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 Bonds.

Section 6.14. Supplements; Amendments. This Mortgage may be supplemented or amended by written agreement between Mortgagor and Mortgagee in accordance with the applicable provisions of the Trust Indenture.

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.


COLE ACADEMY

By: 
Philip Browne

Its: President

STATE OF MICHIGAN)
) ss:
COUNTY OF INGHAM)

Personally came before me this 13th day of February, 2013, the above named Philip Browne, President of Cole Academy, to me known to be the person who executed the foregoing instrument and acknowledged the same on behalf of Cole Academy.


Name: Tema L. Crowell
Notary Public, State of Michigan
My commission expires: 11/16/2019
Acting in County of: Ingham

TEMA L. CROWELL
NOTARY PUBLIC, STATE OF MI
COUNTY OF GRATIOT
MY COMMISSION EXPIRES Nov 16, 2019
ACTING IN COUNTY OF Ingham

POWER OF ATTORNEY

Mortgagee may act as attorney-in-fact or otherwise on behalf of Mortgagor pursuant to Sections 1.22, 3.01 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.

Witness

Mortgagor

EXHIBIT A

LEGAL DESCRIPTION

Land situated in the County of Ingham, City of Lansing, State of Michigan, is described as follows:

[INSERT LEGAL]

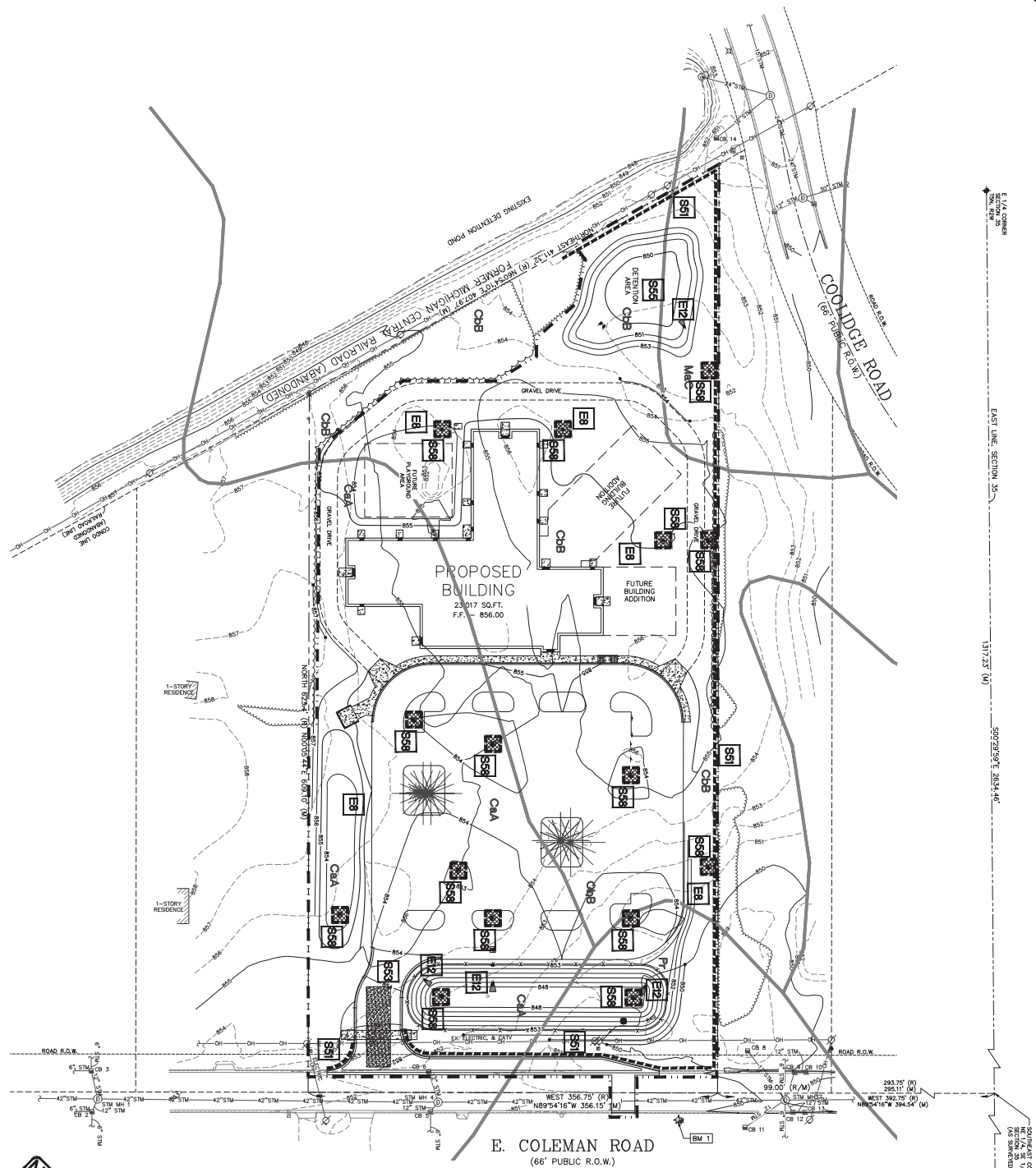
That part of the Northwest 1/4 of Section 29, Town 4 North, Range 2 West, City of Lansing, Ingham County, Michigan, described as: Commencing at the Northwest corner of said Section 29; thence South 89 degrees 24 minutes 34 seconds East 641.50 feet along the North line of said Section 29; thence South 00 degrees 06 minutes 58 seconds West (recorded as South 00 degrees 10 minutes West) 50 feet, said point being the Point of Beginning of this description, thence South 89 degrees 24 minutes 34 seconds East with said North line 361.81 feet; thence South 00 degrees 09 minutes 27 seconds West 300.00 feet; thence North 89 degrees 27 minutes 56 seconds West 361.81 feet; thence North 00 degrees 06 minutes 58 seconds East 300.00 feet to the point of beginning.

EXHIBIT B

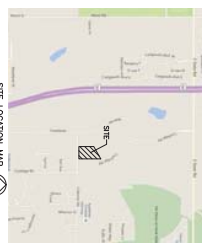
PERMITTED EXCEPTIONS
AS DISCLOSED IN TITLE INSURANCE POLICY

Cole Academy East

2921 E. Coleman Rd.
East Lansing, MI 48823



NOT FOR CONSTRUCTION



SITE IS NOT WITHIN 500 FEET OF A
STREAM, LAKE OR DRAINAGE CHANNEL

CAPAC-LOAN (0 TO 4 PERCENT SLOPES)
CAPAC-MARLETTE LOANS (1 TO 6 PERCENT SLOPES)
MARLETTE LOAN (6 TO 12 PERCENT SLOPES)
PARCHILL LOAN (0 TO 1 PERCENT SLOPES)

SCS SOIL TYPES

LIMITS OF EARTH CHANGE (5.3 ACRES)

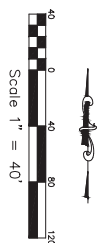
SLT FENCE

REFERS TO THE APPROPRIATE
S.E.S.C. KEYING SYSTEM DETAIL

INLET PROTECTION AT CB


LEGEND

1. A PORTION OF HARBOR LIGHT LOCATED ON THE SOUTH SIDE OF COQUAN SUBJECT PROPERTY, 22.5' SOUTH OF THE SOUTHEAST CORNER OF ELEVATION 822.46.
2. AND 0.17' TO SUNDRIAR AND ALL ELEVATIONS TO NOTE.
3. THE CONVICTION SHALL OBL. "LESS OR AT 1-800-482-7171 (TOLLFREE) AND RESOURCES, PREPARED BY: SUNDRIAR.
4. AT LEAST ONE (1) PERSON DURING EXCLUDING WEEKS FOR
5. USE DROPPED A SURVEYOR WILL NOT BE RESPONSIBLE FOR FIELD DESIGN CHANGES MADE BY THE CONVICTION OR THE CONTRACTOR'S UNDESIRABLE SURVEY CHANGES HAVE NOT BEEN APPROVED BY
6. UNLESS OTHERWISE NOTED, ALL DIMENSIONS ARE TO THE FACE OF CURB.

NOTES

Know what's below.
Call before you dig.

MISS DIG



FILE _____ CHG-010-MS

ISSUED BY _____

DESIGNED BY _____

ORDERED BY _____

DATE _____ FEBRUARY 1, 2017

SCALE _____

HOR. 1" = 40'

VERT. N/A

PROJECT NO. _____

1769

SHEET NO. _____

C6.0

SOIL EROSION AND SEDIMENTATION CONTROL PLAN
FOR
COLE ACADEMY
COLEMAN ROAD AND COOLIDGE ROAD
EAST LANSING, MICHIGAN

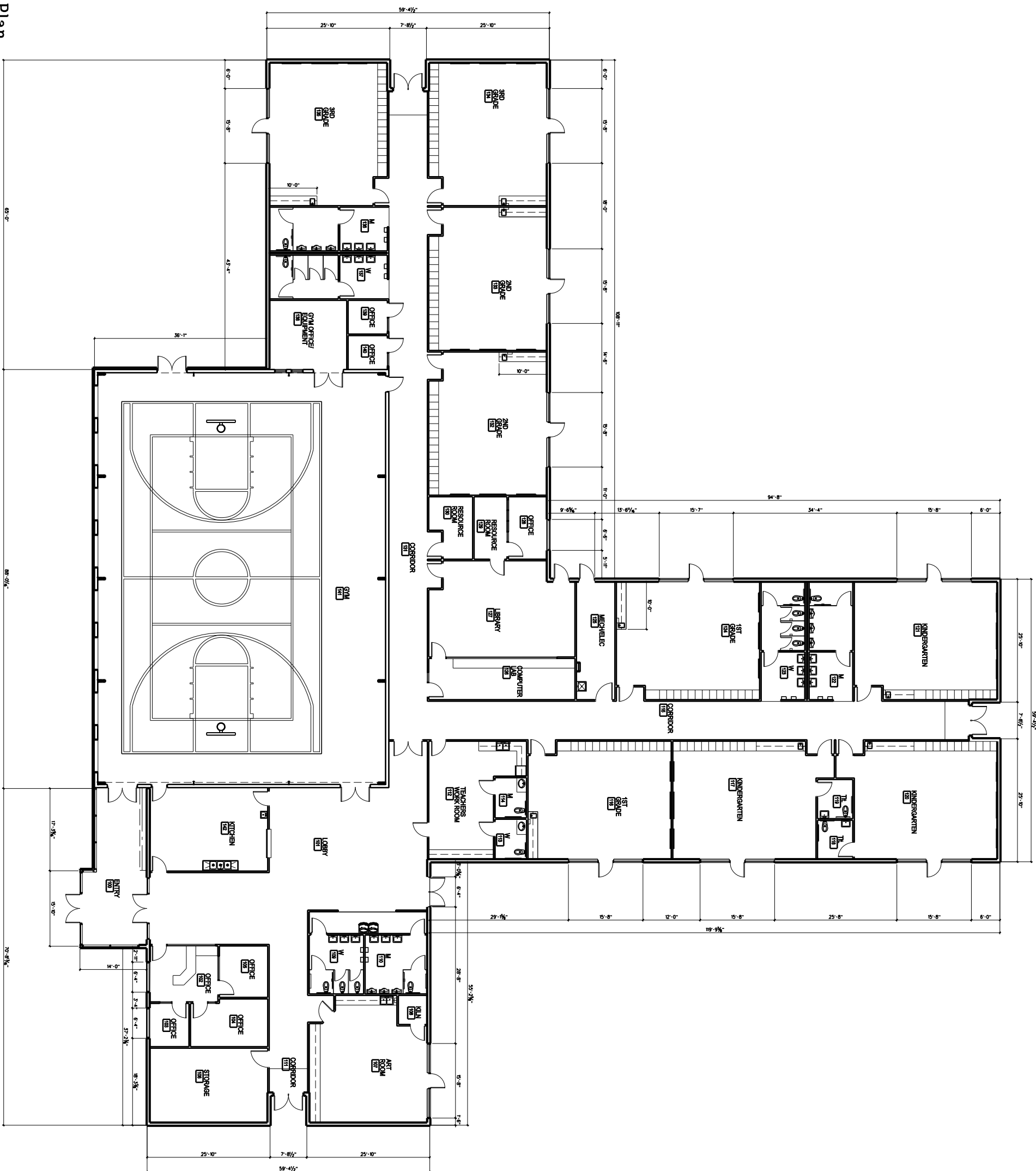
PREPARED FOR:

COLE ACADEMY
1915 WEST MOUNT HOPE AVENUE
LANSING, MICHIGAN 48910
PHONE: (517) 372-0038

LSG
Engineers
& Surveyors

3135 PINE TREE ROAD
SUITE D
LANSDOWNE, MD 48911
PH. (517) 393-2902
FAX (517) 393-2608
www.lsg-usa.com

2/7/17	ISSUED FOR BID	SEP
DATE	DESCRIPTION	BY
REVISIONS/SUBMITTALS		

[illegible]

**Jeffrey
Parker**
architects

ARCHITECTURE PLANNING ENGINEERING

835 24th Street SE
Grand Rapids MI 49508

Phone: 616-241-0099
Fax: 616-241-0098

***Cole Academy
East Lansing***

East Lansing, Michigan

Floor Plan

periss

ISSUED

•

•

Product No.

Project No.

Project No.
1504615046
Projective.

15046

13046

1

— 100 —

Drawing No.
A1.0

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: BLDG17-01214

2897 E COLEMAN RD

East Lansing, MI 48823

COUNTY: Clinton

The above named building of Use Group E, Education 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.

Print Date: 10/16/2018

Cole Academy East
Facility Financing Documents

CHANGE IN TERMS AGREEMENT

Principal	Loan Date	Maturity	Loan No.	Call/Col	Account	Officer	Initials
\$3,640,000.00	08-10-2017	08-10-2019	5586098/CLT	2017-108	C0008680	AG	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "***" has been omitted due to text length limitations.

Borrower: COLE ACADEMY
1915 WEST MT HOPE
LANSING, MI 48910-2434

Lender: THE DART BANK
FRANDOR
600 N HOMER
LANSING, MI 48912

Principal Amount: \$3,640,000.00

Date of Agreement: March 29, 2018

DESCRIPTION OF EXISTING INDEBTEDNESS. COMMERCIAL PROMISSORY NOTE DATED AUGUST 10, 2017 WITH AN ORIGINAL CONSTRUCTION DRAW AMOUNT OF \$3,260,000.00 FROM COLE ACADEMY TO THE DART BANK.

DESCRIPTION OF COLLATERAL. REAL ESTATE MORTGAGE AND ASSIGNMENT OF RENTS DATED AUGUST 10, 2017 INCLUDING MODIFICATION OF MORTGAGE DATED MARCH 29, 2018 ON PROPERTY LOCATED AT 2837, 2913, 2923 & 2949 EAST COLEMAN ROAD, EAST LANSING, MI 48823; SECURITY AGREEMENT FROM BORROWER SECURING ALL INVENTORY, EQUIPMENT, ACCOUNTS (INCLUDING BUT NOT LIMITED TO ALL HEALTH-CARE-INSURANCE RECEIVABLES AND APPROPRIATED STATE SCHOOL AID PAYMENTS TO BE RECEIVED BY THE BORROWER), CHATTEL PAPER, INSTRUMENTS (INCLUDING BUT NOT LIMITED TO ALL PROMISSORY NOTES), LETTER-OF-CREDIT RIGHTS, LETTERS OF CREDIT, DOCUMENTS, DEPOSIT ACCOUNTS, INVESTMENT PROPERTY, MONEY, OTHER RIGHTS TO PAYMENT AND PERFORMANCE, AND GENERAL INTANGIBLES (INCLUDING BUT NOT LIMITED TO ALL SOFTWARE AND ALL PAYMENT INTANGIBLES); ALL OIL, GAS AND OTHER MINERALS BEFORE EXTRACTION; ALL OIL, GAS, OTHER MINERALS AND ACCOUNTS CONSTITUTING AS-EXTRACTED COLLATERAL; ALL FIXTURES; ALL ATTACHMENTS, ACCESSIONS, ACCESSORIES, FITTINGS, INCREASES, TOOLS, PARTS, REPAIRS, SUPPLIES, AND COMMINGLED GOODS RELATING TO THE FOREGOING PROPERTY, AND ALL ADDITIONS, REPLACEMENTS OF AND SUBSTITUTIONS FOR ALL OR ANY PART OF THE FOREGOING PROPERTY; ALL INSURANCE REFUNDS RELATING TO THE FOREGOING PROPERTY; ALL GOOD WILL RELATING TO THE FOREGOING PROPERTY; ALL RECORDS AND DATA AND EMBEDDED SOFTWARE RELATING TO THE FOREGOING PROPERTY, AND ALL EQUIPMENT, INVENTORY AND SOFTWARE TO UTILIZE, CREATE, MAINTAIN AND PROCESS ANY SUCH RECORDS AND DATA ON ELECTRONIC MEDIA; AND ALL SUPPORTING OBLIGATIONS RELATING TO THE FOREGOING PROPERTY; ALL WHETHER NOW EXISTING OR HEREAFTER ARISING, WHETHER NOW OWNED OR HEREAFTER ACQUIRED OR WHETHER NOW OR HEREAFTER SUBJECT TO ANY RIGHTS IN THE FOREGOING PROPERTY; AND ALL PRODUCTS AND PROCEEDS (INCLUDING BUT NOT LIMITED TO ALL INSURANCE PAYMENTS) OF OR RELATING TO THE FOREGOING PROPERTY; INCLUDING A SUBORDINATE FULL FAITH AND CREDIT PLEDGE OF THE BORROWER TO LENDER AS SET FORTH IN THE RESOLUTION.

DESCRIPTION OF CHANGE IN TERMS.

INCREASING CONSTRUCTION DRAW AMOUNT FROM \$3,260,000.00 TO \$3,640,000.00.

ADDING A MODIFICATION OF MORTGAGE DATED MARCH 29, 2018, TO MODIFY THE "NOTE" PARAGRAPH OF THE MORTGAGE.

UPDATING TOTAL PROJECT COST IN THE CONSTRUCTION LOAN AGREEMENT TO \$4,017,469.81 PER CHANGE ORDER DATED 3/7/18.

CUSTOMER AGREES TO PAY THE FOLLOWING FEES:

TITLE INS. - MOD FEE: \$806.00
RECORDING FEES : \$ 30.00
\$836.00

WITH THE EXCEPTION OF THE CHANGES SET FORTH AND REFERENCED ABOVE IN THIS CHANGE IN TERMS, ALL LOAN DOCUMENTS DATED AUGUST 10, 2017 AND ENTERED INTO BETWEEN COLE ACADEMY AND THE DART BANK IN THE AMOUNT OF \$3,260,000.00, SHALL REMAIN IN FULL FORCE AND EFFECT.

PROMISE TO PAY. COLE ACADEMY ("Borrower") promises to pay to THE DART BANK ("Lender"), or order, in lawful money of the United States of America, the principal amount of Three Million Six Hundred Forty Thousand & 00/100 Dollars (\$3,640,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

PAYMENT. Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on August 10, 2019. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning March 10, 2018, with all subsequent interest payments to be due on the same day of each month after that. Unless otherwise agreed or required by applicable law, payments will be applied to any accrued unpaid interest. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this loan is subject to change from time to time based on changes in an Independent Index which is the highest rate on corporate loans posted by at least 75% of the USA's 10 largest banks known as The Wall Street Journal Prime Rate and is published in The Wall Street Journal (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute Index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 4.500% per annum. Interest on the unpaid principal balance of this loan will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate of 1,000 percentage point over the Index, resulting in an initial rate of 5,500% per annum based on a year of 360 days. NOTICE: Under no circumstances will the interest rate on this loan be more than the maximum rate allowed by applicable law.

INTEREST CALCULATION METHOD. Interest on this loan is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this loan is computed using this method.

PREPAYMENT. Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Agreement, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: THE DART BANK, 368 SOUTH PARK STREET MASON, MI 48854.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment or \$15.00, whichever is greater.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this loan shall be increased by adding an additional 3.000 percentage point margin ("Default Rate Margin"). The Default Rate Margin shall also apply to each succeeding interest rate change that would have applied had there been no default. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the indebtedness.

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

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

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the

commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

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

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

Change in Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

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

Insecurity. Lender in good faith believes itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Agreement and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Agreement if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

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

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of INGHAM County, State of Michigan.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$25.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

COLLATERAL. Borrower acknowledges this Agreement is secured by REAL ESTATE MORTGAGE AND ASSIGNMENT OF RENTS DATED AUGUST 10, 2017 INCLUDING MODIFICATION OF MORTGAGE DATED MARCH 14, 2018 ON PROPERTY LOCATED AT 2897, 2913, 2923 & 2949 EAST COLEMAN ROAD, EAST LANSING, MI 48823; SECURITY AGREEMENT FROM BORROWER SECURING ALL INVENTORY, EQUIPMENT, ACCOUNTS (INCLUDING BUT NOT LIMITED TO ALL HEALTH-CARE-INSURANCE RECEIVABLES AND APPROPRIATED STATE SCHOOL AID PAYMENTS TO BE RECEIVED BY THE BORROWER), CHATTEL PAPER, INSTRUMENTS (INCLUDING BUT NOT LIMITED TO ALL PROMISSORY NOTES), LETTER-OF-CREDIT RIGHTS, LETTERS OF CREDIT, DOCUMENTS, DEPOSIT ACCOUNTS, INVESTMENT PROPERTY, MONEY, OTHER RIGHTS TO PAYMENT AND PERFORMANCE, AND GENERAL INTANGIBLES (INCLUDING BUT NOT LIMITED TO ALL SOFTWARE AND ALL PAYMENT INTANGIBLES); ALL OIL, GAS AND OTHER MINERALS BEFORE EXTRACTION; ALL OIL, GAS, OTHER MINERALS AND ACCOUNTS CONSTITUTING AS-EXTRACTED COLLATERAL; ALL FIXTURES; ALL ATTACHMENTS, ACCESSIONS, ACCESSORIES, FITTINGS, INCREASES, TOOLS, PARTS, REPAIRS, SUPPLIES, AND COMMINGLED GOODS RELATING TO THE FOREGOING PROPERTY; AND ALL ADDITIONS, REPLACEMENTS OF AND SUBSTITUTIONS FOR ALL OR ANY PART OF THE FOREGOING PROPERTY; ALL INSURANCE REFUNDS RELATING TO THE FOREGOING PROPERTY; ALL GOOD WILL RELATING TO THE FOREGOING PROPERTY; ALL RECORDS AND DATA AND EMBEDDED SOFTWARE RELATING TO THE FOREGOING PROPERTY, AND ALL EQUIPMENT, INVENTORY AND SOFTWARE TO UTILIZE, CREATE, MAINTAIN AND PROCESS ANY SUCH RECORDS AND DATA ON ELECTRONIC MEDIA; AND ALL SUPPORTING OBLIGATIONS RELATING TO THE FOREGOING PROPERTY; ALL WHETHER NOW EXISTING OR HEREAFTER ARISING, WHETHER NOW OWNED OR HEREAFTER ACQUIRED OR WHETHER NOW OR HEREAFTER SUBJECT TO ANY RIGHTS IN THE FOREGOING PROPERTY; AND ALL PRODUCTS AND PROCEEDS (INCLUDING BUT NOT LIMITED TO ALL INSURANCE PAYMENTS) OF OR RELATING TO THE FOREGOING PROPERTY; INCLUDING A SUBORDINATE FULL FAITH AND CREDIT PLEDGE OF THE BORROWER TO LENDER AS SET FORTH IN THE RESOLUTION.

LINE OF CREDIT. This Agreement evidences a straight line of credit. Once the total amount of principal has been advanced, Borrower is not entitled to further loan advances. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Agreement at any time may be evidenced by endorsements on this Agreement or by Lender's internal records, including daily computer print-outs.

CONTINUING VALIDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial-extension, modification or release, but also to all such subsequent actions.

ANNUAL FINANCIAL STATEMENTS. BORROWER AGREES TO PROVIDE AUDITED CPA FINANCIAL STATEMENTS FOR ALL BORROWERS AND GUARANTORS ANNUALLY AND UPON LENDER'S REQUEST.

ADDITIONAL DEFAULT PROVISION. THE FOLLOWING EVENTS SHALL ALSO CONSTITUTE AN EVENT OF DEFAULT.

State Aid Payments. Failure of state aid payments to be deposited with Central Michigan University (the "Authorizing Body").

Charter Contract. Contingent renewal, termination, revocation or nonrenewal of the charter agreement between the Authorizing Body and the Borrower (the "Charter Contract").

Probationary Status. The Borrower is placed on probationary status by the Michigan Department of Education or the Authorizing Body.

ADDITIONAL PROVISION.

The Note is issued under and in pursuance of the provisions of Act 451, Public Acts of Michigan, 1976, as amended (the "Revised School Code"), for the purpose of financing the costs of the Project, the current refunding of a Prior Obligation and paying the costs of issuing the Note, as more fully described in the Resolution adopted by the Board of Directors of the Borrower on May 31, 2017, approving the issuance of this Note (the "Resolution"). The Borrower and Lender agree that this Note shall be deemed a "Bond" for purposes of Section 1381a of the Revised School Code. The Loan proceeds shall be utilized for Capital Acquisition needs of the Borrower. Borrower is a Michigan Public School Academy.

For the prompt payment of this Note, both principal and interest, the subordinate full faith and credit of the Borrower is hereby pledged by the Borrower in favor of the Lender. As further security for the repayment of the Note, the Borrower has granted to the Lender a first lien mortgage on the Borrower's new school facility to be constructed as part of the Project (the "Mortgage"). The Note is being issued on a subordinate basis to the security granted by the Borrower to the Trustee under the Trust Indenture for the Academy's \$2,495,000 Public School Academy Refunding Bonds, Series 2013, dated February 14, 2013, which includes the Borrower's full faith and credit pledge and a first lien mortgage security interest granted by the Borrower to the Trustee on the Academy's school facility located at 1915 West Mt. Hope Avenue, Lansing, Michigan.

The Borrower covenants that prior to the execution of a promissory note terming out the amounts owing pursuant to the construction phase, which shall occur on or before August 10, 2019, provided there is no Event of Default, the Borrower will provide to U.S. Bank National Association, as trustee (the "Trustee"), under a Trust Indenture, dated February 1, 2013, between the Borrower and the Trustee relating to the

CHANGE IN TERMS AGREEMENT
(Continued)

Borrower's Public School Academy Refunding Bonds, Series 2013, a letter providing irrevocable direction to the Trustee under Section 5.22 of the Trust Indenture to pay Lender directly from the revenue fund the debt service payments due under the promissory note.

PRIOR NOTE. Promissory Note dated December 22, 2016 in the original loan amount of \$380,000.00. Loan Number (5586994), now being modified from \$3,260,000.00 to \$3,640,000.00.

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

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracy(ies) should be sent to us at the following address: THE DART BANK 368 S PARK ST / P.O. BOX 40 MASON, MI 48854.

MISCELLANEOUS PROVISIONS. If any part of this Agreement cannot be enforced, this fact will not affect the rest of the Agreement. Lender may delay or forego enforcing any of its rights or remedies under this Agreement without losing them. Borrower and any other person who signs, guarantees or endorses this Agreement, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Agreement, and unless otherwise expressly stated in writing, no party who signs this Agreement, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impel, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Agreement are joint and several.

PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.

BORROWER:

COLE ACADEMY

By:

BRIAN SHAUGHNESSY, Superintendent of COLE ACADEMY

By:

TARA FERGUSON, Treasurer of COLE ACADEMY

LENDER:

THE DART BANK

X

Authorized Signer

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$3,260,000.00	08-10-2017	08-10-2019	5586098	2A1 / 105	C0008690	AG	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "****" has been omitted due to text length limitations.

Borrower: COLE ACADEMY
1915 WEST MT HOPE
LANSING, MI 48910-2434

Lender: THE DART BANK
FRANDOR
500 N HOMER
LANSING, MI 48912

Principal Amount: \$3,260,000.00

Date of Note: August 10, 2017

PROMISE TO PAY. COLE ACADEMY ("Borrower") promises to pay to THE DART BANK ("Lender"), or order, in lawful money of the United States of America, the principal amount of Three Million Two Hundred Sixty Thousand & 00/100 Dollars (\$3,260,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

PAYMENT. Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on August 10, 2019. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning September 10, 2017, with all subsequent interest payments to be due on the same day of each month after that. Unless otherwise agreed or required by applicable law, payments will be applied to any accrued unpaid interest. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the the highest rate on corporate loans posted by at least 75% of the USA's 10 largest banks known as The Wall Street Journal Prime Rate and is published in The Wall Street Journal (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 4.250% per annum. Interest on the unpaid principal balance of this Note will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate of 1.000 percentage point over the Index, resulting in an initial rate of 5.250% per annum based on a year of 360 days. NOTICE: Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: THE DART BANK, 368 SOUTH PARK STREET MASON, MI 48854.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment or \$15.00, whichever is greater.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased by adding an additional 3.000 percentage point margin ("Default Rate Margin"). The Default Rate Margin shall also apply to each succeeding interest rate change that would have applied had there been no default. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

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

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

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Change In Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

ADDITIONAL DEFAULT PROVISION. THE FOLLOWING EVENTS SHALL ALSO CONSTITUTE AN EVENT OF DEFAULT.

State Aid Payments. Failure of state aid payments to be deposited with Central Michigan University (the "Authorizing Body").

Charter Contract. Contingent renewal, termination, revocation or nonrenewal of the charter agreement between the Authorizing Body and the Borrower (the "Charter Contract").

Probationary Status. The Borrower is placed on probationary status by the Michigan Department of Education or the Authorizing Body.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

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

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of INGHAM County, State of Michigan.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$25.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

Lasernet, Ver. 16.2.20.010 Copy, D+H USA Corporation 1997, 2017. All Rights Reserved. - Mj-ethanol-ACFNP1020-FC TH-26795 PR-1

CONSTRUCTION LOAN AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$3,260,000.00	08-10-2017	08-10-2019	5586098	2A1 / 105	C0008690	AG	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

Borrower: COLE ACADEMY
1915 WEST MT HOPE
LANSING, MI 48910-2434

Lender: THE DART BANK
FRANDOR
500 N HOMER
LANSING, MI 48912

THIS CONSTRUCTION LOAN AGREEMENT dated August 10, 2017, is made and executed between COLE ACADEMY ("Borrower") and THE DART BANK ("Lender") on the following terms and conditions. Borrower has applied to Lender for one or more loans for purposes of constructing the Improvements on the Real Property described below. Lender is willing to lend the loan amount to Borrower solely under the terms and conditions specified in this Agreement and in the Related Documents, to each of which Borrower agrees. Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement, and (B) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

TERM. This Agreement shall be effective as of August 10, 2017, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until August 10, 2019.

LOAN. The Loan shall be in an amount not to exceed the principal sum of U.S. \$3,260,000.00 and shall bear interest on so much of the principal sum as shall be advanced pursuant to the terms of this Agreement and the Related Documents. The Loan shall bear interest on each Advance from the date of the Advance in accordance with the terms of the Note. Borrower shall use the Loan Funds solely for the payment of: (A) the costs of constructing the Improvements and equipping the Project in accordance with the Construction Contract; (B) other costs and expenses incurred or to be incurred in connection with the construction of the Improvements as Lender in its sole discretion shall approve; and (C) if permitted by Lender, interest due under the Note, including all expenses and all loan and commitment fees described in this Agreement. The Loan amount shall be subject at all times to all maximum limits and conditions set forth in this Agreement or in any of the Related Documents, including without limitation, any limits relating to loan to value ratios and acquisition and Project costs.

PROJECT DESCRIPTION. The word "Project" as used in this Agreement means the construction and completion of all Improvements contemplated by this Agreement, including without limitation the erection of the building or structure on the Real Property identified to this Agreement by Borrower and Lender, installation of equipment and fixtures, landscaping, and all other work necessary to make the Project usable and complete for the intended purposes. The Project includes the following work:

PROVIDING CONSTRUCTION AND END FINANCING FOR AN ELEMENTARY SCHOOL.

The word "Property" as used in this Agreement means the Real Property together with all Improvements, all equipment, fixtures, and other articles of personal property now or subsequently attached or affixed to the Real Property, together with all accessions, parts, and additions to, all replacements of, and all substitutions for any of such property, and all proceeds (including insurance proceeds and refunds of premiums) from any sale or other disposition of such property. The real estate described below constitutes the Real Property as used in this Agreement.

The real estate legally described as:

PARCEL 1:

BEGINNING 617.75 FEET WEST OF THE SOUTHEAST CORNER OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4, SECTION 35, TOWN 5 NORTH, RANGE 2 WEST, CITY OF EAST LANSING, CLINTON COUNTY, MICHIGAN; THENCE WEST 131.75 FEET, NORTH 623.4 FEET TO RAILROAD, NORTHEAST ALONG RAILROAD, 151.9 FEET, SOUTH 699.8 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

COMMENCING 501.75 FEET WEST OF THE SOUTHEAST CORNER OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4, SECTION 35, TOWN 5 NORTH, RANGE 2 WEST, CITY OF EAST LANSING, CLINTON COUNTY, MICHIGAN; THENCE WEST 61 FEET, NORTH 732.3 FEET TO RAILROAD RIGHT OF WAY, NORTHEASTERLY ALONG RAILROAD RIGHT OF WAY 70.3 FEET, SOUTH 767.1 FEET TO BEGINNING.

PARCEL 3:

BEGINNING AT A POINT 562.75 FEET WEST OF THE SOUTHEAST CORNER OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 35, TOWN 5 NORTH, RANGE 2 WEST, CITY OF EAST LANSING, CLINTON COUNTY, MICHIGAN, RUNNING THENCE WEST 55 FEET, THENCE NORTH 699.8 FEET, THENCE NORTHEASTERLY ALONG SOUTHERLY MICHIGAN CENTRAL RAILROAD RIGHT OF WAY 63.4 FEET, THENCE SOUTH 631.7 FEET TO POINT OF BEGINNING.

PARCEL 4:

COMMENCING 392.75 FEET WEST OF THE SOUTHEAST CORNER OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 35, TOWN 5 NORTH, RANGE 2 WEST, CITY OF EAST LANSING, CLINTON COUNTY, MICHIGAN, SOUTH OF MICHIGAN CENTRAL RAILROAD; WEST 109 FEET, NORTH 767.1 FEET; NORTHEAST ALONG RAILROAD 125.7 FEET; SOUTH 820.3 FEET TO THE BEGINNING.

Its address is commonly known as:

REAL PROPERTY LOCATED AT 2897, 2913, 2923 & 2949 EAST COLEMAN ROAD, EAST LANSING, MI 48823.

FEES AND EXPENSES. Whether or not the Project shall be consummated, Borrower shall assume and pay upon demand all out-of-pocket expenses incurred by Lender in connection with the preparation of loan documents and the making of the Loan, including without limitation the following: (A) all closing costs, loan fees, and disbursements; (B) all expenses of Lender's legal counsel; and (C) all title examination fees, title insurance premiums, appraisal fees, survey costs, required fees, and filing and recording fees.

NO CONSTRUCTION PRIOR TO RECORDING OF SECURITY DOCUMENT. Borrower will not permit any work or materials to be furnished in connection with the Project until (A) Borrower has signed the Related Documents; (B) Lender's mortgage or deed of trust and other Security Interests in the Property have been duly recorded and perfected; (C) Lender has been provided evidence, satisfactory to Lender, that Borrower has obtained all insurance required under this Agreement or any Related Documents and that Lender's liens on the Property and Improvements are valid perfected first liens, subject only to such exceptions, if any, acceptable to Lender.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any indebtedness exists:

Organization. Borrower is a non-profit corporation which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Michigan. Borrower is duly authorized to transact business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains an office at 1915 WEST MT HOPE, LANSING, MI 48910-2434. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: None.

Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of (a) Borrower's articles of incorporation or organization, or bylaws, or (b) any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when

**CONSTRUCTION LOAN AGREEMENT
(Continued)**

Loan No: 5586098

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delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

Properties. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

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

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Lien Priority. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

Title to Property. Borrower has, or on the date of first disbursement of Loan proceeds will have, good and marketable title to the Collateral free and clear of all defects, liens, and encumbrances, excepting only liens for taxes, assessments, or governmental charges or levies not yet delinquent or payable without penalty or interest, and such liens and encumbrances as may be approved in writing by the Lender. The Collateral is contiguous to publicly dedicated streets, roads, or highways providing access to the Collateral.

Project Costs. The total cost for the Project shall not exceed \$3,260,000.00. The Project costs are true and accurate estimates of the costs necessary to complete the Improvements in a good and workmanlike manner according to the Plans and Specifications presented by Borrower to Lender, and Borrower shall take all steps necessary to prevent the actual cost of the Improvements from exceeding the Project costs.

Utility Services. All utility services appropriate to the use of the Project after completion of construction are available at the boundaries of the Collateral.

Assessment of Property. The Collateral is and will continue to be assessed and taxed as an independent parcel by all governmental authorities.

Compliance with Governing Authorities. Borrower has examined and is familiar with all the easements, covenants, conditions, restrictions, reservations, building laws, regulations, zoning ordinances, and federal, state, and local requirements affecting the Project. The Project will at all times and in all respects conform to and comply with the requirements of such easements, covenants, conditions, restrictions, reservations, building laws, regulations, zoning ordinances, and federal, state, and local requirements.

Survival of Representations and Warranties. Borrower understands and agrees that in extending Loan Advances, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the extension of Loan Advances and delivery to Lender of the Related Documents, shall be continuing in nature, shall be deemed made and redated by Borrower at the time each Loan Advance is made, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

Approval of Contractors, Subcontractors, and Materialmen. Lender shall have approved a list of all contractors employed in connection with the construction of the Improvements, showing the name, address, and telephone number of each contractor, a general description of the nature of the work to be done, the labor and materials to be supplied, the names of materialmen, if known, and the approximate dollar value of the labor, work, or materials with respect to each contractor or materialman. Lender shall have the right to communicate with any person to verify the facts disclosed by the list or by any application for any Advance, or for any other purpose.

Plans, Specifications, and Permits. Lender shall have received and accepted a complete set of written Plans and Specifications setting forth all improvements for the Project, and Borrower shall have furnished to Lender copies of all permits and requisite approvals of any governmental body necessary for the construction and use of the Project.

Architect's and Construction Contracts. Borrower shall have furnished in form and substance satisfactory to Lender an executed copy of the Architect's Contract and an executed copy of the Construction Contract.

Budget and Schedule of Estimated Advances. Lender shall have approved detailed budget and cash flow projections of total Project costs and a schedule of the estimated amount and time of disbursements of each Advance.

Borrower's Authorization. Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the consummation of the Project and duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel, in their sole discretion, may require.

Bond. If requested by Lender, Borrower shall have furnished a performance and payment bond in an amount equal to 100% of the amount of the Construction Contract, as well as a materialmen's and mechanics' payment bond, with such riders and supplements as Lender may require, each in form and substance satisfactory to Lender, naming the General Contractor as principal and Lender as an additional obligee.

Appraisal. If required by Lender, an appraisal shall be prepared for the Property, at Borrower's expense, which in form and substance shall be satisfactory to Lender, in Lender's sole discretion, including applicable regulatory requirements.

Plans and Specifications. If requested by Lender, Borrower shall have assigned to Lender on Lender's forms the Plans and Specifications for the Project.

**CONSTRUCTION LOAN AGREEMENT
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Environmental Report. If requested by Lender, Borrower shall have furnished to Lender, at Borrower's expense, an environmental report and certificate on the Property in form and substance satisfactory to Lender, prepared by an engineer or other expert satisfactory to Lender stating that the Property complies with all applicable provisions and requirements of the "Hazardous Substances" paragraph set forth in this Agreement.

Soil Report. If requested by Lender, Borrower shall have furnished to Lender, at Borrower's expenses, a soil report for the Property in form and substance satisfactory to Lender, prepared by a registered engineer satisfactory to Lender stating that the Property is free from soil or other geological conditions that would preclude its use or development as contemplated without extra expense for precautionary, corrective or remedial measures.

Survey. If requested by Lender, Borrower shall have furnished to Lender a survey of recent date, prepared and certified by a qualified surveyor and providing that the Improvements, if constructed in accordance with the Plans and Specifications, shall lie wholly within the boundaries of the Collateral without encroachment or violation of any zoning ordinances, building codes or regulations, or setback requirements, together with such other information as Lender in its sole discretion may require.

Zoning. Borrower shall have furnished evidence satisfactory to Lender that the Collateral is duly and validly zoned for the construction, maintenance, and operation of the Project.

Title Insurance. Borrower shall have provided to Lender an ALTA Lender's extended coverage policy of title insurance with such endorsements as Lender may require, issued by a title insurance company acceptable to Lender and in a form, amount, and content satisfactory to Lender, insuring or agreeing to insure that Lender's security agreement or other security document on the Property is or will be upon recordation a valid first lien on the Property free and clear of all defects, liens, encumbrances, and exceptions except those as specifically accepted by Lender in writing. If requested by Lender, Borrower shall provide to Lender, at Borrower's expense, a foundation endorsement to the title policy upon the completion of each foundation for the Improvements, showing no encroachments, and upon completion an endorsement which insures the lien-free completion of the Improvements.

Insurance. Unless waived by Lender in writing, Borrower shall have delivered to Lender the following insurance policies or evidence thereof: (a) an all risks course of construction insurance policy (builder's risk), with extended coverage covering the Improvements issued in an amount and by a company acceptable to Lender, containing a loss payable or other endorsement satisfactory to Lender insuring Lender as mortgagee, together with such other endorsements as may be required by Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender; (b) owners and General Contractor general liability insurance, public liability and workmen's compensation insurance; (c) flood insurance if required by Lender or applicable law; and (d) all other insurance required by this Agreement or by the Related Documents.

Workers' Compensation Coverage. Provide to Lender proof of the General Contractor's compliance with all applicable workers' compensation laws and regulations with regard to all work performed on the Project.

Payment of Fees and Expenses. Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

Satisfactory Construction. All work usually done at the stage of construction for which disbursement is requested shall have been done in a good and workmanlike manner and all materials and fixtures usually furnished and installed at that stage of construction shall have been furnished and installed, all in compliance with the Plans and Specifications. Borrower shall also have furnished to Lender such proofs as Lender may require to establish the progress of the work, compliance with applicable laws, freedom of the Property from liens, and the basis for the requested disbursement.

Certification. Borrower shall have furnished to Lender a certification by an engineer, architect, or other qualified inspector acceptable to Lender that the construction of the Improvements has complied and will continue to comply with all applicable statutes, ordinances, codes, regulations, and similar requirements.

Lien Waivers. Borrower shall have obtained and attached to each application for an Advance, including the Advance to cover final payment to the General Contractor, executed acknowledgments of payments of all sums due and releases of mechanic's and materialmen's liens, satisfactory to Lender, from any party having lien rights, which acknowledgments of payment and releases of liens shall cover all work, labor, equipment, materials done, supplied, performed, or furnished prior to such application for an Advance.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

DISBURSEMENT OF LOAN FUNDS. The following provisions relate to the disbursement of funds from the Loan Fund.

Application for Advances. Each application shall be stated on a standard AIA payment request form or other form approved by Lender, executed by Borrower, and supported by such evidence as Lender shall reasonably require. Borrower shall apply only for disbursement with respect to work actually done by the General Contractor and for materials and equipment actually incorporated into the Project. Each application for an Advance shall be deemed a certification of Borrower that as of the date of such application, all representations and warranties contained in the Agreement are true and correct, and that Borrower is in compliance with all of the provisions of this Agreement.

Payments. At the sole option of Lender, Advances may be paid in the joint names of Borrower and the General Contractor, subcontractor(s), or supplier(s) in payment of sums due under the Construction Contract. At its sole option, Lender may directly pay the General Contractor and any subcontractors or other parties the sums due under the Construction Contract. Borrower appoints Lender as its attorney-in-fact to make such payments. This power shall be deemed coupled with an interest, shall be irrevocable, and shall survive an Event of Default under this Agreement.

Projected Cost Overruns. If Lender at any time determines in its sole discretion that the amount in the Loan Fund is insufficient, or will be insufficient, to complete fully and to pay for the Project, then within ten (10) days after receipt of a written request from Lender, Borrower shall deposit in the Loan Fund an amount equal to the deficiency as determined by Lender. The judgment and determination of Lender under this section shall be final and conclusive. Any such amounts deposited by Borrower shall be disbursed prior to any Loan proceeds.

Final Payment to General Contractor. Upon completion of the Project and fulfillment of the Construction Contract to the satisfaction of Lender and provided sufficient Loan Funds are available, Lender shall make an Advance to cover the final payment due to the General Contractor upon delivery to Lender of endorsements to the ALTA title insurance policy following the posting of the completion notice, as provided under applicable law. Construction shall not be deemed complete for purposes of final disbursement unless and until Lender shall have received all of the following:

- (1) Evidence satisfactory to Lender that all work under the Construction Contract requiring inspection by any governmental authority with jurisdiction has been duly inspected and approved by such authority, that a certificate of occupancy has been issued, and that all parties performing work have been paid, or will be paid, for such work;
- (2) A certification by an engineer, architect, or other qualified inspector acceptable to Lender that the Improvements have been completed substantially in accordance with the Plans and Specifications and the Construction Contract, that direct connection has been made to all utilities set forth in the Plans and Specifications, and that the Project is ready for occupancy; and
- (3) Acceptance of the completed Improvements by Lender and Borrower.

Construction Default. If Borrower fails in any respect to comply with the provisions of this Agreement or if construction ceases before completion regardless of the reason, Lender, at its option, may refuse to make further Advances, may accelerate the indebtedness under the terms of the Note, and without thereby impairing any of its rights, powers, or privileges, may enter into possession of the construction site and perform or cause to be performed any and all work and labor necessary to complete the Improvements, substantially in accordance with the Plans and Specifications.

Damage or Destruction. If any of the Collateral or Improvements is damaged or destroyed by casualty of any nature, within sixty (60) days thereafter Borrower shall restore the Collateral and Improvements to the condition in which they were before such damage or destruction with funds other than those in the Loan Fund. Lender shall not be obligated to make disbursements under this Agreement until such restoration has been accomplished.

Adequate Security. When any event occurs that Lender determines may endanger completion of the Project or the fulfillment of any condition or covenant in this Agreement, Lender may require Borrower to furnish, within ten (10) days after delivery of a written request, adequate security to eliminate, reduce, or indemnify Lender against, such danger. In addition, upon such occurrence, Lender in its sole discretion may advance funds or agree to undertake to advance funds to any party to eliminate, reduce, or indemnify Lender against, such danger or to complete the Project. All sums paid by Lender pursuant to such agreements or undertakings shall be for Borrower's account and shall be without prejudice to Borrower's rights, if any, to receive such funds from the party to whom paid. All sums expended by Lender in the exercise of its option to complete the Project or protect Lender's interests shall be payable to Lender on demand together with interest from the date of the Advance at the rate applicable to the Loan. In addition, any Advance of funds under this Agreement, including

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without limitation direct disbursements to the General Contractor or other parties in payment of sums due under the Construction Contract, shall be deemed to have been expended by or on behalf of Borrower and to have been secured by Lender's Mortgage, if any, on the Collateral.

CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender; or (E) Lender in good faith deems itself insecure, even though no Event of Default shall have occurred.

LIMITATION OF RESPONSIBILITY. The making of any Advance by Lender shall not constitute or be interpreted as either (A) an approval or acceptance by Lender of the work done through the date of the Advance, or (B) a representation or indemnity by Lender to any party against any deficiency or defect in the work or against any breach of any contract. Inspections and approvals of the Plans and Specifications, the Improvements, the workmanship and materials used in the Improvements, and the exercise of any other right of inspection, approval, or inquiry granted to Lender in this Agreement are acknowledged to be solely for the protection of Lender's interests, and under no circumstances shall they be construed to impose any responsibility or liability of any nature whatsoever on Lender to any party. Neither Borrower nor any contractor, subcontractor, materialman, laborer, or any other person shall rely, or have any right to rely, upon Lender's determination of the appropriateness of any Advance. No disbursement or approval by Lender shall constitute a representation by Lender as to the nature of the Project, its construction, or its intended use for Borrower or for any other person, nor shall it constitute an indemnity by Lender to Borrower or to any other person against any deficiency or defects in the Project or against any breach of any contract.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with such financial statements and other related information at such frequencies and in such detail as Lender may reasonably request.

Additional Information. Furnish such additional information and statements, lists of assets and liabilities, agings of receivables and payables, inventory schedules, budgets, forecasts, tax returns, and other reports with respect to Borrower's financial condition and business operations as Lender may request from time to time.

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Insurance. Maintain fire and other risk insurance, hail, federal crop insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

Loan Fees, Charges and Expenses. Whether or not the Project is completed, Borrower also shall pay upon demand all out-of-pocket expenses incurred by Lender in connection with the preparation of loan documents and the making of the Loan, including, without limitation, all closing costs, fees, and disbursements, all expenses of Lender's legal counsel, and all title examination fees, title insurance premiums, appraisal fees, survey costs, required fees, and filing and recording fees.

Loan Proceeds. Use the Loan Funds solely for payment of bills and expenses directly related to the Project.

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

Compliance Certificates. Unless waived in writing by Lender, provide Lender at least annually, with a certificate executed by Borrower's chief financial officer, or other officer or person acceptable to Lender, certifying that the representations and warranties set forth in this Agreement are true and correct as of the date of the certificate and further certifying that, as of the date of the certificate, no Event of Default exists under this Agreement.

Construction of the Project. Commence construction of the Project no later than May 4, 2017, and cause the Improvements to be constructed and equipped in a diligent and orderly manner and in strict accordance with the Plans and Specifications approved by Lender, the Construction Contract, and all applicable laws, ordinances, codes, regulations, and rights of adjoining or concurrent property owners. Borrower agrees to complete the Project for purposes of final payment to the General Contractor on or before August 6, 2018, regardless of the reason for any delay.

Defects. Upon demand of Lender, promptly correct any defect in the Improvements or any departure from the Plans and Specifications not approved by Lender in writing before further work shall be done upon the portion of the Improvements affected.

Project Claims and Litigation. Promptly inform Lender of (1) all material adverse changes in the financial condition of the General Contractor; (2) any litigation and claims, actual or threatened, affecting the Project or the General Contractor, which could materially affect the successful completion of the Project or the ability of the General Contractor to complete the Project as agreed; and (3) any condition or event which constitutes a breach or default under any of the Related Documents or any contract related to the Project.

Payment of Claims and Removal of Liens. (1) Cause all claims for labor done and materials and services furnished in connection with the Improvements to be fully paid and discharged in a timely manner, (2) diligently file or procure the filing of a valid notice of completion of the Improvements, or such comparable document as may be permitted under applicable lien laws, (3) diligently file or procure the filing of a notice of cessation, or such comparable document as may be permitted under applicable lien laws, upon the happening of cessation of labor on the Improvements for a continuous period of thirty (30) days or more, and (4) take all reasonable steps necessary to remove all claims of liens against the Collateral, the Improvements or any part of the Collateral or Improvements, or any rights or interests appurtenant to the Collateral or Improvements. Upon Lender's request, Borrower shall make such demands or claims upon or against laborers, materialmen, subcontractors, or other persons who have furnished or claim to have furnished labor, services, or materials in connection

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with the Improvements, which demands or claims shall under the laws of the State of Michigan require diligent assertions of lien claims upon penalty of loss or waiver thereof. Borrower shall, within ten (10) days after the filing of any claim of lien that is disputed or contested by Borrower, provide Lender with a surety bond issued by a surety acceptable to Lender sufficient to release the claim of lien or deposit with Lender an amount satisfactory to Lender for the possibility that the contest will be unsuccessful. If Borrower fails to remove any lien on the Collateral or Improvements or provide a bond or deposit pursuant to this provision, Lender may pay such lien, or may contest the validity of the lien, and Borrower shall pay all costs and expenses of such contest, including Lender's reasonable attorneys' fees.

Taxes and Claims. Pay and discharge when due all of Borrower's indebtedness, obligations, and claims that, if unpaid, might become a lien or charge upon the Collateral or Improvements; provided, however, that Borrower shall not be required to pay and discharge any such indebtedness, obligation, or claim so long as (1) its legality shall be contested in good faith by appropriate proceedings, (2) the indebtedness, obligation, or claim does not become a lien or charge upon the Collateral or Improvements, and (3) Borrower shall have established on its books adequate reserves with respect to the amount contested in accordance with GAAP. If the indebtedness, obligation, or claim does become a lien or charge upon the Collateral or Improvements, Borrower shall remove the lien or charge as provided in the preceding paragraph.

Environmental Studies. Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests in the Collateral and Improvements.

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

NEGATIVE COVENANTS. Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

Indebtedness and Liens. (1) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Agreement, create, incur or assume indebtedness for borrowed money, including capital leases, (2) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower's assets (except as allowed as Permitted Liens), or (3) sell with recourse any of Borrower's accounts, except to Lender.

Continuity of Operations. (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change its name, dissolve or transfer or sell Collateral out of the ordinary course of business, or (3) pay any dividends on Borrower's stock (other than dividends payable in its stock), provided, however that notwithstanding the foregoing, but only so long as no Event of Default has occurred and is continuing or would result from the payment of dividends, if Borrower is a "Subchapter S Corporation" (as defined in the Internal Revenue Code of 1986, as amended), Borrower may pay cash dividends on its stock to its shareholders from time to time in amounts necessary to enable the shareholders to pay income taxes and make estimated income tax payments to satisfy their liabilities under federal and state law which arise solely from their status as Shareholders of a Subchapter S Corporation because of their ownership of shares of Borrower's stock, or purchase or retire any of Borrower's outstanding shares or alter or amend Borrower's capital structure.

Loans, Acquisitions and Guaranties. (1) Loan, invest in or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guarantor other than in the ordinary course of business.

Modification of Contract. Make or permit to be made any modification of the Construction Contract.

Liens. Create or allow to be created any lien or charge upon the Collateral or the Improvements.

Agreements. Enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

GENERAL PROJECT PROVISIONS. The following provisions relate to the construction and completion of the Project:

Change Orders. All requests for changes in the Plans and Specifications, other than minor changes involving no extra cost, must be in writing, signed by Borrower and the architect, and delivered to Lender for its approval. Borrower will not permit the performance of any work pursuant to any change order or modification of the Construction Contract or any subcontract without the written approval of Lender. Borrower will obtain any required permits or authorizations from governmental authorities having jurisdiction before approving or requesting a new change order.

Purchase of Materials; Conditional Sales Contracts. No materials, equipment, fixtures, or articles of personal property placed in or incorporated into the Project shall be purchased or installed under any Security Agreement or other agreement whereby the seller reserves or purports to reserve title or the right of removal or repossession, or the right to consider such items as personal property after their incorporation into the Project, unless otherwise authorized by Lender in writing.

Lender's Right of Entry and Inspection. Lender and its agents shall have at all times the right of entry and free access to the Property and the right to inspect all work done, labor performed, and materials furnished with respect to the Project. Lender shall have unrestricted access to and the right to copy all records, accounting books, contracts, subcontracts, bills, statements, vouchers, and supporting documents of Borrower relating in any way to the Project.

Lender's Right to Stop Work. If Lender in good faith determines that any work or materials do not conform to the approved Plans and Specifications or sound building practices, or otherwise depart from any of the requirements of this Agreement, Lender may require the work to be stopped and withhold disbursements until the matter is corrected. In such event, Borrower will promptly correct the work to Lender's satisfaction. No such action by Lender will affect Borrower's obligation to complete the Improvements on or before the Completion Date. Lender is under no duty to supervise or inspect the construction or examine any books and records. Any inspection or examination by Lender is for the sole purpose of protecting Lender's security and preserving Lender's rights under this Agreement. No default of Borrower will be waived by any inspection by Lender. In no event will any inspection by Lender be a representation that there has been or will be compliance with the Plans and Specifications or that the construction is free from defective materials or workmanship.

Indemnity. Borrower shall indemnify, defend, and hold Lender harmless from any and all claims asserted against Lender or the Property by any person, entity, or governmental body, or arising out of or in connection with the Property, Improvements, or Project. Lender shall be entitled to appear in any proceedings to defend itself against such claims, and all costs and expenses reasonable attorneys' fees incurred by Lender in connection with such defense shall be paid by Borrower to Lender. Lender shall, in its sole discretion, be entitled to settle or compromise any asserted claims against it, and such settlement shall be binding upon Borrower for purposes of this indemnification. All amounts paid by Lender under this paragraph shall be secured by Lender's security agreement or Mortgage, if any, on the Property, shall be deemed an additional principal Advance under the Loan, payable upon demand, and shall bear interest at the rate applicable to the Loan.

Publicity. Lender may display a sign at the construction site informing the public that Lender is the construction lender for the Project. Lender may obtain other publicity in connection with the Project through press releases and participation in ground-breaking and opening ceremonies and similar events.

Actions. Lender shall have the right to commence, appear in, or defend any action or proceeding purporting to affect the rights, duties, or liabilities of the parties to this Agreement, or the disbursement of funds from the Loan Fund. In connection with this right, Lender may incur and pay reasonable costs, expenses and reasonable attorneys' fees. Borrower covenants to pay to Lender on demand all such expenses, together with interest from the date Lender incurs the expense at the rate specified in the Note, and Lender is authorized to disburse funds from the Loan Fund for such purposes.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by

**CONSTRUCTION LOAN AGREEMENT
(Continued)**

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law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Loan.

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

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

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

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

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

Breach of Construction Contract. The Improvements are not constructed in accordance with the Plans and Specifications or in accordance with the terms of the Construction Contract.

Cessation of Construction. Prior to the completion of construction of the Improvements and equipping of the Project, the construction of the Improvements or the equipping of the Project is abandoned or work thereon ceases for a period of more than ten (10) days for any reason, or the Improvements are not completed for purposes of final payment to the General Contractor prior to August 6, 2018, regardless of the reason for the delay.

Transfer of Property. Sale, transfer, hypothecation, assignment, or conveyance of the Property or the Improvements or any portion thereof or interest therein by Borrower or any Borrower without Lender's prior written consent.

Condemnation. All or any material portion of the Collateral is condemned, seized, or appropriated without compensation, and Borrower does not within thirty (30) days after such condemnation, seizure, or appropriation, initiate and diligently prosecute appropriate action to contest in good faith the validity of such condemnation, seizure, or appropriation.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness and any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Change in Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

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

Insecurity. Lender in good faith believes itself insecure.

Additional Default Provision. The following events shall also constitute an Event of Default.

State Aid Payments. Failure of state aid payments to be deposited with Central Michigan University (the "Authorizing Body").

Charter Contract. Contingent renewal, termination, revocation or nonrenewal of the charter agreement between the Authorizing Body and the Borrower (the "Charter Contract").

Probationary Status. The Borrower is placed on probationary status by the Michigan Department of Education or the Authorizing Body..

EFFECT OF AN EVENT OF DEFAULT; REMEDIES. Upon the occurrence of any Event of Default and at any time thereafter, Lender may, at its option, but without any obligation to do so, and in addition to any other right Lender without notice to Borrower may have, do any one or more of the following without notice to Borrower: (a) Cancel this Agreement; (b) Institute appropriate proceedings to enforce the performance of this Agreement; (c) Withhold further disbursement of Loan Funds; (d) Expend funds necessary to remedy the default; (e) Take possession of the Property and continue construction of the Project; (f) Accelerate maturity of the Note and/or indebtedness and demand payment of all sums due under the Note and/or indebtedness; (g) Bring an action on the Note and/or indebtedness; (h) Foreclose Lender's security agreement or Mortgage, if any, on the Property in any manner available under law; and (i) Exercise any other right or remedy which it has under the Note or Related Documents, or which is otherwise available at law or in equity or by statute.

COMPLETION OF IMPROVEMENTS BY LENDER. If Lender takes possession of the Collateral, it may take any and all actions necessary in its judgment to complete construction of the Improvements, including but not limited to making changes in the Plans and Specifications, work, or materials and entering into, modifying or terminating any contractual arrangements, subject to Lender's right at any time to discontinue any work without liability. If Lender elects to complete the Improvements, it will not assume any liability to Borrower or to any other person for completing the Improvements or for the manner or quality of construction of the Improvements, and Borrower expressly waives any such liability. Borrower irrevocably appoints Lender as its attorney-in-fact, with full power of substitution, to complete the Improvements, at Lender's option, either in Borrower's name or in its own name. In any event, all sums expended by Lender in completing the construction of the Improvements will be considered to have been disbursed to Borrower and will be secured by the Collateral for the Loan. Any such sums that cause the principal amount of the Loan to exceed the face amount of the Note will be considered to be an additional Loan to Borrower, bearing interest at the Note rate and being secured by the Collateral. For these purposes, Borrower assigns to Lender all of its right, title and interest in and to the Project Documents; however Lender will not have any obligation under the Project Documents unless Lender expressly hereafter agrees to assume such obligations in writing. Lender will have the right to exercise any rights of Borrower under the Project Documents upon the occurrence of an Event of Default. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement or by any other writing, shall be cumulative and may be exercised singularly or concurrently.

ADDITIONAL DOCUMENTS. Borrower shall provide Lender with the following additional documents:

Corporate Resolution. Borrower has provided or will provide Lender with a certified copy of resolutions properly adopted by Borrower's Board of Directors, and certified by Borrower's corporate secretary, assistant secretary, or other authorized officer, under which Borrower's Board of Directors authorized one or more designated officers or employees to execute this Agreement, the Note and any and all Security Agreements directly or indirectly securing repayment of the same, and to consummate the borrowings and other transactions as contemplated under this Agreement, and to consent to the remedies following any default by Borrower as provided in this Agreement and in any Security Agreements.

Opinion of Counsel. When required by Lender, Borrower has provided or will provide Lender with an opinion of Borrower's counsel certifying to and that: (1) Borrower's Note, any Security Agreements and this Agreement constitute valid and binding obligations on Borrower's part that are enforceable in accordance with their respective terms; (2) Borrower is validly existing and in good standing; (3) Borrower has authority to enter into this Agreement and to consummate the transactions contemplated under this Agreement; and (4) such other matters as may have been requested by Lender or by Lender's counsel.

QUARTERLY MANAGEMENT PREPARED FINANCIAL STATEMENTS. BORROWER AGREES TO PROVIDE QUARTERLY MANAGEMENT PREPARED FINANCIAL STATEMENTS FOR ALL BORROWERS AND GUARANTORS AND UPON LENDERS REQUEST.

ANNUAL BUDGET. BORROWER AGREES TO PROVIDE A BOARD APPROVED BUDGET ANNUALLY NO LATER THAN THE FIRST DAY OF SEPTEMBER EACH YEAR BEGINNING SEPTEMBER 2018.

DEBT SERVICE COVERAGE. BORROWER AGREES TO A DEBT SERVICE COVERAGE OF 1.20X (DEBT SERVICE DIVIDED BY 20% OF STATE AID).

DEPOSIT RELATIONSHIP. BORROWER AGREES TO MAINTAIN ALL DEPOSIT RELATIONSHIPS WITH LENDER.

ANNUAL FINANCIAL STATEMENTS. BORROWER AGREES TO PROVIDE AUDITED CPA FINANCIAL STATEMENTS FOR ALL BORROWERS AND

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GUARANTORS ANNUALLY AND UPON LENDERS REQUEST.

ADDITIONAL PROVISION.

The Note is issued under and in pursuance of the provisions of Act 451, Public Acts of Michigan, 1976, as amended (the "Revised School Code"), for the purpose of financing the costs of the Project, the current refunding of a Prior Obligation and paying the costs of issuing the Note, as more fully described in the Resolution adopted by the Board of Directors of the Borrower on May 31, 2017, approving the issuance of this Note (the "Resolution"). The Borrower and Lender agree that this Note shall be deemed a "Bond" for purposes of Section 1351a of the Revised School Code. The Loan proceeds shall be utilized for Capital Acquisition needs of the Borrower. Borrower is a Michigan Public School Academy.

For the prompt payment of this Note, both principal and interest, the subordinate full faith and credit of the Borrower is hereby pledged by the Borrower in favor of the Lender. As further security for the repayment of the Note, the Borrower has granted to the Lender a first lien mortgage on the Borrower's new school facility to be constructed as part of the Project (the "Mortgage"). The Note is being issued on a subordinate basis to the security granted by the Borrower to the Trustee under the Trust Indenture for the Academy's \$2,495,000 Public School Academy Refunding Bonds, Series 2013, dated February 14, 2013, which includes the Borrower's full faith and credit pledge and a first lien mortgage security interest granted by the Borrower to the Trustee on the Academy's school facility located at 1915 West Mt. Hope Avenue, Lansing, Michigan.

The Borrower covenants that prior to the execution of a promissory note terming out the amounts owing pursuant to the construction phase, which shall occur on or before August 10, 2019 provided there is no Event of Default, the Borrower will provide to U.S. Bank National Association, as trustee (the "Trustee"), under a Trust Indenture, dated February 1, 2013, between the Borrower and the Trustee relating to the Borrower's Public School Academy Refunding Bonds, Series 2013, a letter providing irrevocable direction to the Trustee under Section 5.22 of the Trust Indenture to pay Lender directly from the revenue fund the debt service payments due under the promissory note.

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

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

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Authority to File Notices. Borrower appoints and designates Lender as its attorney-in-fact to file for the record any notice that Lender deems necessary to protect its interest under this Agreement. This power shall be deemed coupled with an interest and shall be irrevocable while any sum or performance remains due and owing under any of the Related Documents.

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

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

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

Indemnification of Lender. Borrower agrees to indemnify, to defend and to save and hold Lender harmless from any and all claims, suits, obligations, damages, losses, costs and expenses (including, without limitation, Lender's reasonable attorneys' fees, as well as Lender's architect's and engineering fees), demands, liabilities, penalties, fines and forfeitures of any nature whatsoever that may be asserted against or incurred by Lender, its officers, directors, employees, and agents arising out of, relating to, or in any manner occasioned by this Agreement and the exercise of the rights and remedies granted Lender under this. The foregoing indemnity provisions shall survive the cancellation of this Agreement as to all matters arising or accruing prior to such cancellation and the foregoing indemnity shall survive in the event that Lender elects to exercise any of the remedies as provided under this Agreement following default hereunder.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

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

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

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in extending Loan Advances, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the extension of Loan Advances and delivery to Lender of the Related Documents, shall be continuing in nature, shall be deemed made and redated by Borrower at the time each Loan Advance is made, and shall remain in full force and effect until such time as Borrower's indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

**CONSTRUCTION LOAN AGREEMENT
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Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Construction Loan Agreement, as this Construction Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Construction Loan Agreement from time to time.

Architect's Contract. The words "Architect's Contract" mean the architect's contract between Borrower and JEFFERY PARKER ARCHITECTS, INC, the architect for the Project.

Borrower. The word "Borrower" means COLE ACADEMY and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

Completion Date. The words "Completion Date" mean August 6, 2018.

Construction Contract. The words "Construction Contract" mean the contract dated January 8, 2016 between Borrower and GRANGER CONSTRUCTION COMPANY, the general contractor for the Project, and any subcontracts with subcontractors, materialmen, laborers, or any other person or entity for performance of work on the Project or the delivery of materials to the Project.

Contractor. The word "Contractor" means GRANGER CONSTRUCTION COMPANY, the general contractor for the Project.

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

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

GAAP. The word "GAAP" means generally accepted accounting principles.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan and any guarantor under a completion guaranty agreement.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

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

Improvements. The word "Improvements" means all existing and future buildings, structures, facilities, fixtures, additions, and similar construction on the Collateral.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means THE DART BANK, its successors and assigns.

Loan. The word "Loan" means the loan or loans made to Borrower under this Agreement and the Related Documents as described.

Loan Fund. The words "Loan Fund" mean the undisbursed proceeds of the Loan under this Agreement together with any equity funds or other deposits required from Borrower under this Agreement.

Note. The word "Note" means the promissory note dated August 10, 2017, in the original principal amount of \$3,260,000.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

Permitted Liens. The words "Permitted Liens" mean (1) liens and security interests securing Indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens"; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.

Plans and Specifications. The words "Plans and Specifications" mean the plans and specifications for the Project which have been submitted to and initiated by Lender, together with such changes and additions as may be approved by Lender in writing.

Project. The word "Project" means the construction project as described in the "Project Description" section of this Agreement.

Project Documents. The words "Project Documents" mean the Plans and Specifications, all studies, data and drawings relating to the Project, whether prepared by or for Borrower, the Construction Contract, the Architect's Contract, and all other contracts and agreements relating to the Project or the construction of the Improvements.

Property. The word "Property" means the property as described in the "Project Description" section of this Agreement.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in the "Project Description" section of this Agreement.

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

Security Agreement. The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

Security Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

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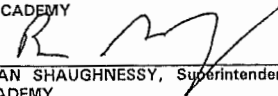
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BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS CONSTRUCTION LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS CONSTRUCTION LOAN AGREEMENT IS DATED AUGUST 10, 2017.

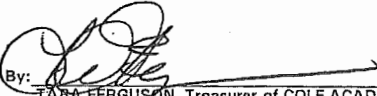
BORROWER:

COLE ACADEMY

By:


BRIAN SHAUGHNESSY, Superintendent of COLE
ACADEMY

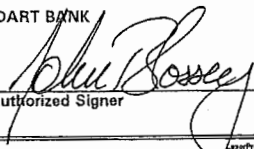
By:


TARA FERGUSON, Treasurer of COLE ACADEMY

LENDER:

THE DART BANK

By:


Authorized Signer

LoanPro, Ver. 16.2.20.010 Copy, D+H USA Corporation 1997, 2017. All Rights Reserved. - M: ez00arbor00CFMPLUC41.FD TR-25795 PH-18

RECEIVED
REGISTER OF DEEDS
CLINTON COUNTY, MI

2018 APR 23 A 9:57

5266147

04/23/2018 01:32 PM Page: 1 of 3
Mortgage Modification Receipt # 135317
Diane Zuker, Clinton Co



RECEIVED
REGISTER OF DEEDS
CLINTON COUNTY, MI

2018 APR -2 A 10:01



MODIFICATION OF CONSTRUCTION MORTGAGE

WHEN RECORDED MAIL TO:

THE DART BANK
368 SOUTH PARK STREET
MASON, MI 48854

SEND TAX NOTICES TO:

THE DART BANK
368 SOUTH PARK STREET
MASON, MI 48854

FOR RECORDER'S USE ONLY

THIS MODIFICATION OF MORTGAGE dated March 29, 2018, is made and executed between COLE ACADEMY, A MICHIGAN PUBLIC SCHOOL ACADEMY, WHOSE ADDRESS IS 1915 WEST MT HOPE, LANSING, MI 48910-2434 (referred to below as "Grantor") and THE DART BANK, whose address is 500 N HOMER, LANSING, MI 48912 (referred to below as "Lender").

MORTGAGE. Lender and Grantor have entered into a Mortgage dated August 10, 2017 (the "Mortgage") which has been recorded in CLINTON County, State of Michigan, as follows:

REAL ESTATE MORTGAGE RECORDED ON AUGUST 15, 2017 IN DOCUMENT NO. 5257193, CLINTON COUNTY REGISTER OF DEEDS.

REAL PROPERTY DESCRIPTION. The Mortgage covers the following described real property located in CLINTON County, State of Michigan:

PARCEL 1:

BEGINNING 617.75 FEET WEST OF THE SOUTHEAST CORNER OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4, SECTION 35, TOWN 5 NORTH, RANGE 2 WEST, CITY OF EAST LANSING, CLINTON COUNTY, MICHIGAN; THENCE WEST 131.75 FEET, NORTH 623.4 FEET TO RAILROAD, NORTHEAST ALONG RAILROAD, 151.9 FEET, SOUTH 699.8 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

COMMENCING 501.75 FEET WEST OF THE SOUTHEAST CORNER OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4, SECTION 35, TOWN 5 NORTH, RANGE 2 WEST, CITY OF EAST LANSING, CLINTON COUNTY, MICHIGAN; THENCE WEST 61 FEET, NORTH 732.3 FEET TO RAILROAD RIGHT OF WAY, NORTHEASTERLY ALONG RAILROAD RIGHT OF WAY 70.3 FEET, SOUTH 767.1 FEET TO BEGINNING.

PARCEL 3:

BEGINNING AT A POINT 562.75 FEET WEST OF THE SOUTHEAST CORNER OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 35, TOWN 5 NORTH, RANGE 2 WEST, CITY OF EAST LANSING, CLINTON COUNTY, MICHIGAN, RUNNING THENCE WEST 55 FEET, THENCE NORTH 699.8 FEET, THENCE NORTHEASTERLY ALONG SOUTHERLY MICHIGAN CENTRAL RAILROAD RIGHT OF WAY 63.4 FEET, THENCE SOUTH 631.7 FEET TO POINT OF BEGINNING.

PARCEL 4:

COMMENCING 392.75 FEET WEST OF THE SOUTHEAST CORNER OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 35, TOWN 5 NORTH, RANGE 2 WEST, CITY OF EAST LANSING, CLINTON COUNTY, MICHIGAN, SOUTH OF MICHIGAN CENTRAL RAILROAD; WEST 109 FEET, NORTH 767.1 FEET; NORTHEAST ALONG RAILROAD 125.7 FEET; SOUTH 820.3 FEET TO THE BEGINNING.

The Real Property or its address is commonly known as 2897, 2913, 2923 & 2949 EAST COLEMAN ROAD, EAST LANSING, MI 48823. The Real Property tax identification number is 19-20-50-35-400-070. (PARCEL 1)19-20-50-35-400-080. (PARCEL 2)19-20-50-35-400-075. (PARCEL 3)19-20-50-35-400-085. (PARCEL 4).

MODIFICATION. Lender and Grantor hereby modify the Mortgage as follows:



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04/23/2018 01:32 PM

Page: 2 of 3

Mortgage Modification Receipt #135317

Diane Zuker, Clinton County

**MODIFICATION OF MORTGAGE
(Continued)**

Page 2

MODIFYING THE NOTE PARAGRAPH OF THE MORTGAGE AS FOLLOWS:

NOTE. THE WORD "NOTE" MEANS THE PROMISSORY NOTE DATED AUGUST 10, 2017, IN THE ORIGINAL PRINCIPAL AMOUNT OF \$3,260,000.00 NOW AMENDED TO \$3,640,000.00 AS OF MARCH 29, 2018, FROM GRANTOR TO LENDER, TOGETHER WITH ALL RENEWALS OF, EXTENSIONS OF, MODIFICATIONS OF, REFINANCING'S OF, CONSOLIDATIONS OF, AND SUBSTITUTIONS FOR THE PROMISSORY NOTE OR AGREEMENT.

CONTINUING VALIDITY. Except as expressly modified above, the terms of the original Mortgage shall remain unchanged and in full force and effect and are legally valid, binding, and enforceable in accordance with their respective terms. Consent by Lender to this Modification does not waive Lender's right to require strict performance of the Mortgage as changed above nor obligate Lender to make any future modifications. Nothing in this Modification shall constitute a satisfaction of the promissory note or other credit agreement secured by the Mortgage (the "Note"). It is the intention of Lender to retain as liable all parties to the Mortgage and all parties, makers and endorser to the Note, including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, shall not be released by virtue of this Modification. If any person who signed the original Mortgage does not sign this Modification, then all persons signing below acknowledge that this Modification is given conditionally, based on the representation to Lender that the non-signing person consents to the changes and provisions of this Modification or otherwise will not be released by it. This waiver applies not only to any initial extension or modification, but also to all such subsequent actions.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MODIFICATION OF MORTGAGE AND GRANTOR AGREES TO ITS TERMS. THIS MODIFICATION OF MORTGAGE IS DATED MARCH 29, 2018.

GRANTOR:**COLE ACADEMY**By: **BRIAN SHAUGHNESSY, Superintendent of COLE ACADEMY**By: **TARA FERGUSON, Treasurer of COLE ACADEMY****LENDER:****THE DART BANK**X Authorized Signer **ADAM GOSS, VICE PRESIDENT/COMMERCIAL LENDER**

This Modification of Mortgage was prepared by: **JILL A RAAB, LOAN DOCUMENT SPECIALIST**
THE DART BANK
500 N HOMER
LANSING, MI 48912



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Page: 3 of 3

Mortgage Modification Receipt #130311
Diane Zuker, Clinton CountyMODIFICATION OF MORTGAGE
(Continued)

Page 3

CORPORATE ACKNOWLEDGMENT

STATE OF MICHIGAN)
) SS
COUNTY OF INGHAM)

On this 29 day of MARCH, 20 18, before me, the undersigned Notary Public, personally appeared BRIAN SHAUGHNESSY, Superintendent of COLE ACADEMY and TARA FERGUSON, Treasurer of COLE ACADEMY, and known to me to be authorized agents of the corporation that executed the Modification of Mortgage and acknowledged the Modification to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute this Modification and in fact executed the Modification on behalf of the corporation.

By Mel Rill My commission expires 4-20-2024Notary Public, State of MICHIGAN, County of INGHAMActing in the County of INGHAM

MELISSA RILL
Notary Public, State of Michigan
County of Ingham
My Commission Expires 04-20-2024
Acting in the County of INGHAM

LENDER ACKNOWLEDGMENT

STATE OF MICHIGAN)
) SS
COUNTY OF INGHAM)

On this 29 day of MARCH, 20 18, before me, the undersigned Notary Public, personally appeared Adam BOSS and known to me to be the Vice President/ Commercial Lender authorized agent for THE DART BANK that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of THE DART BANK, duly authorized by THE DART BANK through its board of directors or otherwise, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this said instrument and in fact executed this said instrument on behalf of THE DART BANK.

By Mel Rill My commission expires 4-20-2024Notary Public, State of MICHIGAN, County of INGHAMActing in the County of INGHAM

MELISSA RILL
Notary Public, State of Michigan
County of Ingham
My Commission Expires 04-20-2024
Acting in the County of INGHAM

CONSTRUCTION MORTGAGE

WHEN RECORDED MAIL TO:
THE DART BANK
368 SOUTH PARK STREET
MASON, MI 48854

SEND TAX NOTICES TO:
THE DART BANK
368 SOUTH PARK STREET
MASON, MI 48854

FOR RECORDER'S USE ONLY

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GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages and warrants to Lender all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all rights to make divisions of the land that are exempt from the platting requirements of the Michigan Land Division Act, as it shall be amended; all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in CLINTON County, State of Michigan:

PARCEL 1:

BEGINNING 617.75 FEET WEST OF THE SOUTHEAST CORNER OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4, SECTION 35, TOWN 5 NORTH, RANGE 2 WEST, CITY OF EAST LANSING, CLINTON COUNTY, MICHIGAN; THENCE WEST 131.75 FEET, NORTH 623.4 FEET TO RAILROAD, NORTHEAST ALONG RAILROAD, 151.9 FEET, SOUTH 699.8 FEET TO THE POINT OF BEGINNING.

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The Real Property or its address is commonly known as 2897, 2913, 2923 & 2949 EAST COLEMAN ROAD, EAST LANSING, MI 48823. The Real Property tax identification number is 19-20-50-35-400-070. (PARCEL 1) 19-20-50-35-400-080. (PARCEL 2) 19-20-50-35-400-075. (PARCEL 3) 19-20-50-35-400-085. (PARCEL 4).

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

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

FUTURE ADVANCES. In addition to the Note, this Mortgage secures all future advances made by Lender to Grantor whether or not the advances are made pursuant to a commitment. Specifically, without limitation, this Mortgage secures, in addition to the amounts specified in the Note, all future amounts Lender in its discretion may loan to Grantor, together with all interest thereon.

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL COVENANTS AND OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS MORTGAGE. THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS ALSO GIVEN TO SECURE ANY AND ALL OF GRANTOR'S OBLIGATIONS UNDER THAT CERTAIN CONSTRUCTION LOAN AGREEMENT BETWEEN GRANTOR AND LENDER OF EVEN DATE HERewith. ANY EVENT OF DEFAULT UNDER THE CONSTRUCTION LOAN AGREEMENT, OR ANY OF THE RELATED DOCUMENTS REFERRED TO THEREIN, SHALL ALSO BE AN EVENT OF DEFAULT UNDER THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS AND COVENANTS:

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

CONSTRUCTION MORTGAGE. This Mortgage is a "construction mortgage" for the purposes of Sections 9-334 and 2A-309 of the Uniform Commercial Code, as those sections have been adopted by the State of Michigan.

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

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

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

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

and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

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

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

Lender's Right to Enter. Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to (a) attend to Lender's interests, (b) inspect the Property for purposes of Grantor's compliance with the terms and conditions of this Mortgage, (c) appraise the property, (d) investigate whether the property is a site or source of environmental contamination, or (e) remove to remediate any environmental contamination. Without limiting the foregoing, Lender shall have the right to conduct and submit to appropriate governmental agencies a "baseline environmental assessment" of the property within the meaning of section 20101 of the Michigan Natural Resources and Environmental Protection Act, MCL section 324.20101, as it shall be amended from time to time. If, at the time of the appraisal, investigation, assessment, removal, or remediation, there shall have occurred and be continuing an Event of Default, then all costs and expenses of the appraisal, investigation, assessment, removal or remediation, shall be subject to the "Expenditures by Lender" section of this Mortgage. Grantor shall execute any consultant contract, waste manifest, notice, and other documents that Lender requests to enable Lender to take or conduct any action or activity contemplated by this paragraph, if Grantor is given a reasonable opportunity to negotiate the terms of the contract, manifest, notice, or other document.

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

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

DUE ON SALE - CONSENT BY LENDER. Lender may, at Lender's option, declare immediately due and payable all sums secured by this Mortgage upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. Grantor's "interest" in the Real Property shall be considered to include, without limitation, any right to make a division of the Real Property that is exempt from the requirement of the Michigan Land Division Act, as it shall be amended. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of such Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Michigan law.

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

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

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

lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

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

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

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

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption and boiler insurance as Lender may require. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender. Grantor shall deliver to Lender certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of thirty (30) days' prior written notice to Lender and not containing any disclaimer of the insurer's liability for failure to give such notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Administrator of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed Improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Mortgage. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Mortgage, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

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

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

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

this Mortgage:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**MORTGAGE
(Continued)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Insecurity. Lender in good faith believes itself insecure.

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

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

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

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

Appoint Receiver. Any failure of Grantor to pay any taxes assessed against the Property or to pay any installment of those taxes or to pay any insurance premium upon any policy covering any property located upon the Property shall constitute waste and shall entitle Lender to the appointment by a court of competent jurisdiction of a receiver of the Property for the purpose of preventing the waste, except that no receiver may be appointed for any dwelling house or farm occupied by any owner of it as the owner's home or farm or for any store or other business property having an assessed valuation of \$7,500 or less. Subject to the order of the court, the receiver may collect the rents and income from the Property and shall exercise control over the Property to the extent ordered by the court. A court may also appoint a receiver for the Property in any other circumstances permitted by law. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

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

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

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

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

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

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

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

Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all right to have the Property marshalled. In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales and Grantor waives Grantor's

rights under MCLA Section 600.3224 to have separate parcels sold separately and to have no more parcels than necessary sold. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

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

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Mortgage, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies. Nothing under this Mortgage or otherwise shall be construed so as to limit or restrict the rights and remedies available to Lender following an Event of Default, or in any way to limit or restrict the rights and ability of Lender to proceed directly against Grantor and/or against any other co-maker, guarantor, surety or endorser and/or to proceed against any other collateral directly or indirectly securing the Indebtedness. After the date that payment of the Indebtedness secured by this Mortgage has been accelerated by Lender, acceptance by Lender of any amount(s) paid by or on behalf of Grantor which is less than the full unpaid balance of the Indebtedness, including without limitation all accrued interest, late charges and other amounts due Lender under this Mortgage, shall not be deemed a waiver of default or acceleration, but shall be credited toward the unpaid balance of the Indebtedness, unless Lender shall specifically agree in writing to waive any such default or acceleration or both.

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

NOTICES. Any notice required to be given under this Mortgage, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Mortgage. All copies of notices of foreclosure from the holder of any lien which has priority over this Mortgage shall be sent to Lender's address, as shown near the beginning of this Mortgage. Any party may change its address for notices under this Mortgage by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

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

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

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

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

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

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

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Mortgage unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Mortgage shall not prejudice or constitute a waiver of Lender's right otherwise to demand

strict compliance with that provision or any other provision of this Mortgage. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Mortgage, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

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

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

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

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

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

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

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Mortgage. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Mortgage shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means COLE ACADEMY and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Default. The word "Default" means the Default set forth in this Mortgage in the section titled "Default".

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

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

Grantor. The word "Grantor" means COLE ACADEMY.

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

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

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

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts

**MORTGAGE
(Continued)**

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expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Lender to enforce Grantor's obligations under this Mortgage, together with interest on such amounts as provided in this Mortgage. Specifically, without limitation, Indebtedness includes the future advances set forth in the Future Advances provision, together with all interest thereon and all amounts that may be indirectly secured by the Cross-Collateralization provision of this Mortgage.

Lender. The word "Lender" means THE DART BANK, its successors and assigns.

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

Note. The word "Note" means the promissory note dated August 10, 2017, in the original principal amount of \$3,260,000.00 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.
NOTICE TO GRANTOR: THE NOTE CONTAINS A VARIABLE INTEREST RATE.

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

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

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

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

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

GRANTOR COVENANTS AND AGREES TO THE PROVISIONS OF THIS MORTGAGE.

GRANTOR:

COLE ACADEMY

By: 

BRIAN SHAUGHNESSY, Superintendent of COLE ACADEMY

By: 

TARA FERGUSON, Treasurer of COLE ACADEMY

This Mortgage was prepared by: **ELFI S CAIRNS, LOAN PROCESSOR**
THE DART BANK
500 N HOMER
LANSING, MI 48912

CORPORATE ACKNOWLEDGMENT

STATE OF Michigan)
) SS
COUNTY OF Ingham)

On this 10th day of August, 20 17, before me, the undersigned Notary Public, personally appeared BRIAN SHAUGHNESSY, Superintendent of COLE ACADEMY and TARA FERGUSON, Treasurer of COLE ACADEMY, and known to me to be authorized agents of the corporation that executed the Mortgage and acknowledged the Mortgage to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute this Mortgage and in fact executed the Mortgage on behalf of the corporation.

By [Signature] My commission expires 4-5-2019

Notary Public, State of Michigan, County of Ingham

Acting in the County of Ingham
KATHY GRUHN
NOTARY PUBLIC - STATE OF MICHIGAN
COUNTY OF INGHAM
My Commission Expires April 5, 2019
Acting in the County of Ingham

PROMISSORY NOTE

(FEE MORTGAGE)

\$1,000,000.00

August 10th, 2017

FOR VALUE RECEIVED, COLE ACADEMY, a Michigan public school academy, with an address at 1915 W. Mt. Hope Ave., Lansing, Michigan 48910 ("Borrower"), hereby promises to pay to the order of IFP, an Illinois not for profit corporation (together with its successors and assigns, "Lender"), at its offices at 333 South Wabash, Suite 2800, Chicago, Illinois 60604, or at such other place as the holder of this Note may designate, in lawful money of the United States and in immediately available funds, the principal sum of ONE MILLION AND 00/DOLLARS (\$1,000,000.00) (the "Principal Sum") together with interest on the Principal Sum at the rates set forth below (the Principal Sum, together with interest payable thereon in accordance herewith, is hereafter referred to as the "Loan").

1. From and after the date of this Note (the "Closing Date"), and until the First Recalculation Date (as hereinafter defined), the outstanding Principal Sum of the Loan shall bear interest at the rate of 6.375% per annum (the "Initial Interest Rate"). From and after the First Recalculation Date, and until the Second Recalculation Date (as hereinafter defined), the outstanding Principal Sum of the Loan shall bear interest at the First Recalculated Rate (as hereinafter defined). From and after the Second Recalculation Date, and until the first day of the full month prior to the fifteenth anniversary of the First Principal and Interest Date (as hereinafter defined) (the "Maturity Date"), the outstanding Principal Sum of the Loan shall bear interest at the Second Recalculated Rate (as hereinafter defined).

2. The "First Recalculated Rate" means a fixed interest rate, determined by Lender on the first day of the full month prior to the fifth (5th) anniversary of the First Principal and Interest Date (such date, the "First Recalculation Date"), equal to the greater of (i) the sum of (x) the yield to maturity (based on asked quotations) of United States Treasury obligations with a maturity equal to the Maturity Date plus (y) three hundred basis points (3.00%); and (ii) 6.00%. If there are no United States Treasury obligations with a maturity equal to the Maturity Date, the yield to maturity shall be interpolated on a straight-line basis between the United States Treasury obligations having the nearest maturities shorter and longer than such average life.

3. The "Second Recalculated Rate" means a fixed interest rate, determined by Lender on the first day of the full month prior to the tenth (10th) anniversary of the First Principal and Interest Date (such date, the "Second Recalculation Date"), equal to the greater of (i) the sum of (x) the yield to maturity (based on asked quotations) of United States Treasury obligations with a maturity equal to the Maturity Date plus (y) three hundred basis points (3.00%); and (ii) 6.00%. If there are no United States Treasury obligations with a maturity equal to the Maturity Date, the yield to maturity shall be interpolated on a straight-line basis between the United States Treasury obligations having the nearest maturities shorter and longer than such average life.

4. On September 15, 2017, Borrower shall pay to Lender all interest on the Loan, to the extent disbursed, accruing from and after the Closing Date until and including August 31,

2017. Beginning on September 15, 2017, and ending on the fifteenth day of the first full month after the Loan Conversion Date (as hereinafter defined), Borrower shall pay to Lender all interest on the Loan, to the extent disbursed, at the Initial Interest Rate and in monthly installments, payable in arrears. The "Loan Conversion Date" shall mean the earlier of the date upon which (i) Borrower has completed all construction of the Premises (as defined in that certain Mortgage from Borrower, dated of even date herewith (as amended, restated or otherwise modified from time to time, the "Mortgage")) and is able to use the Premises as a school, as determined by Lender in its sole discretion; or (ii) the amounts under the Note have been fully disbursed. No loan disbursements shall be made after the Loan Conversion Date, unless approved by Lender in Lender's reasonable discretion. Lender shall provide written notice to Borrower of the Loan Conversion Date in a Lender's Notice, substantially in the form attached hereto as Exhibit A, within thirty (30) days thereof.

5. Beginning on the first day of the second full month after the Loan Conversion Date (the "First Principal and Interest Payment Date"), Borrower shall pay Lender principal and interest on the Loan in equal monthly installments of EIGHT THOUSAND SIX HUNDRED FORTY-TWO AND 50/100 Dollars (\$8,642.50), payable in arrears, which amount was determined by amortizing the Principal Sum, at the Initial Interest Rate, over a period of one hundred eighty (180) months. The foregoing amount shall be reduced, as applicable, if the actual principal amount of the Loan disbursed is less than the amount set forth at the beginning of this Note. Upon modification of the interest rate to either the First Recalculated Rate or the Second Recalculated Rate, as the case may be, Lender shall deliver an amortization schedule to Borrower indicating the appropriate principal and interest payments through the remainder of the term of the Loan.

6. The outstanding Principal Sum of the Loan, plus all interest accrued thereon (together with all other amounts owed by Borrower to Lender), shall be repaid to Lender as of the Maturity Date. Payments received by Lender shall be applied to amounts owed Lender in the priority determined by Lender in its sole discretion. Interest shall accrue on the Principal Sum beginning on the date of the disbursement of the Loan. During the interest only period of this Note, interest shall be computed on the basis of a 360 day year for the actual number of days principal is outstanding. During the principal repayment period of this Note, interest shall be computed on the basis of a 360 day year comprised of twelve (12) thirty (30) day months. If any payment under this Note becomes due on a Saturday, Sunday, or legal holiday under the laws of the State of Michigan, then the due date shall be extended to the next succeeding business day and interest shall be payable at the applicable rate specified above.

7. Lender's obligation to make any advances shall be subject to the prior fulfillment by Borrower of the following conditions:

- a. Borrower shall have expended on renovation costs approved by Lender (supported by invoices and proof of payment satisfactory to Lender) an amount which when added to the amount of the Loan will be sufficient, in Lender's judgment, to complete and pay for construction of the renovation and all costs incidental thereto.

b. At least five (5) full business days prior to each such advance Lender shall have received a revised renovation budget showing changes in, variations from, or additions to, the budget approved by Lender, certified by Borrower. Any revisions to the budget are subject to Lender's prior approval.

c. Lender shall be satisfied that the undisbursed portion of the Loan will be sufficient to complete renovation of the Premises and to pay for the same.

d. There shall be no substantial unrepaired damage to the Premises by fire or other casualty which is not covered by insurance collected or in the process of collection.

e. There shall be no condemnation or eminent domain proceeding pending or threatened against all or any portion of the Premises.

f. No Default, as hereinafter defined, shall exist on the date of each such advance, and, if requested by Lender, Lender shall have received a certificate to that effect dated the date of each such advance and signed by Borrower.

g. Borrower shall have complied with all other requirements set forth in the disbursing agreement between Lender, Borrower and the Insurer.

h. In the case of the last advance under the Loan for renovation costs, all of the foregoing conditions shall have been met and, in addition, Lender shall have received:

i. full lien waivers from all contractors, subcontractors and materialmen showing that all amounts payable to such parties for the Project have been paid or will be paid out of the final advance.

i. Lender shall have received such other information, documents and opinions as it may reasonably require.

8. Borrower hereby represents, warrants and agrees as of the date hereof:

a. Borrower is a Michigan public school academy organized and in good standing in the State of Michigan;

b. Borrower's execution and delivery of this Note and the Mortgage (together with any other instruments or documents executed by Borrower in connection with the Loan, hereinafter collectively referred to as the "**Loan Documents**") and the performance of Borrower's obligations under this Note and the Loan Documents: (i) are within Borrower's corporate powers; (ii) have been duly authorized by all necessary and proper corporate action; and (iii) shall not conflict with, contravene, or violate any currently existing statute, rule or law, or governmental restriction, the terms of Borrower's Articles of Incorporation or By-laws, or the terms, conditions, or provisions of any agreement to which

Borrower is a party or by which Borrower or the Premises may be bound or affected;

c. This Note and the Loan Documents constitute legal, valid, and binding obligations of Borrower and are enforceable in accordance with their terms, except as such enforceability may be limited by bankruptcy law or general principles of equity (whether considered in a suit at law or in equity);

d. Borrower is now able to meet its debts as such debts mature, and no bankruptcy or insolvency proceedings are pending or contemplated by or against the Borrower; and

e. All reports, statements and other data furnished to Lender in connection with the Loan are true, correct, and complete in all respects and do not omit to state any fact or circumstance necessary to make the statements contained therein not misleading;

f. Borrower has delivered to Lender audited financial statements and current internal financial statements (including a Statement of Financial Position indicating assets and liabilities and a Statement of Activities compared to budget) together with all other information necessary to fairly reflect the financial condition of Borrower for the period covered by such information; and

g. Borrower has no claims, rights of set off or defense against Lender under this Note, the Mortgage, the Loan Documents or otherwise in respect of the Loan, and Lender is not in default thereunder.

9. Borrower may prepay this Note, in whole or in part, without penalty, at any time.

10. Borrower shall furnish to Lender the following items as and when set forth below:

a. Certificate as to completion of construction from the Insurer, if possible, evidencing that all final waivers of lien have been received and that all funds have been disbursed, to be delivered within thirty (30) days after such certificate is produced;

b. Audited annual financial statements to be delivered within one hundred eighty (180) days after the end of Borrower's fiscal year (the "**Fiscal Year End**"), commencing with the 2017 fiscal year. In the event Borrower fails to provide Lender with the foregoing audited financial statements within such period, then, in addition to all other rights and remedies of Lender hereunder, Lender shall have the right (but shall not have the obligation) to cause such audited financial statements to be prepared, by an accountant or firm acceptable to Lender in Lender's sole discretion. Borrower shall cooperate with such accountant or firm in the preparation of such statements, and, promptly following demand therefore, Borrower shall pay the actual cost incurred by Lender in connection therewith;

c. Certified copies of Borrower's insurance policies required under the Mortgage and evidence of renewal of insurance coverage which indicates that Borrower's insurance coverage is in compliance with the insurance requirements stipulated in the Loan Documents and which names Lender as mortgagee, lender's loss payee, and additional insured, as appropriate, to be delivered within the time periods stipulated in the Loan Documents;

d. Either (i) a copy of the annual affidavit/certification showing that the Premises is exempt from real property taxes or (ii) a copy of the receipt from the most recent property tax payment, to be delivered within forty-five (45) days after Fiscal Year End;

e. Annual listing of board members' names, board committee memberships, occupations, and phone numbers, to be delivered within forty-five (45) days after Fiscal Year End;

f. Prompt written notice of any material changes in Borrower, particularly with respect to key management, existing or new programs, and the goals and missions of Borrower;

g. Prompt written notice of any action or event of which Borrower has knowledge that may materially or adversely affect Borrower's ability to make payments under, or perform the obligations set forth in the Loan Documents;

h. At Lender's sole discretion, a written report regarding the enrollment at the time of such report, to be provided each thirty (30) days beginning on March 31, 2018; and

i. From time to time, any other information that Lender or Lender's counsel reasonably requests throughout the term of the Loan at such time as Lender or Lender's counsel reasonably requires.

11. Borrower agrees to defend and hold Lender, and its officers, directors, trustees, members of the board, employees, contractors and agents and the successors and assigns of the foregoing (collectively, the "IFF Parties") harmless and to indemnify each of them from and against all Claims (as hereinafter defined) of whatever nature incurred by any of the IFF Parties arising from, related to or in connection with: (a) any action or inaction of Borrower; (b) the accuracy of any representation set forth in the Loan Documents; (c) the breach of any agreement or covenant set forth herein or in the Loan Documents; (d) the Premises; or (e) the Loan. For purposes hereof, "Claims" means any and all claims, causes of action, rights of subrogation, suits, losses, damages, costs, expenses, fees (including, without limitation, reasonable attorneys' fees, expenses and court costs) and liabilities of every kind whatsoever, whether past or present, contingent or otherwise, matured or unmatured, known, unknown, suspected or unsuspected, punitive, direct, or indirect, actual or consequential, arising at law, in equity or otherwise. This indemnity and hold harmless agreement shall include indemnity from and against any and all liability, fines, suits, demands, costs and expenses of any kind or nature (including, without limitation, reasonable attorneys' fees, expenses and court costs) incurred in or in connection with

any such Claims, or proceedings brought thereon, and the defense thereof. Notwithstanding the foregoing provisions of this paragraph, Borrower shall not be required to indemnify any of the IFF Parties to the extent the Claim is a result of the gross negligence or willful misconduct of any of such IFF Parties (as determined by a court of competent and final jurisdiction).

12. It is specifically agreed that time is of the essence of each and every provision of this Note and of the Mortgage.

13. The following shall constitute a default (a "Default") under this Note:

a. If Borrower fails to make any of the payments under this Note or the Mortgage within five (5) days of when due;

b. If Borrower fails to perform any of the nonmonetary obligations under this Note, the Mortgage, that certain Assignment of Leases and Rent, dated of even date herewith (as amended, restated or otherwise modified from time to time, the "Assignment") or the Loan Documents and such default is not cured within thirty (30) days after such failure; provided, however, that if such default is not able to be cured within such thirty (30) day period, then no Default shall have occurred under this Note if Borrower diligently prosecutes such cure and successfully cures the default within an additional thirty (30) days;

c. If a proceeding under any federal or state bankruptcy, reorganization, rehabilitation, receivership, insolvency, moratorium, or other law for the relief of debtors is filed by or against Borrower, and if such proceeding was filed against Borrower and was involuntary, such proceeding is not discharged, stayed or dismissed within thirty (30) days after the date Borrower is notified in writing of such proceeding;

d. If Borrower makes an assignment for the benefit of creditors;

e. If Borrower loses its tax exempt status under Section 501(c)(3) or Section 501 (c)(2) of the U.S. Internal Revenue Code;

f. If any statement or representation made by Borrower to Lender in connection with this Note, the Mortgage, the Loan Documents or any related transactions is or was false or misleading in any material way;

g. If any material adverse change occurs in the financial condition, operation, or management of Borrower, or an event occurs which has a material adverse effect on the Premises;

h. If Borrower fails to keep, perform, or observe any other agreement, covenant or condition on the part of Borrower contained in any other mortgage encumbering the Premises, or in any other loan document or security instrument evidencing or securing the indebtedness of Borrower to Lender under this Loan or any other loan with Lender, which default is not cured within the time period set forth in this Note or therein;

- i. If foreclosure proceedings have been instituted against the Premises under any lien prior to the Mortgage;
- j. If the Premises is no longer used for the purposes of a school; or
- k. If Borrower fails to commence renovation or construction of the Premises by August 31, 2017, if Borrower fails to continue the renovations or construction with diligence and continuity in accordance with any construction schedules or construction, plans, and specifications provided to Lender, or if Borrower fails to substantially complete the renovation or construction by January 31, 2019 which substantial completion date may be extended upon the written consent of Lender in its sole discretion.

14. Upon the occurrence of a Default under this Note, the Loan, at the option of Lender and without presentment, demand, notice, protest, or legal process of any kind, may be declared, and shall then immediately become, due and payable. Following the occurrence and during the continuance of a Default, Borrower promises to pay Lender interest on the unpaid Principal Sum (together with all other amounts owed to Lender) at the rate of 18% per annum (the "Default Rate"). Borrower agrees to pay Lender, on demand, all costs and expenses arising from the enforcement of this Note, the collection of the amounts due under this Note and the enforcement or foreclosure of the Mortgage, together with expenses, costs, and charges related thereto, including, without limitation, reasonable attorneys' fees, expenses and court costs, together with the fees of paralegals and other staff employed by such attorneys.

15. Demand, presentment, protest, and notice of nonpayment and protest are hereby waived by Borrower.

16. a. Subject to Sections 16(b) and 16(c) below, Borrower also agrees, for so long as any amounts may be outstanding under this Note, not to incur any additional indebtedness or guarantee any indebtedness of any other person or entity without Lender's prior written consent, which consent may be withheld in Lender's sole and absolute discretion.

b. Notwithstanding the above, Borrower may incur unsecured indebtedness in the ordinary course of Borrower's business in the aggregate amount of \$50,000.00 or less upon prior written notice to Lender without having to obtain Lender's prior written consent.

c. Additionally, (i) Borrower may incur additional indebtedness pursuant to that certain loan (as evidenced by a Note, dated as of the date hereof) from Dart Bank ("Senior Lender"), provided, however, in no event may the loan from Senior Lender be greater than \$3,260,000 at any time or be secured by collateral other than the Premises and (ii) the Loan shall be subordinate to all payments received by Borrower from the State of Michigan pursuant to that certain Contract to Charter a Public School Academy issued to Borrower by the Central Michigan University Board of Trustees as of July 1, 2012.

17. Unless Lender otherwise consents, which consent may be withheld in Lender's sole discretion, Borrower shall not permit to occur, whether directly, indirectly, by operation of law or otherwise, any transfer, sale, assignment, conveyance, alienation, pledge, hypothecation, encumbrance, or mortgage of all or any portion of any legal or equitable interest in Borrower.

18. All notices, requests, and demands to be made under this Note or under the Mortgage shall be in writing and shall have deemed to have been given to either Borrower or Lender when personally delivered, the day after deposit with a nationally recognized courier service (such as Federal Express), or three (3) days after being sent by registered or certified mail, return receipt requested, to the following addresses:

If to Lender: IFF
333 South Wabash, Suite 2800
Chicago, Illinois 60604
Attention: Senior Vice-President of Capital
Solutions

with a copy to: Jones Day
901 Lakeside Avenue
Cleveland, Ohio 44114
Attention: Peter C. Bergan, Jr.

If to Borrower: Cole Academy
1915 W. Mt. Hope Ave.
Lansing, Michigan 48910
Attention: Brian Shaughnessy

19. Whenever in this Note reference is made to Lender or Borrower, that reference shall be deemed to include, as applicable, a reference to the respective successors and assigns of the party. The provisions of this Note shall be binding upon and shall inure to the benefit of said successors and assigns.

20. This Note shall be governed by the internal laws (as opposed to conflict of laws principles) of the State of Illinois.

21. Lender's failure at any time or from time to time to require strict performance by Borrower of any provisions of this Note, the Mortgage, the Assignment or any of the other Loan Documents shall not waive, affect, or diminish any right of Lender to demand strict compliance and performance therewith. Any suspension or waiver by Lender of a Default by Borrower shall not suspend, waive, or affect any other Default by Borrower, whether the same is prior or subsequent thereto and whether of the same or a different kind or character. None of the undertakings, agreements, warranties, covenants, or representations of Borrower under this Note or the Loan Documents shall be deemed to have been suspended or waived by Lender unless such suspension or waiver is in writing, signed by an officer of Lender and directed to Borrower specifying the suspension or waiver.

22. Whenever possible, each provision of this Note shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Note shall

be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note. In no event shall interest charged under this Note, the Mortgage or under any of the other Loan Documents (including, without limitation, the Default Rate) however such interest may be characterized or computed, exceed the highest rate permitted under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that a court determines that Lender has received interest under this Note in excess of the highest applicable rate hereto, then, in such case, Lender may either deem such excess to be a prepayment of the Principal Sum (to the extent permitted by law) or at Lender's election, Lender may promptly refund such excess interest to Borrower.

23. This Note is secured by (i) a Mortgage dated as of the date hereof and (ii) and Assignment of Leases and Rents dated as of the date hereof, both in connection with real estate located in Clinton County, Michigan.


24. Borrower shall, at Borrower's expense, enter into a construction loan escrow in form satisfactory to Lender, with respect to the disbursement of the Loan.

25. Lender and Borrower agree that this Promissory Note shall be deemed a "Bond" pursuant to Section 1351a of the Michigan Revised School Code, Act 451, Public Acts of Michigan, 1976, as amended.

[Signatures Appear on Following Page]

THIS NOTE was executed by the undersigned who represents that she/he has all necessary authority to execute this Note on behalf of Borrower.

COLE ACADEMY, a Michigan public school academy

By: 
Name: Brian Shughart
Its: Superintendent


By: 
Name: Tara S. Terquise
Its: Leaseholder

EXHIBIT A

FORM OF LENDER'S NOTICE

DATE _____, 20____

Cole Academy
1915 W. Mt. Hope Ave.
Lansing, Michigan 48910

The undersigned, a duly authorized representative of IFF (the "**Lender**"), hereby notifies Cole Academy, a Michigan public school academy (the "**Borrower**"), with reference to the Note issued by Borrower in favor of Lender, evidencing a loan in the principal amount of \$1,000,000.00, dated December __, 2016 (the "**Note**"), that Lender has determined that the Loan Conversion Date (as defined in the Note) shall be _____, 20____ and that the First Principal and Interest Payment Date (as defined in the Note) shall be _____, 20____.

Sincerely,

IFF

By: _____

Name: _____

Its: _____

MORTGAGE

THIS MORTGAGE (the "Mortgage") is effective as of August ^{15th}, 2017, between COLE ACADEMY, a Michigan public school academy, with an address at 1915 W. Mt. Hope Ave., Lansing, Michigan 48910, herein referred to as "Mortgagor," and IFF, an Illinois not for profit corporation, with an address of 333 South Wabash Avenue, Suite 2800, Chicago, Illinois 60604, together with its successors and assigns, herein referred to as "Mortgagee."

WITNESSETH:

WHEREAS, Mortgagor is indebted to Mortgagee upon a Promissory Note, dated as of the date hereof, in the principal sum of ONE MILLION AND 00/100 DOLLARS (\$1,000,000.00), payable to the order of and delivered to Mortgagee, (as the same may from time to time be amended, restated, modified, replaced, supplemented or extended, the "Note," all capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Note) by which Note Mortgagor promises to pay to the holders of the Note the principal sum and interest at the rate and in installments as provided in the Note, with a final payment of the balance due on the Maturity Date. All of the principal and interest payments are to be made payable at such place as the holders of the Note may, from time to time, in writing appoint, and in absence of such appointment, then at the office of Mortgagee at 333 South Wabash Avenue, Suite 2800, Chicago, Illinois 60604 (or such other address which Mortgagee provides written notice of to Mortgagor in the future);

NOW, THEREFORE, to secure: (a) the payment of the principal sum and interest in accordance with the terms, provisions, and limitations of the Note; (b) the payment and performance of the covenants and agreements contained in this Mortgage and the Note to be performed by Mortgagor; and (c) the payment and performance of the covenants and agreements to be performed by Mortgagor under any other promissory notes, instruments, or other documents (including, without limitation, other security instruments), encumbering or otherwise affecting the Premises (as hereinafter defined) or any other property of Mortgagor, which may hereafter be held by Mortgagee, and also in consideration of the sum of Ten Dollars (\$10.00) in hand paid, the receipt of which is hereby acknowledged, Mortgagor does by these presents MORTGAGE, GRANT, BARGAIN, SELL, PLEDGE, ASSIGN, WARRANT, TRANSFER AND CONVEY to Mortgagee and its successors and assigns, WITH POWER OF SALE, all of Mortgagor's right, title and interest in and to the real estate described on the attached Exhibit A, situated in the City of East Lansing, County of Clinton, in the State of Michigan (the "Real Estate");

NAI-1502614868v3

TOGETHER WITH: all right, title and interest, if any, including any after-acquired right, title, and interest and including any right of use or occupancy, which Mortgagor may now have or hereafter acquire in and to: (a) all buildings, structures, improvements, tenements, easements, roads and alleys, development, air and water rights, fixtures, equipment, and appurtenances belonging to the Real Estate; (b) all current and future leases, subleases, licenses and occupancy agreements (collectively, "**Leases**"), and all rents, issues, deposits (including, without limitation, security deposits), income and profits of and from the Leases and the Real Estate (collectively, "**Rents**"), which Rents are pledged primarily and on a parity with the Real Estate and not secondarily; (c) all goods, furniture, apparatus, equipment, inventory, general intangibles and other personal property to the extent used in or on the Real Estate or in connection with the operation thereof; (d) all building materials, building supplies, work in process, contract rights related to the construction, rehabilitation, conversion or improvement of the Real Estate or any of the foregoing; (e) all insurance policies, insurance proceeds and condemnation awards related to the Real Estate; (f) all permits, approvals, licenses and authorizations related to the Real Estate; (g) all contract rights, agreements and general intangibles relating to the Real Estate or any of the foregoing; (h) all of Mortgagor's books and records relating to the foregoing; and (i) all additions to, replacements of, and all issues, products and proceeds of the property described in the foregoing clauses (a) through (h). All of the items listed are declared to be a part of the Real Estate whether physically attached to the Real Estate or not, and it is agreed that all similar apparatus, equipment, fixtures or other personal property from now on placed in or on the Real Estate by Mortgagor or its successors or assigns, and all replacements, additions, issues, products and proceeds thereto and thereof after the date of this Mortgage shall be considered as constituting part of the Real Estate. The property described in this paragraph, together with Mortgagor's interest in the Real Estate, are hereinafter collectively referred to as the "**Premises**."

TO HAVE AND TO HOLD the Premises unto Mortgagee, and Mortgagee's successors and assigns, forever, for the purposes and uses set forth in this Mortgage, free from all rights and benefits under and by virtue of the homestead exemption laws of the State of Michigan, which rights and benefits Mortgagor does expressly release and waive.

MORTGAGOR FURTHER REPRESENTS, WARRANTS, COVENANTS, AND AGREES AS FOLLOWS:

1. **Repair; Restoration, Compliance With Law; Inspection.** Mortgagor shall: (a) promptly repair, restore, and rebuild any buildings or improvements (or portions thereof) now or hereafter on the Premises which may become damaged or be destroyed; (b) keep the Premises in good condition and repair, without waste, and free from mechanic's or other liens or claims for lien not expressly permitted in this Mortgage; (c) pay when due any indebtedness which may be secured by a lien or charge on the Premises, and upon request exhibit satisfactory evidence of the discharge of the prior lien to Mortgagee; (d) comply with all laws, codes, statutes, rules, ordinances, regulations or other requirements of governmental authorities (including, without limitation, the Americans With Disabilities Act) (collectively, "**Laws**") with respect to Mortgagor or the Premises or the use of the Premises; and (e) make no material alterations in the Premises except as required by Law or approved in writing by Mortgagee. Mortgagee shall have the right, upon reasonable prior notice, to inspect the Premises together with all of Mortgagor's books and records at all reasonable times.

2. **Real Estate Taxes.** Mortgagor shall cause such action to be taken as may be required to cause the Premises to be exempt from taxation under the laws of the State of Michigan, such exemption to be effective no later than one (1) year from the date of this Mortgage. Mortgagor shall cause such action to be taken as may be required to maintain the tax exempt status of the Premises. Mortgagor shall provide a copy of the annual tax exemption affidavit filed with respect to the Premises with the County Assessor or other satisfactory evidence of tax exemption (or State of Michigan or appropriate municipality, as the case may be) within forty-five (45) days after the end of Mortgagor's fiscal year. If the Premises are not tax exempt, Mortgagor shall cause all general taxes to be paid before any penalty attaches, and shall cause all special taxes, special assessments, water charges, sewer service charges, and other charges against the Premises to be paid when due, and shall, upon written request, furnish to Mortgagee duplicate receipts for those payments. To prevent default under this Mortgage, Mortgagor shall cause to be paid in full under protest, in the manner provided by statute, any tax or assessment which is being contested.

3. **Other Taxes.** In the event of the enactment after this date of any Law deducting from the value of land for the purpose of taxation any lien on the Premises, or imposing upon Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens required to be paid by Mortgagor, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or Mortgagee's interest in the property, or the manner of collection of taxes, so as to affect this Mortgage or the debt secured by this Mortgage or the holder of this Mortgage, then Mortgagor, upon demand by Mortgagee, shall pay the taxes or assessments, or reimburse Mortgagee for the taxes or assessments; provided, however, that if in the reasonable opinion of Mortgagee: (a) it might be unlawful to require Mortgagor to make the payment; or (b) the making of the payment might result in the imposition of interest beyond the maximum amount permitted by law, then Mortgagee may elect, by written notice given to Mortgagor, to declare all of the indebtedness secured by this Mortgage to be due and payable sixty (60) days from the date of notice. If, by the laws of the United States of America or of any state having jurisdiction on the Premises, any tax is due or becomes due in respect of the Note, Mortgagor shall pay such tax in the manner required by such law.

4. **Protective Advances.** Upon the occurrence of a Default, Mortgagee may, but need not: (i) make any payment or perform any act required of Mortgagor in any form and manner deemed expedient, and, in addition thereto, may, but need not, make full or partial payments of principal or interest on prior or subordinate encumbrances, if any; (ii) purchase, discharge, compromise or settle any tax lien or other prior or subordinate lien, title, or claim on the Premises; (iii) redeem from any tax sale or forfeiture affecting the Premises; contest any tax or assessment; and/or (iv) pay any insurance premium, or make any other payment or perform any other act or obligation necessary or expedient, in Mortgagee's reasonable discretion, to protect the Premises and Mortgagee's interest therein. All amounts paid for any of the purposes authorized above and all expenses paid or incurred in connection with the purposes authorized above, including attorneys' fees and expenses, and any other moneys advanced by Mortgagee to cure Mortgagor's Default or protect the Premises and Mortgagee's lien on the Premises, shall be additional indebtedness secured by this Mortgage and shall become immediately due and payable without notice and with interest charged at the lesser of the Default Rate or the highest rate permitted under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. Inaction of Mortgagee shall never be considered as a waiver of any

right accruing to Mortgagee on account of any Default on the part of Mortgagor. Mortgagee making any payment authorized by this Mortgage relating to taxes or assessments, may do so according to any bill, statement, or estimate procured from the appropriate public office without inquiry into the accuracy of the bill, statement, or estimate or into the validity of the tax, assessment, sale, forfeiture, tax lien, title, or claim.

5. Provisions Regarding Assignment of Leases and Rents. Mortgagor intends that the assignment of Leases and Rents set forth herein shall constitute a present, absolute and unconditional assignment, and not an assignment for additional security only. Notwithstanding the foregoing, subject to the terms of this paragraph, Mortgagee grants to Mortgagor a revocable license to operate and manage the Premises and to collect the Rents so long as no Default exists. Upon a Default, the license granted to Mortgagor herein shall automatically be revoked, and Mortgagee shall immediately be entitled to receive and apply all Rents, whether or not Mortgagee enters upon and takes control of the Premises. The foregoing assignment to Mortgagee shall not be construed to bind Mortgagee to the performance of any of the covenants, conditions or provisions contained in any of the Leases. The rights and remedies of the Mortgagee under the foregoing assignment shall include those rights set forth in Michigan Compiled Laws 554.231, are cumulative, and are not in lieu of but are in addition to all other rights and remedies which Mortgagee has under the Note, and this Mortgage.

6. Impounds. At Mortgagee's election, Mortgagor shall periodically deposit with Mortgagee such sums as Mortgagee may reasonably require for payment of taxes, insurance, and assessments on the Premises. If the amount held by Mortgagee or Mortgagee's agent on account of taxes, insurance and/or assessments exceeds the amount required for payment of those items, together with a reasonable reserve, said excess shall be refunded to Mortgagor in the normal course of Mortgagee's or Mortgagee's agent's business. No deposit shall bear any interest.

7. Modification of Obligations. If the payment of, or on account of, the Obligations (as hereinafter defined) or any part thereof is modified, extended or varied or if any part of the security therefor is released, all persons now or at any time liable therefor, or interested in the Premises, shall be held to assent to such modification, extension, variation or release, and their liability and the lien and all provisions of this Mortgage shall continue in full force and effect, the right of recourse against all persons being expressly reserved by Mortgagee, notwithstanding such modification, extension, variation, or release.

8. Release. Mortgagee shall release this Mortgage and the lien of this Mortgage by proper instrument upon payment and discharge of all of the Obligations secured by this Mortgage and the payment of a reasonable fee to Mortgagee for the execution of such release.

9. Insurance and Casualty.

(a) As long as the Obligations remain outstanding, Mortgagor shall maintain or cause to be maintained the following:

- i. Fire and extended coverage insurance (including, without limitation, windstorm, explosion, and such other risks usually insured against by

owners of like properties) on the Premises in an amount equal to one hundred percent (100%) of the full replacement cost of the Premises;

- ii. Comprehensive public liability insurance against claims for personal injury, including, without limitation, bodily injury, death, or property damage occurring on, in, or about the Premises in an amount of not less than \$1,000,000.00 with respect to personal injury or death to one or more persons and \$500,000.00 with respect to damage to property, and with "umbrella" liability coverage of not less than \$1,000,000.00, or such greater amounts as may from time to time be required by Mortgagee;
- iii. If the Premises is located in a Zone A or Zone B flood hazard zone, flood plain insurance in an amount satisfactory to Mortgagee, but in no event less than one hundred percent (100%) of the full insurable value of the Premises and the personal property contained therein; and
- iv. For so long as any construction is being performed on the Premises: (A) "All Risk, Builders' Risk Completed Value Non-Reporting Form" insurance in an amount equal to 100% of the completed insurable value of the Premises, with extended coverage; (B) for the general contractor (and/or, if appropriate, subcontractors) workmen's compensation, employees' liability and comprehensive liability insurance (including contractual liability) with limits of \$1,000,000.00 with respect to personal injury or death for one or more persons; and (C) for the architect, professional liability insurance in form and amounts satisfactory to Mortgagee.

(b) All insurance shall be written by companies and on forms with endorsements satisfactory to Mortgagee, all with suitable loss payable and standard noncontribution mortgagee clauses in favor of Mortgagee (or, in case of a foreclosure sale, in favor of the owner of the certificate of sale) attached, and originals or certified copies of certificates of insurance evidencing such policies shall be kept constantly deposited with Mortgagee. At such times as Mortgagee shall reasonably request, Mortgagor shall cause Mortgagor's insurer to provide an opinion letter to Mortgagee stating that Mortgagor's insurance policies are in compliance and fulfill all of the requirements of this section. All policies shall provide for, and the certificates of insurance delivered to Mortgagee shall reflect, the insurer's agreement to provide, among other things, written notice to Mortgagee of the expiration or any anticipated cancellation of any insurance policies at least thirty (30) days prior to such event occurring. Not less than thirty (30) days prior to the expiration of any policy, a certified copy of a certificate of insurance evidencing the renewal policy shall be deposited with Mortgagee.

(c) In case of loss or casualty to any portion of the Premises, Mortgagee is authorized to collect all insurance proceeds and apply them, at its option, to the reduction of the Obligations hereby secured, whether due or not then due, or, at Mortgagee's sole and absolute option, Mortgagee may allow Mortgagor to use

such money, or any part thereof, in repairing the damage or restoring the Premises. If such proceeds are released for the purpose of restoring the Premises, then such disbursement shall be subject to the conditions and procedures as Mortgagee may in its sole discretion impose.

(d) Mortgagor shall notify Mortgagee, in writing, of any casualty or loss to the Premises and Mortgagor hereby directs each insurance company to make payment for the loss directly and solely to Mortgagee; and Mortgagor agrees that any payment which is delivered, for any reason, to Mortgagor shall be held in trust for Mortgagee and promptly delivered in the form received (except for any necessary endorsements) to Mortgagee.

(e) In addition to other remedies available under this Mortgage, if after Mortgagee's reasonable request, Mortgagor fails to provide Mortgagee with evidence of the foregoing insurance coverage required to be carried by Mortgagor under this Mortgage, Mortgagee may purchase such insurance at Mortgagor's expense for the purpose of protecting Mortgagee's interest in the Premises. Any insurance purchased by Mortgagee may, but need not, protect the interest of Mortgagor in the Premises. The insurance coverage purchased by Mortgagee may or may not pay any claim that Mortgagor makes or any claim that is made against Mortgagor in connection with the Premises. Provided that Mortgagee has not commenced foreclosure proceedings, elected to accelerate the amounts due and owing under the Note, and Mortgagor is not otherwise in Default under this Mortgage, Mortgagor may later cancel any insurance purchased by Mortgagee, but only after providing Mortgagee with evidence that Mortgagor has obtained insurance as required by this Mortgage. If Mortgagee purchases insurance for the Premises, Mortgagor shall be liable and shall reimburse Mortgagee for the costs of that insurance, including, but not limited to the interest, labor charges, and other charges that Mortgagee reasonably imposes in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of insurance purchased by Mortgagee may be added to the total outstanding balance or obligation secured by this Mortgage and evidenced by the Note. The costs of the insurance purchased by Mortgagee may exceed the cost of insurance Mortgagor would otherwise be able to obtain.

10. Condemnation.

(a) If all or any part of the Premises shall be taken through condemnation, and the taking would, in the judgment of Mortgagee, render all or any part of the Premises not reasonably accessible or not in compliance with applicable Laws by reason of insufficient lot area, parking spaces, or otherwise, all Obligations shall, upon notice, become due and payable at once at the option of Mortgagee, whether or not a Default has occurred.

(b) In the event Mortgagee does not exercise its right to accelerate the Obligations pursuant to the terms and provisions of section (a) above, Mortgagee shall be entitled to all awards (which term when used in this Mortgage shall

include all compensation, awards, damages, claims, rights of action, proceeds, and other payments of relief) of, or on account of, any damage or taking through condemnation of the Premises, or any part of the Premises (to the extent of the amount outstanding under the Note), and is hereby authorized, at its option, to commence, appear in, and prosecute in its own or Mortgagor's name any action or proceeding relating to any condemnation and to settle or compromise any claim in connection with any action or proceeding. All awards and the right to those awards are included in the Premises, and Mortgagee, after deducting all its expenses, including attorneys' fees, at its option may apply such net proceeds in such manner as Mortgagee shall determine, to the reduction of the Obligations without regard to whether the Obligations are or are not then due. In the event any net proceeds remain thereafter, such net proceeds shall be paid to Mortgagor. Mortgagor agrees to execute further assignments of any awards as Mortgagee may require.

11. **No Transfer; Due on Sale.** Mortgagor shall not, without Mortgagee's prior written consent (which consent may be withheld in Mortgagee's sole and absolute discretion), whether directly, indirectly, by operation of law or otherwise, transfer, sell, convey, alien, pledge, hypothecate, encumber, lease, sublease, or mortgage all or any portion of the Premises (or any beneficial interest in the land trust, if title to the Premises is held by a land trust) or any legal or equitable interest in the Premises or in Mortgagor (or the beneficiary of the land trust, if title to the Premises is held by a land trust) (any of the foregoing being a "Transfer"), regardless of form. Any violation of the foregoing provisions of this Section 11 shall immediately be deemed a Default. Mortgagor shall not suffer or permit the Premises, or any portion of the Premises, to be used by any individual, entity, or the public, in any manner that might tend to impair Mortgagor's title to the Premises, or any portion of the Premises, or in such a manner that might make possible a claim or claims of easement by prescription or adverse possession by the public, or of implied dedication of the Premises or any portion of the Premises. Notwithstanding anything else contained herein, Mortgagee's written consent shall not be required for the first lien mortgage in favor of Senior Lender, provided however, that the amount of debt owed to Senior Lender may not exceed \$3,260,000 at any time.

12. **Indemnification.** Mortgagor shall defend, indemnify, save, and hold harmless Mortgagee from and against, and promptly pay to, or reimburse Mortgagee for, all loss, cost, expense, and liability Mortgagee may suffer or incur (regardless of whether contingent, direct, consequential, liquidated, or unliquidated), including, but not limited to, all attorneys' fees and court costs, incurred by or asserted against Mortgagee resulting from, arising out of, relating to, or caused by any action or inaction of Mortgagor, or any condition existing on, under, or in the Premises, including, without limitation, the following: (a) the breach or inaccuracy of any representation, warranty, agreement, or covenant of Mortgagor set forth in the Note, this Mortgage, or any other document executed in connection with the Obligations; (b) the release or threatened release (as such terms are used in CERCLA, 42 U.S.C. 9607 (a)(4)) of any waste, pollutant, hazardous or toxic substance or waste, special waste, petroleum, petroleum-based substance or waste, product or by-product, or any constituent of any such substance, waste or product (collectively, "Contaminant") in, under, above, on, at or from the Premises into the indoor or outdoor environment; (c) the off-site migration, at any time of any Contaminant located in or on the Premises; or (d) the presence of asbestos or asbestos-containing material,

lead, petroleum, petroleum products or any other Contaminant in, under, above, on, at or from the Premises.

13. **Additional Covenants.** Mortgagor also covenants and agrees as follows:

- (a) Mortgagor shall pay and perform each obligation of "Borrower" under the Note in accordance with the terms thereof;
- (b) Mortgagor shall maintain and preserve the lien of this Mortgage until the principal and interest on the Note have been paid in full and all other obligations of Mortgagor set forth in the Note, this Mortgage and all other Loan Documents have been fully satisfied (collectively, the "Obligations");
- (c) Mortgagor shall use the proceeds of the Note for the purpose of the construction and/or renovation of the Premises and for no other purpose;
- (d) Mortgagor shall carry on any construction permitted by this Mortgage, in compliance with all applicable Laws;
- (e) Mortgagor shall promptly give written notice to Mortgagee of: (i) any action or event of which it has knowledge that may materially or adversely affect its ability to pay, or perform any of the Obligations and (ii) any notice of Default or other material notice received or given in connection with any other mortgage, lease, or agreement encumbering the Premises; and
- (f) Unless Mortgagor notifies the Mortgagee in writing, Mortgagee may use the Premises and/or the Mortgagor's name for publicity purposes.

14. **Representations and Warranties.** Mortgagor represents and warrants the following as of the date of this Mortgage and agrees that the following shall be true and correct at all times during the term of this Mortgage:

- (a) Mortgagor is seized of an indefeasible estate in fee simple to the Premises and has good right, full power, and lawful authority to mortgage and pledge the same as provided in this Mortgage, and Mortgagor may at all times peaceably and quietly enter upon, hold, occupy, and enjoy the Premises in accordance with the terms of this Mortgage;
- (b) There are no actions, suits, or proceedings pending, or, to the best of Mortgagor's knowledge, threatened, against or affecting Mortgagor or the Premises;
- (c) Electric, sewer, water, telecommunication facilities and any other necessary utilities are or after completion of construction will be, and Mortgagor shall cause those facilities at all times to be, available in sufficient capacity to service the Premises satisfactorily, and any easements necessary to the furnishing of utility service to the Premises have been or will be obtained and duly recorded or registered;

(d) Mortgagor has obtained all necessary consents, approvals, licenses, and permits in connection with the Premises, and any construction contemplated to be performed on the Premises, and the granting of this Mortgage;

(e) The Premises complies in all respects with all applicable Laws; and

(f) Mortgagor is not in default under any other mortgage or other document encumbering the Premises.

15. **Title; Liens.** The Mortgagor represents and warrants that, upon delivery of this Mortgage to Mortgagee, it shall own good and merchantable fee title to the Premises, subject to no monetary liens other than the mortgage in favor of Senior Lender, this Mortgage, taxes not yet due and payable and any other liens and encumbrances expressly approved by Mortgagee in writing. Mortgagor represents and warrants that no mechanics', laborers', materialmen's, statutory, or other lien or encumbrance, other than the liens set forth in the previous sentence, and utility easements, have been created upon or against the Premises, and Mortgagor agrees that it shall not permit or suffer any liens or encumbrances of any kind, other than as set forth in this section, to be filed against the Premises for so long as any Obligations are outstanding. Notwithstanding the foregoing, Mortgagor may, with Mortgagee's prior written consent, allow mechanics' or other such liens (including real estate tax liens existing due to the contest of the assessment) to exist upon the Premises for so long as Mortgagor: (i) is, in good faith and by appropriate proceeding, contesting the validity, applicability or amount of the lien, (ii) delivers to Mortgagee security adequate (in Mortgagee's sole discretion) to protect Mortgagee's lien position on the Premises; and (iii) promptly pays any amount adjudged by a court of competent jurisdiction to be due, no later than the date such adjudication becomes final.

16. **Security Agreement.** This Mortgage is both a real property mortgage and a "security agreement" within the meaning of the Uniform Commercial Code as adopted by the State of Michigan (the "UCC"). The Premises includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of Mortgagor in the Premises. By executing and delivering this Mortgage, Mortgagor hereby grants to Mortgagee, as security for the Obligations, a security interest in any portion of the Premises that may be subject to the UCC (said portion of the Premises so subject to the UCC being called the "Collateral"). If a Default shall occur and be continuing, Mortgagee, in addition to any other rights and remedies which it may have, shall have and may exercise immediately and without demand, any and all rights and remedies granted to a secured party upon default under the UCC, including, without limiting the generality of the foregoing, the right to take possession of the Collateral or any part thereof, and to take such other measures as Mortgagee may deem necessary for the care, protection and preservation of the Collateral. Upon request or demand of Mortgagee after the occurrence and during the continuance of a Default, Mortgagor shall, at its expense, assemble the Collateral and make it available to Mortgagee at a convenient place (at the Real Estate if tangible property) reasonably acceptable to Mortgagee. Mortgagor shall pay to Mortgagee within five (5) days after demand therefor any and all actual out-of-pocket expenses, including reasonable attorneys' fees and costs, incurred or paid by Mortgagee in protecting Mortgagee's interest in the Collateral and in enforcing its rights hereunder with respect to the Collateral after the occurrence and during the continuance of a Default. Any notice of sale, disposition or other intended action by Mortgagee with respect to the Collateral sent to Mortgagor in accordance with the provisions

hereof at least ten (10) business days prior to such action, shall, except as otherwise provided by applicable law or the Note, constitute reasonable notice to Mortgagor. The proceeds of any disposition of the Collateral, or any part thereof, may, except as otherwise required by applicable law, be applied by Mortgagee to the payment of the Obligations in such priority and proportions as Mortgagee in its discretion shall deem proper. The principal place of business of Mortgagor (Debtor) is as set forth on page one hereof and the address of Mortgagee (Secured Party) is as set forth on page one hereof.

17. **Fixture Filing.** Certain of the Premises is or will become "fixtures" (as that term is defined in the UCC) on the Real Estate, described or referred to in this Mortgage, and this Mortgage, upon being filed for record in the real estate records of the city or county wherein such fixtures are situated, shall operate also as a financing statement naming Mortgagor as the Debtor and Mortgagee as the Secured Party filed as a fixture filing in accordance with the applicable provisions of said UCC upon such of the Premises that is or may become fixtures.

18. **Remedies Upon Default.**

(a) Upon the occurrence of a Default (as defined in the Note), at the option of Mortgagee and without notice to Mortgagor (except as may be required by applicable law), all Obligations secured by this Mortgage shall become due and payable immediately.

(b) When the Obligations become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose, through judicial foreclosure or non-judicial POWER OF SALE, the lien of this Mortgage in accordance with applicable law.

(c) The proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority: first, all costs and expenses related to the foreclosure proceedings, including all such items mentioned in the preceding subsection; second, all Obligations other than principal and interest; third, all principal and interest unpaid on the Note; fourth, any remainder to Mortgagor.

(d) Upon, or any time after, the filing of a complaint to foreclose this Mortgage the court in which the complaint is filed may appoint a receiver of the Premises. Such appointment may be made either before or after the sale, without notice, without regard to the solvency or insolvency of Mortgagor at the time of application for the receiver and without regard to the then value of the Premises or whether the Premises shall be occupied as a homestead or not, and Mortgagee may be appointed as the receiver. Such receiver shall have power to collect the rents, issues, and profits of the Premises during the pendency of the foreclosure suit and, in case of a sale and a deficiency, during the full statutory period of redemption, whether there be redemption or not, as well as during any further times when Mortgagor, except for the intervention of the receiver, would be entitled to collect the Rents, and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management, and

operation of the Premises during the whole of the period. The court from time to time may authorize the receiver to apply the net income in payment in whole or in part of: (i) the indebtedness secured by this Mortgage, or by any decree foreclosing this Mortgage, or any tax, special assessment, or other lien which may be or become superior to the lien of this Mortgage or of such decree, provided such application is made prior to foreclosure sale; and (ii) the deficiency in case of a sale and deficiency.

(e) No action for the enforcement of the lien or of any provision of this Mortgage shall be subject to any defense which would not be good and available to the party interposing the same in an action at law upon the Note secured by this Mortgage.

(f) Upon any foreclosure sale, whether judicial or through non-judicial POWER OF SALE, Mortgagee may bid for and purchase all or any portion of the Premises and, upon compliance with the terms of the sale and applicable law, may hold, retain, and possess and dispose of such property in its own absolute right without further accountability. Upon any foreclosure sale, the Mortgagee may credit bid and apply any or all of the Obligations toward the purchase price.

(g) Mortgagor agrees, to the full extent permitted by law, that in case of a Default, neither Mortgagor nor anyone claiming through or under it shall set up, claim, or seek to take advantage of any appraisal, valuation, stay, or extension laws or any so-called "Moratorium Laws," now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, or the absolute sale of the Premises, or the final and absolute putting into possession of the Premises, immediately after such sale, of the purchaser thereat, and Mortgagor, for itself and all who may at any time claim through or under them, hereby waives, to the full extent that it may lawfully so do, the benefit of all such laws, and any and all right to have the assets comprising the Premises marshaled upon any foreclosure of the lien of this Mortgage and agrees that Mortgagee, or any court having jurisdiction to foreclose the lien, may sell the Premises in part or as an entirety. To the full extent permitted by law, Mortgagor waives any and all rights of reinstatement, and any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage, on their own behalf, and on behalf of each and every person, acquiring any interest in or title to the Premises subsequent to the date of this Mortgage. Mortgagor agrees, to the extent permitted by law, that no recovery of any judgment by Mortgagee, and no attachment or levy of execution upon any of the Premises or any other property of Mortgagor, shall in any way affect the lien of this Mortgage upon the Premises, or any part of the Premises, or any lien, rights, powers, or remedies of Mortgagee under this Mortgage, but the lien, rights, powers, and remedies shall continue unimpaired as before, until the Obligations are paid in full.

(h) Nothing herein contained shall be construed as constituting Mortgagee a "mortgagee in possession" in the absence of the taking of actual possession of the Premises by Mortgagee. In the event of a sale, by foreclosure, POWER OF

SALE or otherwise, of less than all of the Premises, this Mortgage shall continue as a lien and security interest on the remaining portion of the Premises unimpaired and without loss of priority.

19. **No Waiver.** No delay or omission of Mortgagee to exercise any right, power, or remedy accruing upon and during the continuance of any Default shall exhaust or impair any right, power, or remedy, or be construed to waive any Default or to constitute acquiescence therein. Every right, power, and remedy given to Mortgagee may be exercised from time to time and as often as deemed expedient by Mortgagee. No waiver of any Default under this Mortgage shall extend to or affect any subsequent Default or any other Default then existing, or impair any rights, powers, or remedies consequent. If Mortgagee (without limitation): (a) grants forbearance or an extension of time for the payment of any sums secured by this Mortgage; (b) takes other or additional security for the payment of sums secured by this Mortgage; (c) waives or does not exercise any right granted in the Note or this Mortgage; (d) releases any part of the Premises from the lien of this Mortgage; (e) consents to the filing of any map, plat, or replat of the land; (f) consents to the granting of any easement on the land; or (g) makes or consents to any agreement changing the terms of this Mortgage or subordinating the lien or any charge of this Mortgage, no such act or omission shall otherwise release, discharge, modify, change, or affect the Obligations. No such act or omission shall preclude Mortgagee from exercising any right, power, or privilege granted in this Mortgage or intended to be granted in case of any Default then existing or of any subsequent Default, nor shall the lien of this Mortgage be altered, except to the extent of any releases as described in subparagraph (d), above, of this Section.

20. **Remedies Not Exclusive.** No right, power, or remedy conferred upon or reserved to Mortgagee by the Note or this Mortgage is exclusive of any other right, power, or remedy, but each and every such right, power, and remedy shall be cumulative and concurrent and shall be in addition to every other right, power, and remedy given under this Mortgage, the Note, or any document in connection with this Mortgage now or hereafter existing, or at law or in equity.

21. **Default Rate.** If a Default shall have occurred that remains uncured, principal and interest under the Note and all other outstanding and unpaid Obligations shall bear interest at the Default Rate.

22. **Severability.** In the event that any of the covenants, agreements, terms, or provisions contained in the Note or this Mortgage shall be invalid, illegal, or unenforceable in any respect, the validity of the remaining covenants, agreements, terms, or provisions contained in this Mortgage or in the Note shall be in no way affected, prejudiced, or disturbed.

23. **Modifications to this Mortgage.** Neither this Mortgage nor any term of this Mortgage may be changed, waived, discharged, or terminated orally, or by any action or inaction, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge, or termination is sought. Any agreement hereafter made by Mortgagor and Mortgagee relating to this Mortgage shall be superior to the rights of the holder of any intervening, junior, or subordinate lien or encumbrance.

24. **Governing Law.** This Mortgage shall be construed, interpreted, enforced, and governed by and in accordance with the internal laws (as opposed to the conflict of laws principles) of the State of Michigan.

25. **Further Assurances.** At any time and from time to time, upon the Mortgagee's request, Mortgagor shall make, execute, and deliver, or cause to be made, executed, and delivered, to Mortgagee, and where appropriate shall cause to be recorded, registered, or filed, and from time to time thereafter to be re-recorded, re-registered, and re-filed at such time and such offices and places as shall be deemed desirable by Mortgagee, any and all further mortgages, instruments of further assurance, certificates, and other documents as the Mortgagee may consider necessary or desirable in order to effectuate, complete, or perfect, or to continue and preserve the obligations of Mortgagor under the Note and this Mortgage, and the lien of this Mortgage as lien and security interest upon all of the Premises, whether now owned or hereafter acquired by Mortgagor, and unto all and every person or persons deriving any estate, right, title, or interest under this Mortgage. Upon any failure by Mortgagor to do so, after having been requested to do so in writing by Mortgagee, Mortgagee may make, execute, record, register, file, re-record, re-register, or re-file any and all such mortgages, instruments, certificates, and documents for and in the name of Mortgagor, and Mortgagor hereby irrevocably appoints Mortgagee the agent and attorney-in-fact of Mortgagor (which agency is coupled with an interest) to do so. The lien and security interest of the document(s) shall automatically attach, without further act, to all after-acquired property attached to and/or used in the operation of the Premises or any part of the Premises. Without limitation of the foregoing, Mortgagee shall have the right to file and continue UCC financing statements from time to time to perfect its security interest in any personal property granted herein.

26. **Time is of the Essence.** It is specifically agreed that time is of the essence of each and every provision of the Note and this Mortgage.

27. **Notices.** All notices, requests, and demands to be made under this Mortgage shall be in writing and given in accordance with the terms of the Note.

28. **Construction Mortgage.** To the extent construction is performed on the Premises, this Mortgage shall be a construction mortgage, as that term is defined in Section 9-334(h) of the UCC, as adopted by the State of Michigan. As to any property encumbered hereby which is or hereafter becomes a "fixture" under applicable law, this Mortgage shall constitute a fixture filing under the UCC. Mortgagor and Mortgagee intend that this Mortgage shall secure the unpaid balance of loan advances made pursuant to the Note by the holder hereof after this Mortgage is delivered to the applicable County Recorder for recording to the fullest extent and with the highest priority contemplated by applicable law.

29. **Waste.** Mortgagor's failure, refusal or neglect to pay any taxes, assessments, or governmental charges levied against the Premises, or any insurance premiums due upon policies of insurance covering the Premises or failure to maintain the Premises, or failure to comply with all environmental laws, shall, without limitation, constitute waste, and upon the happening of any act of waste, the Mortgagee shall have a right to apply to the Circuit Court for the County where the Premises are located for an order allowing the Mortgagee to exercise all rights and remedies statutorily provided in Act 236 of Michigan Public Acts of 1961, as amended, including

appointment of a receiver of the Premises and of the earnings, income, and profits thereof, with such powers as the court shall confer, and Mortgagor hereby irrevocably consents to such appointment in such event. Payment by the Mortgagee for and on behalf of Mortgagor of any delinquent taxes, assessments, or insurance premiums payable by Mortgagor under the terms of this Mortgage shall not cure the default herein described, nor shall it in any manner impair the Mortgagee's right to the appointment of a receiver as set forth herein

30. Constitutional Right to Hearing and Waiver. THIS MORTGAGE AND SECURITY AGREEMENT INCLUDES A POWER OF SALE AND UPON DEFAULT MAY BE FORECLOSED BY ADVERTISEMENT. IN FORECLOSURE BY ADVERTISEMENT, NO HEARING IS INVOLVED AND THE ONLY NOTICE PRESENTLY REQUIRED IS TO PUBLISH NOTICE IN A LOCAL NEWSPAPER AND TO POST A COPY OF THE NOTICE ON THE PREMISES.

31. Mortgagor's Waiver. IF THIS MORTGAGE AND SECURITY AGREEMENT IS FORECLOSED BY ADVERTISEMENT, MORTGAGOR HEREBY WAIVES ALL RIGHTS UNDER THE CONSTITUTION AND LAWS OF THE UNITED STATES AND UNDER THE CONSTITUTION AND LAWS OF THE STATE OF MICHIGAN TO A HEARING IN CONNECTION WITH THE ABOVE-MENTIONED FORECLOSURE AND ALL NOTICE REQUIREMENTS EXCEPT AS SET FORTH IN THE MICHIGAN STATUTE PROVIDING FOR FORECLOSURE BY ADVERTISEMENT.

32. Successor and Assigns; Joint and Several Liability. This Mortgage and all its provisions, shall extend to and be binding upon Mortgagor and its successors and assigns, all persons claiming under or through Mortgagor, and the word "Mortgagor" when used in this Mortgage shall include a trustee in bankruptcy and all such persons and all persons otherwise liable for the payment of the Obligations or any part of the Obligations, whether or not such persons have executed the Note or this Mortgage. Nothing contained in this Section shall be deemed to permit any Transfer. The word "Mortgagee" when used in this Mortgage shall include the successors and assigns of Mortgagee named in this Mortgage and the holder or holders, from time to time, of the Note secured by this Mortgage. If more than one person or entity has executed this Mortgage as "Mortgagor," then the obligations of all of such persons and entities shall be joint and several.

33. If any investigation, site monitoring, cleanup, removal, restoration or other remedial work of any kind or nature is required pursuant to an order or directive of any governmental authority, under any applicable environmental law, or pursuant to any other agreement affecting the Property (including, without limitation, that certain Due Care Plan Documenting Compliance with Section 7a of Act 451, for the proposed Cole Academy located at 2897-2949 Coleman Road, East Lansing, Michigan, dated January 31, 2017) because of or in connection with the past, current or future presence, suspected presence, release or suspected release of a hazardous substance on, under or from the Property or any portion thereof (collectively, the "*Remedial Work*"), Mortgagor shall promptly commence and diligently prosecute to completion all such Remedial Work, and shall conduct such Remedial Work in accordance with all applicable laws.

WITNESS the hand and seal of Mortgagor the day and year first above written.

COLE ACADEMY,
a Michigan public school academy

By: [Signature]
Name: Brian Shaughnessy
Its: Superintendent

By: [Signature]
Name: Peter C. Bergan, Jr.
Its: Treasurer

STATE OF MICHIGAN)
COUNTY OF Ingham) SS.

The foregoing Mortgage was acknowledged before me this 10th day of August, 2017, by Brian Shaughnessy who is the Superintendent of Cole Academy, a Michigan public school academy, on behalf of said public school academy.

[Signature]
Notary Public
My Commission Expires: [Signature]

STATE OF MICHIGAN)
COUNTY OF Ingham) SS.

KATHY GRUHN
NOTARY PUBLIC - STATE OF MICHIGAN
COUNTY OF INGHAM
My Commission Expires April 5, 2019
Acting in the County of Ingham

The foregoing Mortgage was acknowledged before me this 10th day of August, 2017, by Peter C. Bergan, Jr. who is the Treasurer of Cole Academy, a Michigan public school academy, on behalf of said public school academy.

[Signature]
Notary Public
My Commission Expires: [Signature]

KATHY GRUHN
NOTARY PUBLIC - STATE OF MICHIGAN
COUNTY OF INGHAM
My Commission Expires April 5, 2019
Acting in the County of Ingham

This instrument was prepared by
and after recording return to:

Peter C. Bergan, Jr.
Jones Day
901 Lakeside Avenue
Cleveland, Ohio 44114

EXHIBIT A
LEGAL DESCRIPTION

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NAI-1502614868v3

EXHIBIT "A"

Parcel 1:

Beginning 617.75 feet West of the Southeast corner of the Northeast 1/4 of the Southeast 1/4, Section 35, Town 5 North, Range 2 West, City of East Lansing, Clinton County, Michigan; thence West 131.75 feet, North 623.4 feet to railroad, Northeast along railroad, 151.9 feet, South 699.8 feet to the point of beginning.

Parcel 2:

Commencing 501.75 feet West of the Southeast corner of the Northeast 1/4 of the Southeast 1/4, Section 35, Town 5 North, Range 2 West, City of East Lansing, Clinton County, Michigan; thence West 61 feet, North 732.3 feet to railroad right of way, Northeasterly along railroad right of way 70.3 feet, South 767.1 feet to beginning.

Parcel 3:

Beginning at a point 562.75 feet West of the Southeast corner of the Northeast 1/4 of the Southeast 1/4 of Section 35, Town 5 North, Range 2 West, City of East Lansing, Clinton County, Michigan, running thence West 55 feet, thence North 699.8 feet, thence Northeasterly along Southerly Michigan Central Railroad right of way 63.4 feet, thence South 631.7 feet to point of beginning.

Parcel 4:

Commencing 392.75 feet West of the Southeast corner of the Northeast 1/4 of the Southeast 1/4 of Section 35, Town 5 North, Range 2 West, City of East Lansing, Clinton County, Michigan, South of Michigan Central Railroad; West 109 feet, North 767.1 feet; Northeast along railroad 125.7 feet; South 820.3 feet to the beginning.

Commonly known as:

2897 E. Coleman Rd.	19-20-50-35-400-070
2913 E. Coleman Rd.	19-19-20-50-35-400-075
2923 E. Coleman Rd.	19-20-50-35-400-080
2949 E. Coleman Rd.	19-20-50-35-400-085

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 years¹** in grades 3-5 will be assessed using the following measures and targets:

Sub Indicator	Measure	Metric	Target
Against a Standard:	The percentage of students meeting or surpassing the current, spring, grade-level national norms ² 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:			
Over Time:	The percentage of students meeting or surpassing spring grade-level national norms over time (CY-AVG(PY1+PY2+PY3)).	Trend score (which will be in the form of $-x$ to $+x$): Exceeds $\geq 6.0\%$ Meets $\geq 3.0\%$ Approaching $\geq 1.0\%$ Does not meet $< 1.0\%$	3.0%
Comparison Measure:	The percentage of students categorized as proficient or advanced on the most recent state assessment will surpass the school's Composite Resident District (CRD) percentage.	Portfolio Distribution (which will be in the form of $-x$ to $+x$): Exceeds $\geq 10.0\%$ Meets $\geq 5.0\%$ Approaching $\geq 0.0\%$ Does not meet $< 0.0\%$	5.0%

¹ 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.

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

Measure 2: Student Growth

The academic growth of all students in grades 3-5 at the Academy will be assessed using the following measures and targets:

Sub Indicator	Measure	Metric	Target
Against a Standard:	The median of student growth percentiles (MGP) reflecting fall-to-spring scaled score growth on the reading and math NWEA Growth tests.	MGP: Exceeds $\geq 65^{\text{th}}$ 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:			
Over Time:	The percentage of students making at least one year’s growth over time (CY-AVG(PY1+PY2+PY3)).	Trend score (which will be in the form of $-x$ to $+x$): Exceeds $\geq 6.0\%$ Meets $\geq 3.0\%$ Approaching $\geq 1.0\%$ Does not meet $< 1.0\%$	3.0%
Comparison Measure:	The mean student growth percentile reflecting growth on the two most recent state assessments will surpass the school’s Composite Resident District.	Portfolio Distribution (which will be in the form of $-x$ to $+x$): Exceeds $\geq 10.0\%$ Meets $\geq 5.0\%$ Approaching $\geq 0.0\%$ Does not meet $< 0.0\%$	5.0%

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

Cole Academy (“Academy”) will engage and inspire our diverse students to reach their full potential through individualized instruction.

Vision

Cole Academy students will be equipped to excel as leaders and lifelong learners.

How the Educational Program fulfills the Academy’s Mission, Vision, and Values

Children come first at the Academy. The Academy staff and Board of Directors believe that solid, research-based learning experiences must be in place for students to ensure a foundation for future success. The high expectations of the Academy, along with the charter authorizer (Central Michigan University), encourage students to excel. In addition, character development, positive reinforcement, a caring environment, positive school culture and solid classroom management all assist in maintaining a remarkable educational climate throughout each grade and building. Academy staff also understand the crucial roles of parents and guardians to accomplish all of these educational goals. The Academy's priority is to nourish and cultivate relationships that benefit all students.

Curriculum

At the Academy, there is a firm belief system in place that all students can succeed given the right tools and opportunities. Instructional units are organized in a developmentally appropriate sequence. Each instructional unit builds on the next for an academic flow of content to put students in the best position for success. Instructional planning at the Academy has teachers creating lesson plans that include objectives aligned to the Michigan Academic Standards (“MAS”) and pacing guides to help teachers sequence instructional units.

Curriculum Alignment

As indicated, the content of the Academy’s curriculum is directly aligned with the MAS and Common Core State Standards (“CCSS”). Lesson plans are periodically turned in and reviewed. Furthermore, the online curriculum teacher website provides consistency and continuity to the instructional practice at the Academy.

Core Curriculum

Math

Bridges™ in Mathematics is a comprehensive curriculum for kindergarten through fifth grades that equips teachers to fully implement the CCSS for mathematics in a manner that is rigorous, coherent, engaging and accessible to all learners.

The curriculum focuses on developing students’ deep understandings of mathematical concepts, proficiency with key skills and ability to solve complex and novel problems. Bridges blends direct

instruction, structured investigation and open exploration. It taps into the intelligence and strengths of all students by presenting material that is as linguistically, visually and kinesthetically rich as it is mathematically powerful.

Bridges in Mathematics is structured around three essential beliefs:

- Learning is a collaborative and social endeavor.
- Learning is a process of constructing meaning to make sense of concepts.
- Learning requires perseverance and willingness to experience disequilibrium.

Teachers at the Academies will:

- Encourage students to be responsible for their own learning.
- Use good questioning strategies and draw out student thinking.
- Promote discourse while creating a safe learning environment.

Students at the Academies will:

- Solve problems using visual models and manipulatives.
- Make and test conjectures while recording their thinking.
- Talk and move around the classroom as they actively engage in learning.

Number Corner[®] is a skill-building program that revolves around the classroom calendar, providing daily practice as well as continual encounters with broader mathematical concepts in 15–20 minutes of engaging instruction. This is a supplemental program aligned with Bridges and CCSS that is practiced daily in kindergarten through grade five.

Bridges Intervention provides targeted instruction and assessment for essential K–5 mathematics skills within a tiered system of support. The small-group instruction and ongoing progress monitoring are consistent with a Multi-Tiered System of Support (“MTSS”) framework. Used to complement regular math instruction, Bridges Intervention is ideal for small groups and can also be used with individuals. Students work with models that spur thinking and build confidence—starting with manipulatives, moving to two-dimensional representations and then mental images. Organized by content rather than grade, progress monitoring is key to the program.

English Language Arts (“ELA”)

The Academy strives to prepare students who are college and career ready in reading, writing, speaking, listening and language. As students advance through the grades and master the standards in reading, writing, speaking, listening and language, they will:

- Demonstrate independence.
- Exhibit strong content knowledge.
- Comprehend as well as critique.
- Value evidence.
- Use technology and digital media strategically and capably.
- Understand other perspectives and cultures.

The Academy utilizes the most up to date Lucy Calkins Reading Workshop and Writing Workshop to build on the above capacities of language arts. The Academy incorporates Writing Workshop to deliver writing instruction. The Academy’s reading program emphasizes phonemic awareness,

phonics, vocabulary, comprehension and fluency. Strategies are taught that assist students in developing decoding skills, blending sounds, understanding vocabulary, and using syntactic and semantic cues. Further, Academy students are presented with a variety of reading material including both narrative and informational texts.

Through these texts, students learn about genre and story elements. The writing process, prewriting, writing, revising, editing and publishing is implemented in the classroom setting and students participate in the process by writing narratives, opinion writing, and informational writing. Through the writing process, students learn and practice proper grammar usage and mechanics.

Students in kindergarten and first grade also receive instruction using Lucy Calkin's Units of Study in Phonics. These units:

- Provide a lean and concise instructional pathway in phonics that is realistic and doable, and that taps into kids' skills and energy for tackling the fabulous challenge of learning to read and write.
- Introduce high-leverage phonics concepts and strategies in a way that keeps pace with students' reading and writing and helps them understand when, how, and why they can use phonics to read and write.
- Offer delightfully fun and engaging storylines, classroom mascots, songs, chants, rhymes and games to help students fall head over heels in love with phonics and to create a joyous community of learners.
- Align with state-of-the-art reading and writing workshops for a coherent approach in which terminology, tools, rituals and methods are shared in ways that benefit both teachers and kids.

Science

The Academy's science lessons from Activate Learning Prime™ focus on concepts of Physical Science, Life Science and Earth Science. Following the Michigan Science Standards ("MSS"), students conduct hands-on explorations. They learn how to pose questions, construct experiments, analyze results and communicate findings. Further, inquiry skills are developed as students are active participants in investigations through observations, measurement and data collection. The Academy's science program also enables students to make connections to current problems in the environment that challenge today's society. By the end of fifth grade, Academy students should be able to:

- Generate scientific questions based on observations, investigations and research.
- Design and conduct scientific investigations.
- Use tools and equipment (spring scales, stop watches, meter sticks and tapes, models, hand lens, thermometer, models, sieves, microscopes) appropriate to scientific investigations.
- Use metric measurement devices in an investigation.
- Construct charts and graphs from data and observations.
- Identify patterns in data.
- Analyze information from data tables and graphs to answer scientific questions.
- Evaluate data, claims and personal knowledge through collaborative science discourse.

- Communicate and defend findings of observations and investigations using evidence.
- Draw conclusions from sets of data from multiple trials of a scientific investigation.
- Use multiple sources of information to evaluate strengths and weaknesses of claims, arguments or data.
- Evaluate the strengths and weaknesses of claims, arguments and data.

Social Studies

The Academy's social studies program, from Michigan Association of Intermediate School Administrators ("MAISA"), promotes the study of the following disciplines: history, geography, civics and government, and economics. The disciplines incorporate methods of inquiry, decision making, and provides opportunities for citizen involvement. Students learn how historical events have impacted the world and examine current events. Additionally, students learn about the core democratic values and gain an understanding of American values and principles. Teachers work to instill a foundation of the purpose of government and to assist students in an understanding of basic economic principles.

Non-Core Curriculum

Technology

All Academy classrooms have Interactive Whiteboards (Smartboards), Chromebooks and/or iPads. Technology is integrated into the curriculum in order to support the context of the core content areas. Students learn how to search for information and develop application skills to navigate computer programs such as Microsoft™ Word. Students are taught weekly, utilizing a sequential curriculum, while working individually on computers. Keyboarding skills are taught in grade one and internet skills are taught throughout the grade levels. Waterford Learning is also utilized throughout grades K-2 in ELA and math; IXL is utilized in grades 3-5 in both ELA and math.

Art

Art education focuses on the development of foundational understandings and skills in visual arts. Curriculum is based on National and Michigan Visual Arts Standards and Benchmarks with emphasis on creation, performing, responding and connection. Through the art making process, students develop understanding of the meaning and purpose of visual arts, along with potential careers within multiple art fields. Students progress artistic skills in the 2D mediums of drawing and painting and 3D skills in sculpture, ceramics, fibers and mixed media. Students sharpen visual literacy skills through examination and discussion of Ancient Classical, Renaissance, Neoclassicism, Modern and Contemporary art. Students participate in activities and projects that strengthen creative thinking, visual expression and develop Studio Habits of Mind (Develop Craft, Engage & Persist, Envision, Express, Observe, Reflect, Stretch & Explore, Understand Art Worlds).

The Visual Arts Curriculum challenges students to:

- Develop and strengthen procedural skills within the classroom.
- Focus on craftsmanship of their work.

- Meaning and purpose of visual arts.
- Explore global historical and cultural heritages.
- Develop artistic language for visual understanding and creation.

Students attend Art class for two 45-minute class periods each week for the entire school year. Classes are taught by a certified art specialist. Exhibition of student artwork is displayed once a year for the school community to view.

Health

The *Michigan Model for Health*™ is used at the Academy and is a comprehensive and sequential K-5 health education curriculum that aims to give students the knowledge and skills needed to practice and maintain healthy behaviors and lifestyles. The Model provides age-appropriate lessons addressing the most serious health challenges facing school-aged children, including social and emotional health, nutrition and physical activity, alcohol, tobacco and other drugs, personal health and wellness, safety and HIV. There is also a certified HIV teacher available at the Academy to present material to fourth and fifth grade students.

The *Michigan Model for Health* is based on the Adapted Health Belief Model, a merging of several behavior change theories including the Social Cognitive Theory, Social Influence Theory and Social Behavioral Theory. A key principle of the Adapted Health Belief Model is that a health education program is more likely to impact behavior change if it includes all the following components: knowledge, skills, self-efficacy, and environmental support. Health lessons at the Academy may be integrated in various disciplines such as ELA, science and social studies.

Physical Education

The Exemplary Physical Education Curriculum™ (“EPEC™”) curriculum is based on the National Standards for Physical Education (“NASPE”). At the Academy, the EPEC Curriculum provides step-by-step instruction, enabling all students to be successful. In addition to practicing the motor, fitness and social skills that make up ongoing physical education instruction, the standards-based foundation of the K-5 EPEC includes nutrition concepts incorporated into reinforcing activities. EPEC has been proven effective in studies conducted by the Centers for Disease Control and Prevention (“CDC”), the University of Michigan and Wayne State University. Students participate in planned physical education using an established curriculum of exercises and activities.

Research-based instructional strategies and methodologies

The Academy’s instructional components incorporate: research-based best practices for instructional methodologies and strategies; differentiated instruction; explicit and systematic instruction within classrooms and throughout the grades; acknowledgement of varied rates of learning; whole class, group and individualized learning opportunities; and ongoing and comprehensive professional development to provide teachers with the necessary skills and tools to ensure student achievement.

The Academy implements a variety of research-based methodologies and instructional strategies to enhance the learning opportunities of all learners.

Authentic/real world applications

The Academy connects student learning to the real world through authentic learning opportunities that include real-world applications. These authentic, real world experiences contain complex ideas and synthesized thought processes.

Reading and Writing Workshops

The Academy encourages students to express ideas, construct meaning, and remember information through – speech, writing, drawing, poetry, drama, music, movement and visual arts. The use of the Reading Workshop model provides a structured instructional tool that teachers use to differentiate instruction in reading. During mini lessons, Academy staff offer readers several different strategies, such as making connections, creating mental maps, making inferences, drawing conclusions, asking questions, synthesizing information, and monitoring comprehension and meaning to utilize as they read independently and in small groups.

To deliver writing instruction, the Academy has adopted the practices of Lucy Calkins Writing Workshop. Academy teachers provide mini lessons to students to teach writing concepts and strategies. In addition to mini lessons, teachers provide independent reading time where students practice prewriting, drafting, revising, editing and publishing. During the independent writing time, teachers conference with individual students and observe and discuss their work providing opportunities for formative feedback. The workshop model also allows for students to share their work.

Differentiated Instruction

The Academy seeks to challenge students. Students learn best when faced with genuine challenges, choices, and are responsible for their own learning (Danielson, 1996). The Academy differentiates instruction to “respond to variance among learners in the classroom” (Tomlinson, 1999). Classroom teachers differentiate instruction based on student interest and student readiness. Among the methods Academy teachers differentiate instruction by content, process, products or the learning environment.

Hands- On Learning

Students at the Academy are also provided with experiential learning opportunities. Students are immersed in the experience of content through hands-on, cooperative learning activities in every subject. In addition, the Academy’s science program provides investigative, hands-on experiences to promote comprehension and understanding of scientific concepts and theories. The incorporation of experiential learning assists students in nurturing cognitive thought processes. Further, experiential learning is rooted in the constructivist learning theory. The constructivist approach provides that students find knowledge and meaning from the “interaction between experiences and their ideas.” Academy students therefore re-create and reinvent every cognitive system they encounter, including language, literacy and mathematics.

Developmental Appropriateness

The Academy strives to provide developmentally appropriate instruction to assist students in reaching academic targets. As McTighe and Wiggins indicate, students grow through a series of definable but not rigid stages with lessons aligning to the developmental level of students. Through developmentally appropriate instruction, students learn to reason, effectively communicate and

develop interpersonal skills. To maximize student learning, Academy staff use developmentally appropriate techniques to select content, deliver instruction and assess learning.

In addition to ensuring instruction is developmentally appropriate, the Academy provides time for students to reflect. Learners have multiple opportunities to reflect and debrief their experiences and process information even when their conclusions could be invalid (learn from mistakes).

Academy students are:

- Utilizing endorsed assessment tools regularly, to determine individual needs.
- Placed in appropriate ability-based reading and math groups.
- Expected to master grade level concepts in learning.
- Instructed in sequential steps.

Learning

Teachers establish a positive environment in order to focus on learning by promoting an atmosphere of clear expectations to maximize instruction and learning outcomes. Academy staff use a wide variety of strategies such as activating prior knowledge, cooperative learning, cross-curricular teaching, integration of technology and hands-on activities, all of which teachers use to monitor learning and adjust instruction as appropriate in order to meet individual needs. Instruction is organized in both whole and small group settings with a certified teacher and one paraprofessional providing a high adult to student ratio.

The Academy views itself as a partner in education with the family. An open-door policy for access to the principal is promoted and school-wide activities are organized to engage parents in the school culture. The Academy further supports families with healthy dietary choices. Nutritional meals are provided to the school by an outside vendor (Okemos Public Schools) that meets and exceeds the standards for health and nutrition. The wellness program meets the expectations of the Michigan Department of Education and statutory regulations.

Curriculum Adaptation and Modification

The Academy's curriculum is flexible to meet the needs of all learners. The Academy utilizes a variety of learning opportunities to meet student needs that adapt and modify the curriculum including providing a MTSS program. MTSS is utilized for instructional planning regarding student achievement and growth. The result is a curriculum that addresses the need for tangible experiences in all Academy students' educational experiences. Active student engagement is a key feature of student success and there is an expectation that all teachers design lessons and assessments that engage students. In addition, the Academy uses the Fountas & Pinnell Literacy™ Leveled Literacy Intervention Program ("LLI"). Teachers utilize levels orange, green, blue or red, depending on the student's individual reading level.

In addition, the curriculum website is a flexible and adaptable tool. Changes can be made and uploaded onto the online program to reflect best teaching practices for particular units and lessons. The Academy also has in place: differentiated instruction, use of diagnostic assessments such as AIMSweb® and Northwest Evaluation Association™ ("NWEA™") Measures of Academic Progress® ("MAP®") Growth™, small group strategies, a scaffolding curriculum, and data driven decision-making and progress monitoring.

The Academy uses the MTSS model to close the achievement gap of at-risk students and increase the academic achievement and behavioral success of all students throughout their school day. This model is a 3-tiered intervention model that services students according to their specific academic needs.

- All students: Tier 1 is an at, or above, benchmark level to support best practices in the general education classroom in which all students are receiving instruction from a highly certified general education teacher. Under the MTSS model, all teaching staff have an overarching focus on improving Tier 1 instruction within the general education classroom.
- Targeted students: Tier 2 is a strategic level to support students performing slightly below grade-level proficiency on the selected assessments. This tier is conducted by general education teachers as a way to increase explicit instruction of concepts and build upon the general education instruction.
- Tier 3 is an intensive level to support students performing far below grade-level proficiency according to the selected assessments. This tier system allows Title I and special education teachers to give intensive instruction to these students without supplanting services for ancillary services.
- Tier IV encompasses all three tiers. The students identified for Tier IV are those that would qualify for special education services, based on a documented learning or speech disability or other impairment. Students receive classroom instruction by the general education teacher and support by a special education teacher, based on their IEP goals. Students may also receive modified content or instructional delivery.

The Academy also provides service for gifted and talented students. The MTSS and classroom teachers offer extended learning opportunities with group instruction, online areas, independent study and higher-level projects in grade-level classrooms.

Data collected is collaboratively analyzed and reviewed to guide instruction and interventions. The MTSS program is discussed at the Title I Annual Meeting to inform all stakeholders. General education teachers, paraprofessional staff, Title I teachers and special education teachers are involved at all or various Tier levels.

Special Education

When making educational placement decisions for students with disabilities, the Academy will ensure parents are contributing members of the Individualized Educational Program (“IEP”) team, and together the team will make decisions that are subject to requirements regarding provision of the least-restrictive environment. When determining how services will be delivered to students with disabilities, the Academy will follow all Special Education Rules as issued by the Michigan Department of Education. If a child with a current IEP enrolls in the Academy, the Academy will implement the existing IEP to the extent possible or will provide an interim IEP agreed upon by parents until a new IEP can be developed. IEPs will be developed, revised and implemented in accordance with the Individuals with Disabilities Education Improvement Act (“IDEIA”) and state laws and regulations. In addition, the Academy uses the Sonday System[®] curriculum.

The Academy will fully comply with applicable 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, such 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

The NWEA “MAP Growth test, M-STEP, and AIMSWeb 2.0 assessments are based upon the MAS and the Common Core State Standards. In addition, authentic assessments, benchmark assessments and progress monitoring are all key indicators of student achievement and success. This assessment data is the core component for identifying appropriate instruction at the Academy and to design interventions. Frequent formative and summative assessments are also utilized during units of study. Unit tests, papers, projects, presentations and demonstrations are measures used by teachers to monitor progress and indicate mastery of content. Teachers review, reteach and assess again if students do not master the given content.

Assessment results are provided and communicated to teachers, students and parents. The results are kept current so that staff members can use them to inform instruction and to work with students to increase proficiency. Parents and students have the opportunity to meet with staff for the purpose of clarifying the information and planning for the future.

Student Success/ Recognition

Lansing Campus

The character education component at the Academy is embedded within each grade, K-5. Each month during the school year a single character trait is examined. Character traits are Friendship, Teamwork, Respect, Responsibility, Courage, Honesty, Determination, Equality and Citizenship. Each classroom practices grade-level appropriate activities throughout the month that teach and support that month's character trait. At the end of each month, each teacher chooses a student that exemplifies that month's trait and the student is presented with an award at a classroom assembly.

In addition, the teachers also recognize a student in each grade for Student of the Month. This student is chosen based on behavior and academic performance. The students earn their award during a classroom assembly and are also invited to a Student of the Month breakfast, along with their family, at the end of the year.

East Lansing Campus

The culture at Cole Academy East Lansing is set upon the foundational “Great 8” skills and traits of successful student citizens. These 8 skills and/or traits are as follows: Confidence, Accountability, Integrity, Self-control, Independence, Grit/Perseverance, Empathy and Diversity. Each grade level learns and practices these skills and traits throughout the month through literature, skits, activities, case-studies, songs, etc.... Every morning students recite the Husky Howl, which builds on itself every month as a new skill or trait is covered. [I am confident. I am accountable. I have integrity. I am unique. I am independent. I am empathetic. I can persevere. I have self-control.]

In addition to the Husky Howl, this positive behavior plan allows for every adult within the Academy to award PAW-some tickets to ANY student who exhibits ANY of these skills/traits at ANY time; students earning PAW-some tickets can then select one of five “prize” boxes to enter their ticket in. At the end of the month, leadership draws tickets at random for students to be recognized at a whole-school assembly.

Program Evaluation

The Academy utilizes a systematic process of evaluation to determine the effectiveness of the implementation, delivery and support of the Educational Program. Periodic lesson plans are submitted to the building Principal and must include the following items:

- Objectives aligned to MAS.
- Theme/unit.
- Rubrics/scoring guide.
- Formative/ summative assessment.
- Indication of homework.
- Indication of writing.
- Teacher and student guidelines.
- Indication of differentiated instruction.

The Principal, through the collection of multiple, short 15-minute observations; provides targeted feedback to the instructional staff using PIVOT’s 5D+™ Rubric and the Areas of Focus chosen by each teacher with Principal guidance. This feedback promotes collaborative dialogue and professional growth. Further, the Curriculum Committee members meet throughout the year with the building Principals to ensure the staff is moving in a forward direction in regard to the curriculum initiatives and district/school improvement goals. Committee members also meet with the instructional staff on a regular basis. This designated time is dedicated to reviewing each school improvement plan, progress toward the school/district improvement goals, as well as working on ensuring alignment of the curriculum to the MAS. Academy leadership works collaboratively with the staff to examine data. Through data analysis the Academy determines curricular and instructional changes.

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 Michigan Association of Intermediate School Administrators (“MAISA”) English language arts (“ELA”) and social studies, Bridges™ in Mathematics, Activate Learning Prime™ science, Michigan Model for Health™ and Exemplary Physical Education Curriculum™ (“EPEC™”) as a curriculum. The curriculum for all core subjects is housed on an Academy established web platform and has been received, reviewed and approved by the Center.

- Academy Platform <https://coleacademy.weebly.com/>
- Oakland K12/MAISA <https://oaklandk12-public.rubiconatlas.org/Atlas/Browse>
- Bridges in Mathematics <https://bridges.mathlearningcenter.org/>
- Activate Learning Prime <https://coleacademy.sciencecompanionprime.com>
- Michigan Model for Health http://www.michigan.gov/mdhhs/0,5885,7-339-73971_4911_4912_74286---,00.html
- EPEC <https://michiganfitness.org/activity/epec/>

Elementary

The following subjects/courses are offered at the Academy.

Course	K	1	2	3	4	5
English Language Arts	X	X	X	X	X	X
Mathematics	X	X	X	X	X	X
Science	X	X	X	X	X	X
Social Studies	X	X	X	X	X	X
Health	X	X	X	X	X	X
Physical Education	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 fifth grade. The maximum enrollment shall be 450 students across the two sites identified in Schedule 6 of the Contract. Enrollment will be distributed over the sites as follows:

Lansing Site: No more than 210 students may be served at this Site.

Cole Academy East Site: No more than 240 students may be served at this Site.

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 fifth 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, 2022 Contract to Charter
A Public School Academy and Related Documents

Issued To

COLE ACADEMY
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY
BOARD OF TRUSTEES
(AUTHORIZING BODY)

CONTRACT AMENDMENT NO. 1

COLE ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the "Contract"), dated July 1, 2022, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the "University Board") to COLE ACADEMY (the "Academy"), the parties agree to 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: 05/21/2024

By: Corey R. Northrop, Executive Director
The Governor John Engler Center for Charter Schools
Designee of the University Board



Dated: 5/15/2024

By: Joremain Garza, Vice President
Cole Academy
Designee of the Academy Board

Cole Academy
Contract Amendment No. 1

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.

Cole Academy
Contract Amendment No. 1

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. 2

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

Issued To

COLE ACADEMY
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY
BOARD OF TRUSTEES
(AUTHORIZING BODY)

CONTRACT AMENDMENT NO. 2

COLE ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the "Contract"), dated July 1, 2022, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the "University Board") to COLE 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.

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: 08/26/2024

By: Corey R. Northrop, Executive Director
The Governor John Engler Center for Charter Schools
Designee of the University Board



Dated: 8/21/2024

By: Jeremiah Goren
Cole Academy
Designee of the Academy Board

Cole Academy
Contract Amendment No. 2

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

Cole Academy (“Academy”) will engage and inspire our diverse students to reach their full potential through individualized instruction.

Vision

Cole Academy students will be equipped to excel as leaders and lifelong learners.

How the Educational Program fulfills the Academy’s Mission, Vision, and Values

Children come first at the Academy. The Academy staff and Board of Directors believe that solid, research-based learning experiences must be in place for students to ensure a foundation for future success. The high expectations of the Academy, along with the charter authorizer (Central Michigan University), encourage students to excel. In addition, character development, positive reinforcement, a caring environment, a positive school culture, and solid classroom management all assist in maintaining a remarkable educational climate throughout each grade and building. Academy staff also understand the crucial roles of parents and guardians in accomplishing all of these educational goals. The Academy's priority is to nourish and cultivate relationships that benefit all students.

Curriculum

At the Academy, there is a firm belief system in place that all students can succeed given the right tools and opportunities. Instructional units are organized in a developmentally appropriate sequence. Each instructional unit builds on the next for an academic flow of content to put students in the best position for success. Instructional planning at the Academy has teachers creating lesson plans that include objectives aligned to the Michigan Academic Standards (“MAS”) and pacing guides to help teachers sequence instructional units.

Curriculum Alignment

As indicated, the content of the Academy’s curriculum is directly aligned with the MAS and Common Core State Standards (“CCSS”). Lesson plans are periodically turned in and reviewed. Furthermore, the online curriculum teacher website provides consistency and continuity to the instructional practice at the Academy.

Core Curriculum

Math

Bridges™ in Mathematics is a comprehensive curriculum for kindergarten through fifth grades that equips teachers to fully implement the CCSS for mathematics in a manner that is rigorous, coherent, engaging and accessible to all learners.

The curriculum focuses on developing students’ deep understandings of mathematical concepts, proficiency with key skills and ability to solve complex and novel problems. Bridges blends direct

instruction, structured investigation and open exploration. It taps into the intelligence and strengths of all students by presenting material that is as linguistically, visually and kinesthetically rich as it is mathematically powerful.

Bridges in Mathematics is structured around three essential beliefs:

- Learning is a collaborative and social endeavor.
- Learning is a process of constructing meaning to make sense of concepts.
- Learning requires perseverance and willingness to experience disequilibrium.

Teachers at the Academies will:

- Encourage students to be responsible for their own learning.
- Use good questioning strategies and draw out student thinking.
- Promote discourse while creating a safe learning environment.

Students at the Academies will:

- Solve problems using visual models and manipulatives.
- Make and test conjectures while recording their thinking.
- Talk and move around the classroom as they actively engage in learning.

Number Corner[®] is a skill-building program that revolves around the classroom calendar, providing daily practice as well as continual encounters with broader mathematical concepts in 15–20 minutes of engaging instruction. This is a supplemental program aligned with Bridges and CCSS that is practiced daily in kindergarten through grade five.

Bridges Intervention provides targeted instruction and assessment for essential K–5 mathematics skills within a tiered system of support. The small-group instruction and ongoing progress monitoring are consistent with a Multi-Tiered System of Support (“MTSS”) framework. Used to complement regular math instruction, Bridges Intervention is ideal for small groups and can also be used with individuals. Students work with models that spur thinking and build confidence—starting with manipulatives, moving to two-dimensional representations and then mental images. Organized by content rather than grade, progress monitoring is key to the program.

English Language Arts (“ELA”)

The Academy strives to prepare students who are college and career-ready in reading, writing, speaking, listening, and language. As students advance through the grades and master the standards in reading, writing, speaking, listening, and language, they will:

- Demonstrate independence.
- Exhibit strong content knowledge.
- Comprehend as well as critique.
- Value evidence.
- Use technology and digital media strategically and capably.
- Understand other perspectives and cultures.

The Academy utilizes the most up-to-date Open Up Resources[™] Bookworms ELA, University of Florida Literacy Institute (“UFLI”) for phonics supplementation, Heggerty for phonemic supplementation along with Lucy Calkins supplementation within Reading Workshop and Writing

Workshop to build on the above capacities of language arts. The Academy incorporates Writing Workshop to deliver writing instruction. The Academy's reading program emphasizes phonemic awareness, phonics, vocabulary, comprehension and fluency. Strategies are taught that assist students in developing decoding skills, blending sounds, understanding vocabulary, and using syntactic and semantic cues. Further, Academy students are presented with a variety of reading material including both narrative and informational texts.

Through these texts, students learn about genre and story elements. The writing process, prewriting, writing, revising, editing and publishing is implemented in the classroom setting and students participate in the process by writing narratives, opinion writing, and informational writing. Through the writing process, students learn and practice proper grammar usage and mechanics.

Students in kindergarten and first grade also receive instruction using the UFLI Units of Study in Phonics and Heggerty for Phonemic Skills Development. These units:

- Provide a lean and concise instructional pathway in phonics that is realistic and doable, and that taps into kids' skills and energy for tackling the fabulous challenge of learning to read and write.
- Introduce high-leverage phonics concepts and strategies in a way that keeps pace with students' reading and writing and helps them understand when, how, and why they can use phonics to read and write.
- Offer delightfully fun and engaging storylines, classroom mascots, songs, chants, rhymes and games to help students fall head over heels in love with phonics and to create a joyous community of learners.
- Align with state-of-the-art reading and writing workshops for a coherent approach in which terminology, tools, rituals, and methods are shared in ways that benefit both teachers and kids.

Science

The Academy's science lessons from Mystery Science, Oakland University MAISA Science, and Activate Learning Prime™ focus on concepts of Physical Science, Life Science, and Earth Science. Following the Michigan Science Standards ("MSS"), students conduct hands-on explorations. They learn how to pose questions, construct experiments, analyze results, and communicate findings. Further, inquiry skills are developed as students are active participants in investigations through observations, measurement, and data collection. The Academy's science program also enables students to make connections to current problems in the environment that challenge today's society. By the end of fifth grade, Academy students should be able to:

- Generate scientific questions based on observations, investigations, and research.
- Design and conduct scientific investigations.
- Use tools and equipment (spring scales, stopwatches, meter sticks and tapes, models, hand lenses, thermometers, models, sieves, microscopes) appropriate to scientific investigations.
- Use metric measurement devices in an investigation.
- Construct charts and graphs from data and observations.
- Identify patterns in data.
- Analyze information from data tables and graphs to answer scientific questions.

- Evaluate data, claims and personal knowledge through collaborative science discourse.
- Communicate and defend findings of observations and investigations using evidence.
- Draw conclusions from sets of data from multiple trials of a scientific investigation.
- Use multiple sources of information to evaluate strengths and weaknesses of claims, arguments or data.
- Evaluate the strengths and weaknesses of claims, arguments and data.

Social Studies

The Academy's social studies program, from the Michigan Association of Intermediate School Administrators ("MAISA"), promotes the study of the following disciplines: history, geography, civics and government, and economics. The disciplines incorporate methods of inquiry, and decision-making, and provide opportunities for citizen involvement. Students learn how historical events have impacted the world and examine current events. Additionally, students learn about the core democratic values and gain an understanding of American values and principles. Teachers work to instill a foundation of the purpose of government and to assist students in an understanding of basic economic principles.

Non-Core Curriculum

Technology

All Academy classrooms have Interactive Whiteboards (Smartboards), Chromebooks, and/or iPads. Technology is integrated into the curriculum to support the context of the core content areas. Students learn how to search for information and develop application skills to navigate computer programs such as Microsoft™ Word. Students are taught weekly, utilizing a sequential curriculum, while working individually on computers. Keyboarding skills are taught in grade one and internet skills are taught throughout the grade levels. Moby Max is also utilized throughout grades K-5 in math and secondarily for ELA. Additionally, Moby Max is used for math facts mastery for K-5.

Art

Art education focuses on the development of foundational understandings and skills in visual arts. The curriculum is based on National and Michigan Visual Arts Standards and Benchmarks with emphasis on creation, performing, responding, and connection. Through the art-making process, students develop an understanding of the meaning and purpose of visual arts, along with potential careers within multiple art fields. Students progress artistic skills in the 2D mediums of drawing and painting and 3D skills in sculpture, ceramics, fibers, and mixed media. Students sharpen visual literacy skills through examination and discussion of Ancient Classical, Renaissance, Neoclassicism, Modern and Contemporary art. Students participate in activities and projects that strengthen creative thinking, and visual expression and develop Studio Habits of Mind (Develop Craft, Engage & Persist, Envision, Express, Observe, Reflect, Stretch & Explore, Understand Art Worlds).

The Visual Arts Curriculum challenges students to:

- Develop and strengthen procedural skills within the classroom.
- Focus on craftsmanship of their work.

- Meaning and purpose of visual arts.
- Explore global historical and cultural heritages.
- Develop artistic language for visual understanding and creation.

Students attend Art class for two 45-minute class periods each week for the entire school year. Classes are taught by a certified art specialist. The exhibition of student artwork is displayed once a year for the school community to view.

Health

The *Michigan Model for Health*[™] is used at the Academy and is a comprehensive and sequential K-5 health education curriculum that aims to give students the knowledge and skills needed to practice and maintain healthy behaviors and lifestyles. The Model provides age-appropriate lessons addressing the most serious health challenges facing school-aged children, including social and emotional health, nutrition and physical activity, alcohol, tobacco and other drugs, personal health and wellness, and safety for all K-5 learners.

The *Michigan Model for Health* is based on the Adapted Health Belief Model, a merging of several behavior change theories including the Social Cognitive Theory, Social Influence Theory, and Social Behavioral Theory. A key principle of the Adapted Health Belief Model is that a health education program is more likely to impact behavior change if it includes all the following components: knowledge, skills, self-efficacy, and environmental support. Health lessons at the Academy may be integrated into various disciplines such as ELA, science, and social studies.

Physical Education

The Exemplary Physical Education Curriculum[™] (“EPEC[™]”) curriculum is based on the National Standards for Physical Education (“NASPE”). At the Academy, the EPEC Curriculum provides step-by-step instruction, enabling all students to be successful. In addition to practicing the motor, fitness, and social skills that make up ongoing physical education instruction, the standards-based foundation of the K-5 EPEC includes nutrition concepts incorporated into reinforcing activities. EPEC has been proven effective in studies conducted by the Centers for Disease Control and Prevention (“CDC”), the University of Michigan, and Wayne State University. Students participate in planned physical education using an established curriculum of exercises and activities.

Research-based instructional strategies and methodologies

The Academy’s instructional components incorporate research-based best practices for instructional methodologies and strategies; differentiated instruction; explicit and systematic instruction within classrooms and throughout the grades; acknowledgment of varied rates of learning; whole class, group, and individualized learning opportunities; and ongoing and comprehensive professional development to provide teachers with the necessary skills and tools to ensure student achievement.

The Academy implements a variety of research-based methodologies and instructional strategies to enhance the learning opportunities of all learners.

Authentic/real-world applications

The Academy connects student learning to the real world through authentic learning opportunities that include real-world applications. These authentic, real-world experiences contain complex ideas and synthesized thought processes.

Reading and Writing Workshops

The Academy encourages students to express ideas, construct meaning, and remember information through – speech, writing, drawing, poetry, drama, music, movement, and visual arts. The use of the Reading Workshop model provides a structured instructional tool that teachers use to differentiate instruction in reading. During mini-lessons, Academy staff offer readers several different strategies, such as making connections, creating mental maps, making inferences, drawing conclusions, asking questions, synthesizing information, and monitoring comprehension and meaning to utilize as they read independently and in small groups.

To deliver writing instruction, the Academy has adopted the practices of the Lucy Calkins and Open Up Bookworms ELA Writing Workshop. Academy teachers provide mini lessons to students to teach writing concepts and strategies. In addition to mini-lessons, teachers provide an independent reading time where students practice prewriting, drafting, revising, editing, and publishing. During the independent writing time, teachers conference with individual students and observe and discuss their work providing opportunities for formative feedback. The workshop model also allows for students to share their work.

Differentiated Instruction

The Academy seeks to challenge students. Students learn best when faced with genuine challenges, and choices, and are responsible for their own learning (Danielson, 1996). The Academy differentiates instruction to “respond to variance among learners in the classroom” (Tomlinson, 1999). Classroom teachers differentiate instruction based on student interest and student readiness. Among the methods, Academy teachers differentiate instruction by content, process, products, or the learning environment.

Hands-On Learning

Students at the Academy are also provided with experiential learning opportunities. Students are immersed in the experience of content through hands-on, cooperative learning activities in every subject. In addition, the Academy’s science program provides investigative, hands-on experiences to promote comprehension and understanding of scientific concepts and theories. The incorporation of experiential learning assists students in nurturing cognitive thought processes. Further, experiential learning is rooted in the constructivist learning theory. The constructivist approach provides that students find knowledge and meaning from the “interaction between experiences and their ideas.” Academy students therefore re-create and reinvent every cognitive system they encounter, including language, literacy, and mathematics.

Developmental Appropriateness

The Academy strives to provide developmentally appropriate instruction to assist students in reaching academic targets. As McTighe and Wiggins indicate, students grow through a series of definable but not rigid stages with lessons aligning to the developmental level of students. Through developmentally appropriate instruction, students learn to reason, effectively communicate and

develop interpersonal skills. To maximize student learning, Academy staff use developmentally appropriate techniques to select content, deliver instruction and assess learning.

In addition to ensuring instruction is developmentally appropriate, the Academy provides time for students to reflect. Learners have multiple opportunities to reflect and debrief their experiences and process information even when their conclusions could be invalid (learn from mistakes).

Academy students are:

- Utilizing endorsed assessment tools regularly, to determine individual needs.
- Placed in appropriate ability-based reading and math groups.
- Expected to master grade-level concepts in learning.
- Instructed in sequential steps.

Learning

Teachers establish a positive environment in order to focus on learning by promoting an atmosphere of clear expectations to maximize instruction and learning outcomes. Academy staff use a wide variety of strategies such as activating prior knowledge, cooperative learning, cross-curricular teaching, integration of technology, and hands-on activities, all of which teachers use to monitor learning and adjust instruction as appropriate in order to meet individual needs. Instruction is organized in both whole and small group settings with a certified teacher and one paraprofessional providing a high adult-to-student ratio.

The Academy views itself as a partner in education with the family. An open-door policy for access to the principal is promoted and school-wide activities are organized to engage parents in the school culture. The Academy further supports families with healthy dietary choices. Nutritional meals are provided to the school within the district through a self-managed food service team that meets and exceeds the standards for health and nutrition. The wellness program meets the expectations of the Michigan Department of Education and statutory regulations.

Curriculum Adaptation and Modification

The Academy's curriculum is flexible to meet the needs of all learners. The Academy utilizes a variety of learning opportunities to meet student needs that adapt and modify the curriculum including providing a MTSS program. MTSS is utilized for instructional planning regarding student achievement and growth. The result is a curriculum that addresses the need for tangible experiences in all Academy students' educational experiences. Active student engagement is a key feature of student success and there is an expectation that all teachers design lessons and assessments that engage students. In addition, the Academy uses the Fountas & Pinnell Literacy™ Leveled Literacy Intervention Program ("LLI"). Teachers utilize levels orange, green, blue or red, depending on the student's individual reading level. This is in addition to Open Up Bookworms resources for literacy and reading at each grade level for fiction and nonfiction resources.

In addition, the curriculum website is a flexible and adaptable tool. Changes can be made and uploaded onto the online program to reflect best teaching practices for particular units and lessons. The Academy also has in place: differentiated instruction, use of diagnostic assessments such as AIMSweb® and NWEA® MAP® Growth™, small group strategies, a scaffolding curriculum, and data-driven decision-making and progress monitoring.

The Academy uses the MTSS model to close the achievement gap of at-risk students and increase the academic achievement and behavioral success of all students throughout their school day. This model is a 3-tiered intervention model that services students according to their specific academic needs.

- All students: Tier 1 is an at, or above, benchmark level to support best practices in the general education classroom in which all students are receiving instruction from a highly certified general education teacher. Under the MTSS model, all teaching staff have an overarching focus on improving Tier 1 instruction within the general education classroom.
- Targeted students: Tier 2 is a strategic level to support students performing slightly below grade-level proficiency on the selected assessments. This tier is conducted by general education teachers as a way to increase explicit instruction of concepts and build upon general education instruction.
- Tier 3 is an intensive level to support students performing far below grade-level proficiency according to the selected assessments. This tier system allows Title I and special education teachers to give intensive instruction to these students without supplanting services for ancillary services.
- Tier IV encompasses all three tiers. The students identified for Tier IV are those that would qualify for special education services, based on a documented learning or speech disability or other impairment. Students receive classroom instruction by the general education teacher and support by a special education teacher, based on their IEP goals. Students may also receive modified content or instructional delivery.

The Academy also provides services for gifted and talented students. The MTSS and classroom teachers offer extended learning opportunities with group instruction, online areas, independent study, and higher-level projects in grade-level classrooms.

Data collected is collaboratively analyzed and reviewed to guide instruction and interventions. The MTSS program is discussed at the Title I Annual Meeting to inform all stakeholders. General education teachers, paraprofessional staff, Title I teachers, and special education teachers are involved at all or various Tier levels.

Special Education

When making educational placement decisions for students with disabilities, the Academy will ensure parents are contributing members of the Individualized Educational Program (“IEP”) team, and together the team will make decisions that are subject to requirements regarding the provision of the least-restrictive environment. When determining how services will be delivered to students with disabilities, the Academy will follow all Special Education Rules as issued by the Michigan Department of Education. If a child with a current IEP enrolls in the Academy, the Academy will implement the existing IEP to the extent possible or will provide an interim IEP agreed upon by parents until a new IEP can be developed. IEPs will be developed, revised and implemented in accordance with the Individuals with Disabilities Education Improvement Act (“IDEIA”) and state laws and regulations. In addition, the Academy uses the Sonday System[®] curriculum.

The Academy will fully comply with applicable 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, such 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

The NWEA MAP Growth test, M-STEP, and AIMSWeb 2.0 assessments are based upon the MAS and the Common Core State Standards. In addition, authentic assessments, benchmark assessments, and progress monitoring are all key indicators of student achievement and success. This assessment data is the core component for identifying appropriate instruction at the Academy and designing interventions. Frequent formative and summative assessments are also utilized during units of study. Unit tests, papers, projects, presentations, and demonstrations are measures used by teachers to monitor progress and indicate mastery of content. Teachers review, reteach, and assess again if students do not master the given content.

Assessment results are provided and communicated to teachers, students, and parents. The results are kept current so that staff members can use them to inform instruction and to work with students to increase proficiency. Parents and students have the opportunity to meet with staff for the purpose of clarifying the information and planning for the future.

Student Success/ Recognition

Lansing Campus

The character education component at the Academy is embedded within each grade, K-5. Each month during the school year a single character trait is examined. Character traits are Friendship, Teamwork, Respect, Responsibility, Courage, Honesty, Determination, Equality and Citizenship. Each classroom practices grade-level appropriate activities throughout the month that teach and support that month's character trait. At the end of each month, each teacher chooses a student that exemplifies that month's trait, and the student is presented with an award at a classroom assembly.

In addition, the teachers also recognize a student in each grade for Student of the Month. This student is chosen based on behavior and academic performance. The students earn their award during a classroom assembly and are also invited to a Student of the Month breakfast, along with their family, at the end of the year.

The Implementation of culturally responsive Positive Behavior Intervention Strategies is implemented school-wide and in conjunction with the support of good character traits at every grade level. School-wide expectations and classroom carryover go hand in hand. Each month they

look at the school-wide trait of focus under the acronym PAWS. Monthly and daily incentives are given as dog bones for exhibiting the traits and school-wide expectations in all school areas.

East Lansing Campus

The culture at Cole Academy East Lansing is set upon the foundational “Great 8” skills and traits of successful student citizens. These 8 skills and/or traits are as follows: Confidence, Accountability, Integrity, Self-control, Independence, Grit/Perseverance, Empathy, and Diversity. Each grade level learns and practices these skills and traits throughout the month through literature, skits, activities, case studies, songs, etc.... Every morning students recite the Husky Howl, which builds on itself every month as a new skill or trait is covered. [I am confident. I am accountable. I have integrity. I am unique. I am independent. I am empathetic. I can persevere. I have self-control.]

In addition to the Husky Howl, this positive behavior plan allows for every adult within the Academy to award PAW-some tickets to ANY student who exhibits ANY of these skills/traits at ANY time; students earning PAW-some tickets can then select one of five “prize” boxes to enter their ticket in. At the end of the month, leadership draws tickets at random for students to be recognized at a whole-school assembly.

The Implementation of culturally responsive Positive Behavior Intervention Strategies is implemented school-wide and in conjunction with the support of good character traits at every grade level. School-wide expectations and classroom carryover go hand in hand. Each month they look at the school-wide trait of focus under the acronym PAWS. Monthly and daily incentives are given as dog bones for exhibiting the traits and school-wide expectations in all school areas.

Program Evaluation

The Academy utilizes a systematic process of evaluation to determine the effectiveness of the implementation, delivery, and support of the Educational Program. Periodic lesson plans are submitted during formal observations and monthly to the building Principal as requested and must include some of the following items:

- Objectives aligned to MAS and State CCSS.
- Theme/unit.
- Topic
- Rubrics/scoring guide or assessment method.
- Formative/ summative assessment.
- Indication of homework or needed accommodations.
- Indication of writing.
- Teacher and student guidelines.
- Indication of differentiated instruction.

The Principal, through the collection of multiple, short 15-minute plus observations; provides targeted feedback to the instructional staff using PIVOT's 5D+™ Rubric and the Areas of Focus chosen by each teacher with Principal guidance. This feedback promotes collaborative dialogue and professional growth. Further, the MICIP/Curriculum Committee members meet throughout the year with the building Principals to ensure the staff is moving in a forward direction regarding

the curriculum initiatives and district/school improvement goals. Principals and MICP/ Committee members also meet with the instructional staff on a regular basis. This designated time is dedicated to reviewing each school improvement plan, and progress toward the school/district improvement goals, as well as working on ensuring alignment of the curriculum to the MAS and CCSS Standards. Academy leadership works collaboratively with the staff to examine data. Through data analysis, the Academy determines curricular and instructional changes.

Cole Academy
Contract Amendment No. 2

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 Open Up Resources™ Bookworms English language arts (“ELA”), University of Florida Literacy Institute (“UFLI”) for phonics skills, Heggerty for phonemic skills, Michigan Association of Intermediate School Administrators (“MAISA”) social studies, Bridges™ in Mathematics, Mystery Science, Michigan Model for Health™ and Exemplary Physical Education Curriculum™ (“EPEC™”) as a curriculum. The curriculum for all core subjects is housed on an Academy established web platform and has been received, reviewed and approved by the Center.

- Academy Platform <https://coleacademy.weebly.com/>
- Bookworms <https://access.openupresources.org/curricula>
- UFLI <https://ufli.education.ufl.edu/foundations/toolbox/>
- Heggerty <https://heggerty.org/resources/>
- Oakland K12/MAISA <https://oaklandk12-public.rubiconatlas.org/Atlas/Browse>
- Bridges in Mathematics <https://bridges.mathlearningcenter.org/>
- Mystery Science <https://mysteryscience.com/>
- Michigan Model for Health http://www.michigan.gov/mdhhs/0,5885,7-339-73971_4911_4912_74286---,00.html
- EPEC <https://michiganfitness.org/activity/epec/>

Elementary

The following subjects/courses are offered at the Academy.

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

AMENDMENT NO. 3

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

Issued To

COLE ACADEMY
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY
BOARD OF TRUSTEES
(AUTHORIZING BODY)

CONTRACT AMENDMENT NO. 3

COLE ACADEMY

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

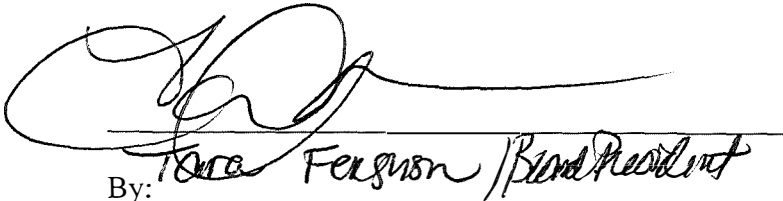
- 1.) Amend the Terms and Conditions of Contract by replacing the language contained within Article IV, Section 4.5. Prohibition of Identified Family Relationships, subsection (b), with the language attached as Tab 1.
- 2.) Further amend the Terms and Conditions of Contract by inserting at the end of Article XII: General Terms, the language attached as Tab 2.
- 3.) 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 3.
- 4.) 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 4.

This entire amendment is hereby approved by the University Board and the Academy Board through their authorized designees, and shall become effective upon execution by the Designee of the University Board.



Dated: 04/23/2025

By: Corey R. Northrop, Executive Director
The Governor John Engler Center for Charter Schools
Designee of the University Board



By: Tara Ferguson / Board President
Cole Academy
Designee of the Academy Board

Dated: 4/24/25

Cole Academy
Contract Amendment No. 3

Tab 1

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.

Cole Academy
Contract Amendment No. 3

Tab 2

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.

Cole Academy
Contract Amendment No. 3

Tab 3

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.

Cole Academy
Contract Amendment No. 3

Tab 4

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.