



CONTRACT TO CHARTER A PUBLIC SCHOOL ACADEMY  
AND RELATED DOCUMENTS

ISSUED TO

DETROIT LEADERSHIP ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

BY THE

CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)

JULY 1, 2023

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**REAUTHORIZING RESOLUTION**

**REAUTHORIZATION OF PUBLIC SCHOOL ACADEMY****Detroit Leadership Academy**

## Recitals:

1. At its April 19, 2018, meeting this board authorized the issuance of a contract to charter as a public school academy to Detroit Leadership Academy. On July 1, 2018, the contract was effective.
2. The contract of this academy expires June 30, 2023.
3. The Governor John Engler Center for Charter Schools has completed its evaluation and assessment of the operation and performance of Detroit Leadership Academy.
4. The university president or designee has recommended the reissuance of a contract to charter as a public school academy to Detroit Leadership Academy. The term of the contract is recommended for a term not to exceed three (3) years.

BE IT RESOLVED, That this board approves and authorizes the execution of a contract to charter as a public school academy to Detroit Leadership Academy for a term not to exceed three (3) years and authorizes the chair of the board to execute a contract to charter as a public school academy and related documents between Detroit Leadership 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 Detroit Leadership Academy is able to comply with all terms and conditions of the contract.

CMU BDT APPROVED

Date:

12/8/22

Signature:

Mary Jane Hanagan





**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: 

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

### **Length of Term**

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

### **Removal and Suspension**

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

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

### **Number of Directors**

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

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

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

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

CMU BDT APPROVED

Date: 2/15/18

Signature: m J. Flanagan

### **Oath of Public Office**

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

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

Amended by Board of Trustees: 18-0215

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

CMU BDT APPROVED

Date: 2/15/18

Signature: my Haneja

## **TERMS AND CONDITIONS OF CONTRACT**

**TERMS AND CONDITIONS  
OF CONTRACT**

**DATED: JULY 1, 2023**

**ISSUED BY**

**CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES**

**CONFIRMING THE STATUS OF  
DETROIT LEADERSHIP 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 Detroit Leadership 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 Detroit Leadership 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 Detroit Leadership 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 8, 2022, approving the issuance of a Contract to the Academy.
- (r) "Schedules" means the following Contract documents: Schedule 1: Restated Articles of Incorporation, Schedule 2: Amended Bylaws, Schedule 3: Fiscal Agent Agreement, Schedule 4: Oversight, Compliance and Reporting Agreement, Schedule 5: Description of Staff Responsibilities, Schedule 6: Physical Plant Description, Schedule 7: Required Information for a Public School Academy, and Schedule 8: Information Available to the Public and the Center.
- (s) "State Board" means the State Board of Education, established pursuant to Article 8, Section 3 of the 1963 Michigan Constitution and MCL 388.1001 et seq.
- (t) "State School Aid Fund" means the State School Aid Fund established pursuant to Article IX, Section 11 of the Michigan Constitution of 1963, as amended.
- (u) "State School Reform/Redesign Office" means the office created within the Michigan Department of Technology Management and Budget by Executive Reorganization Order 2015-02 codified at MCL 18.445, and transferred from the Michigan Department of Technology Management and Budget to the Michigan Department of Education by Executive Reorganization Order 2017-02, codified at MCL 388.1282.
- (v) "Superintendent" means the Michigan Superintendent of Public Instruction.
- (w) "Terms and Conditions" means this document entitled "Terms and Conditions of Contract, Dated July 1, 2023, Issued by the Central Michigan University Board of Trustees Confirming the Status of Detroit Leadership 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 Detroit Leadership Academy 13550 Virgil Detroit, MI 48223

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

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



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

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

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

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

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

Section 12.9. Term of Contract. This Contract is for a fixed term and shall terminate at the end of the Contract term without any further action of either the University Board or the Academy. This Contract shall commence on the date first set forth above and shall remain in full force and effect for a period of three (3) academic years and shall terminate on June 30, 2026, unless sooner revoked, terminated, or suspended pursuant to Article X of these Terms and Conditions. Pursuant to University Board policy, the standards by which the Academy may be considered for the issuance of a new contract will be guided by the following core questions:

Is the Academy's academic program successful?

Is the Academy's organization viable?

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

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

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

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

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

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

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

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

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

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

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

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

Section 12.19. Student Privacy. In order to protect the privacy of students enrolled at the Academy, the Academy Board, subject to Section 12.22, shall not:

- (a) Sell or otherwise provide to a for-profit business entity any personally identifiable information that is part of a pupil's education records. This subsection does not apply to any of the following situations:

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

Section 12.20. Disclosure of Information to Parents and Legal Guardians, subject to Section 12.22.

- (a) Within thirty (30) days after receiving a written request from a student's parent or legal guardian, the Academy shall disclose without charge to the student's parent or legal guardian any personally identifiable information concerning the student that is collected or created by the Academy as part of the student's education records.
- (b) Except as otherwise provided in this subsection (b) and within thirty (30) days after receiving a written request from a student's parent or legal guardian, the Academy shall disclose to a student's parent or legal guardian without charge any personally identifiable information provided to any person, agency or organization. The Academy's disclosure shall include the specific information that was disclosed, the name and contact information of each person, agency, or organization to which the information has been disclosed; and the legitimate reason that the person, agency, or organization had in obtaining the information. The parental disclosure requirement does not apply to information that is provided:
  - (i) to the Department or CEPI;
  - (ii) to the student's parent or legal guardian;
  - (iii) by the Academy to the University Board, University, Center or to the ESP with which the Academy has a Management Agreement that has not been disapproved by the Center Director;
  - (iv) by the Academy to the Academy's intermediate school district or another intermediate school district providing services to Academy or the Academy's students pursuant to a written agreement;
  - (v) to the Academy by the Academy's intermediate school district or another immediate school district providing services to pupils enrolled in the Academy pursuant to a written agreement;
  - (vi) to the Academy by the University Board, University, Center;
  - (vii) to a person, agency, or organization with written consent from the student's parent or legal guardian, or from the student if the student is 18 years of age;
  - (viii) to a person, agency, or organization seeking or receiving records in accordance with an order, subpoena, or ex parte order issued by a court of competent jurisdiction;
  - (ix) to a person, agency, or organization as necessary for standardized testing that measures a student's academic progress and achievement; or
  - (x) in the absence of, or in compliance with, a properly executed opt-out form, as adopted by the Academy in compliance with section 1136(6) of the Code, pertaining to uses for which the Academy commonly would disclose a pupil's "directory information."

- (c) If the Academy considers it necessary to make redacted copies of all or part of a student's education records in order to protect personally identifiable information of another student, the Academy shall not charge the parent or legal guardian for the cost of those redacted copies.
- (d) The terms "education records," "personally identifiable information," and "directory information" shall have the same meaning as defined in MCL 380.1136.

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

- (a) Subject to Section 12.22, the Academy shall do all of the following:
  - (i) Develop a list of uses (the "Uses") for which the Academy commonly would disclose a student's directory information;
  - (ii) Develop an opt-out form that lists all of the Uses and allows a student's parent or guardian to elect not to have the student's directory information disclosed for one (1) or more Uses;
  - (iii) Present the opt-out form to each student's parents or guardian within the first thirty (30) days of the school year and at other times upon request; and
  - (iv) If an opt-out form is signed and submitted to the Academy by a student's parent or guardian, then the Academy shall not include the student's directory information in any of the Uses that have been opted out of in the opt-out form.
- (b) The term "directory information" shall have the same meaning as defined in MCL 380.1136.

Section 12.22. Confidential Address Restrictions.

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

Section 12.23. Partnership Agreement. If the Department and State School Reform/Redesign Office impose a partnership agreement on the Academy, the Academy shall work collaboratively with the Department, the State School Reform/Redesign Office and other partners to implement the partnership agreement. In the event that a provision in the partnership agreement is inconsistent with a provision in this Contract, this Contract shall control.

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

CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES

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

Isaiah M. Oliver, 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.


DETROIT LEADERSHIP ACADEMY

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

Date: May 24, 2023  
\_\_\_\_\_

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:  \_\_\_\_\_  
Isaiah M. Oliver, Chair

Date: 05/23/2023

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.

DETROIT LEADERSHIP ACADEMY

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

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

## **CONTRACT SCHEDULES**

### **Schedules**

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**CONTRACT SCHEDULE 1**

**RESTATED ARTICLES OF INCORPORATION**



**MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS**

**FILING ENDORSEMENT**

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

***for***

***DETROIT LEADERSHIP ACADEMY***

***ID NUMBER: 70661V***

***received by facsimile transmission on June 27, 2017 is hereby endorsed.***

***Filed on June 27, 2017 by the Administrator.***

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



*Sent by Facsimile Transmission*

***In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 27th day of June, 2017.***

*Julia Dale*

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

**ATTACHMENT D**

MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU																				
Date Received																				
		This document is effective on the date filed, unless a subsequent effective date within 90-days after received date is stated in the document.																		
<table border="1"><tr><td colspan="3">Name</td></tr><tr><td colspan="3">John Carlson</td></tr><tr><td colspan="3">Address</td></tr><tr><td colspan="3">34705 W. Twelve Mile Rd, Suite 160</td></tr><tr><td>City</td><td>State</td><td>Zip</td></tr><tr><td>Farmington Hills</td><td>MI</td><td>48331</td></tr></table>			Name			John Carlson			Address			34705 W. Twelve Mile Rd, Suite 160			City	State	Zip	Farmington Hills	MI	48331
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EFFECTIVE DATE: JULY 1, 2017																				
70661V																				

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

**DETROIT LEADERSHIP 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: Detroit Leadership Academy.

The corporation identification number ("CID") assigned by the Bureau is: 70661V.

The corporation has used the following other names: Detroit International Academy.

The date of filing the original Articles of Incorporation was: December 10, 2009.

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: Detroit Leadership 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 John Carlson.

The address of its registered office in Michigan is: 34705 W. Twelve Mile Rd., Suite 160, Farmington Hills, MI 48331.

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

## **ARTICLE V**

The corporation is a governmental entity.

## **ARTICLE VI**

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

## **ARTICLE VII**

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

## **ARTICLE VIII**

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

## **ARTICLE IX**

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

## **ARTICLE X**

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

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

## ARTICLE XI

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

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

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

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

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

## ARTICLE XII

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

ADOPTION OF ARTICLES

These Restated Articles of Incorporation were duly adopted on the 26<sup>th</sup> 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 26 day of June, 2017.

By: 

\_\_\_\_\_  
President

**CONTRACT SCHEDULE 2**

**AMENDED BYLAWS**

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**AMENDED BYLAWS**  
**OF**  
**DETROIT LEADERSHIP ACADEMY**

**ARTICLE I**  
**NAME**

This organization shall be called Detroit Leadership 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.

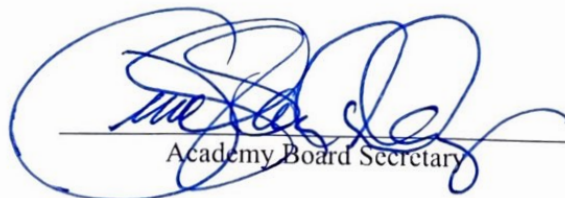
Upon termination or revocation of the Contract, the corporation may amend its Amended Bylaws as necessary to allow the Academy Board to: (a) take action to appoint Academy Board members in order to have a quorum necessary to take Academy Board action; or (b) effectuate a dissolution, provided that the 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 24 day of May, 2023.



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 Detroit Leadership 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 Detroit Leadership Academy.

BY: Alyson Hayden  
Alyson Hayden, Director  
Bureau of State and Authority Finance  
Michigan Department of Treasury

Date: February 14, 2023



**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 Detroit Leadership 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 conduct systematic investigations, including research development, testing and evaluation studies, designed to develop and contribute to generalizable knowledge using Academy data including, but not limited to, personally identifiable information about the Academy’s students and staff submitted by the Academy to agencies including, but not limited to, Center for Educational Performance and Information (“CEPI”), Office of Educational Assessment and Accountability (“OEAA”) and the Michigan Department of Education (“MDE”). Pursuant to this authorization, the Center shall abide by the regulations that govern the use of student data within the Family Educational Rights and Privacy Act (FERPA - 34 CFR Part 99), the Michigan Identity Theft Protection Act of 2004, and the Privacy Act of 1974.
- j. Upon request, the Academy Board shall provide the Center with a written report, along with supporting data, assessing the Academy’s progress toward achieving the educational goal and related measures outlined in Contract Schedule 7b.
- k. Upon request, provide the Center with copies or view access to data, documents or information submitted to MDE, the Superintendent of Public Instruction, the State Board of Education, CEPI or any other state or federal agency.
- l. If the Academy operates an online or other distance learning program, it shall submit a monthly report to the MDE, in the form and manner prescribed by the MDE, that reports the number of pupils enrolled in the online or other distance learning program, during the immediately preceding month.

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

### **ARTICLE III**

### **RECORDS AND REPORTS**

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

## **ARTICLE IV**

### **MISCELLANEOUS**

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

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

Section 4.3. Audit and Evaluation. The Academy:

- a. Hereby authorizes the Center to perform audit and evaluation studies using Academy data including, but not limited to, personally identifiable information about the Academy's students and staff submitted by the Academy to agencies including, but not limited to, CEPI, OEAA and the MDE. Pursuant to this authorization, the Center shall abide by regulations that govern the use of student data within the FERPA, the Michigan Identity Theft Protection Act of 2004 and the Privacy Act of 1974.
- b. Shall upon request, provide the Center with copies or view access to data, documents or information submitted to the MDE, the Superintendent of Public Instruction, the State Board of Education, CEPI, the Michigan DataHub or any other state or federal agency.

Section 4.4. Fiscal Stress Notification from State Treasurer. If the State Treasurer notifies the Academy that the State Treasurer has declared the potential for Academy financial stress exists, the Academy shall provide a copy of the notice to the Center. Within fifteen (15) days of receipt of the notification from the Academy, the Center Director shall notify the Academy whether the Center is interested in entering into a contract to perform an administrative review for the Academy. The parties shall consult with the Department of Treasury on the development of the contract and the contract for administrative review shall comply with the Code. If the Center is not interested in performing an administrative review or if the parties are unable to reach agreement on an administrative review, the Academy shall consider entering into a contract for an administrative review with an intermediate school district. Nothing in this Section 4.4 shall prohibit the Academy for electing to enter into a contract for an administrative review with an intermediate school district. Nothing in this Section 4.4 shall require the Academy to elect to enter or not enter into a contract for an administrative review with the Center or an intermediate school district.

**CONTRACT SCHEDULE 5**

**DESCRIPTION OF STAFF RESPONSIBILITIES**

## DESCRIPTION OF STAFF RESPONSIBILITIES

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

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

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

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

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

### **Reporting Structure**

All positions are employed by Champion Education Network and are outlined in the Educational Service Provider Agreement included in this Schedule.

### **Position Responsibilities**

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

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

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



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

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

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

### **Instructional Staff**

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

### **Non-Instructional Staff**

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

## MANAGEMENT SERVICES AGREEMENT DETROIT LEADERSHIP ACADEMY

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**THIS MANAGEMENT SERVICES AGREEMENT** (the “**Agreement**”) is made and entered into on July 1, 2023 by and between **DETROIT LEADERSHIP ACADEMY**, a Michigan public school academy (the “**Academy**”) formed under Part 6(A) of the Revised School Code, being MCL §380.501 to §380.507, as amended (the “**Code**”) and **CHAMPION EDUCATION NETWORK**, a Michigan nonprofit corporation (“**CEN**”).

**WHEREAS**, the Academy is a charter school organized as a public school academy under the Code. The Academy has been issued a charter contract (the “**Contract**”) by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the “**Authorizer**”) to organize and operate the Academy. The Authorizer is the statutory authorizing body. The Code permits a public school academy to contract with persons and entities for the operation and management of the public school academy.

**WHEREAS**, CEN is organized and operated exclusively for charitable and educational purposes and, in particular, to advance education and lessen the burdens of government by engaging in activities to further such purposes, including the operation and management of public school academies.

**WHEREAS**, the Academy and CEN desire to create an enduring educational partnership whereby the Academy and CEN shall work together to develop and bring about systems of educational excellence and services to the Academy based on CEN’s vision of school design, CEN’s management principles, and the Educational Program (defined below).

**THEREFORE**, the parties hereby agree as follows:

### ARTICLE I

#### Relationship of the Parties and Other Matters

1. **Authority**. The Academy represents that (a) it is authorized by law to contract with a private entity for the provision of management and operational services to the Academy, (b) it has been issued the Contract from the Authorizer to organize and operate a public school academy, (c) it is authorized by the Authorizer to supervise and control the Academy, and (d) it is vested with all powers necessary or desirable for carrying out the Educational Program (defined below) contemplated in this Agreement. To the extent permitted by law, the Academy hereby authorizes and grants to CEN the necessary authority and power to perform under this Agreement.

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

CEN shall provide Services to the Academy so the Academy can carry out the educational goals, curriculum, method of pupil assessment, admissions, policy and criteria, school calendar and school day schedule, and age and grade range of pupils to be enrolled, educational goals and methods to be used to monitor compliance with performance of targeted educational outcomes, as adopted by the Academy Board of Directors (“**Board**”) and as incorporated into the Contract through approval of the Terms and Conditions included in the Contract (collectively, the “**Educational Program**”).

3. **Compliance with the Academy's Contract.** CEN agrees to perform its duties and responsibilities under this Agreement in a manner that is consistent with the Academy's obligations under the Academy's Contract issued by the Authorizer. The provisions of the Academy's Contract shall supersede any competing or Conflicting provisions contained in this Agreement.

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

5. **Compliance with Section 11.08 of Contract Terms and Conditions.** CEN shall make information concerning the operation and management of the Academy, available to the Academy as deemed necessary by the Board in order to enable the Academy to fully satisfy its obligations under Section 11.08 of the Contract Terms and Conditions.

6. **Relationship of the Parties.** CEN is not a division or any part of the Academy. The Academy is a corporate and governmental entity authorized under the Code. The Academy is not a division or any part of CEN. 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. In interpreting this Agreement and in the provision of the services required hereunder, CEN shall not have any role or relationship with the Academy that, in effect, substantially limits the Academy's ability to exercise its rights, including cancellation rights, under this Agreement. As required by the Academy's Articles of Incorporation and Bylaws, the 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 CEN that none of the voting power of the governing body of the Academy will be vested in CEN or its directors, members, managers, officers, shareholders, and employees, and the Academy and CEN will not be related parties as defined in Treas. Reg. 1.150-1(b).

7. **CEN as Independent Contractor; Agents.** The parties to this Agreement intend that the relationship of CEN to the Academy is that of an independent contractor, and not an employee of the Academy. No agent or employee of CEN shall be determined to be an agent or employee of the Academy, except as expressly acknowledged, in writing, by the Academy. The Academy agrees to define "school official" in the Academy's annual notification of rights under 20 U.S.C. § 1232g, 34 C.F.R. § 99, the Family Educational Rights and Privacy Act ("FERPA") to include a contractor who performs an institutional service or function for which the Academy would otherwise use its own employees, who is under the direct control of the Academy with respect to the use and maintenance of personally-identifiable information from education records, and who is subject to the requirements of 34 C.F.R. § 99.33(a) governing the use and redisclosure of personally identifiable information from education records. The Board designates CEN and certain of its employees and subcontractors as school officials of the Academy as having a legitimate educational interest such that they are entitled to access to educational records under FERPA. CEN and its employees and subcontractors agree to comply with FERPA and corresponding regulations applicable to school officials. Except as set forth in this paragraph or as expressly acknowledged in writing by the Board, no employee of CEN shall be deemed to be an agent of the Academy.

During the Term of this Agreement, the Academy may disclose confidential data and information to CEN, and its respective officers, directors, employees and designated agents to the extent permitted by

applicable law, including without limitation, the Individuals with Disabilities Education Act (“**IDEA**”), 20 USC §1401 et seq., 34 CFR 300.610-300.626; Section 504 of the Rehabilitation Act of 1973, 29 USC §794a, 34 CFR 104.36; the Michigan Mandatory Special Education Act, MCL 380.1701 et seq.; the Americans with Disabilities Act, 42 USC §12101 et seq.; the Health Insurance Portability and Accountability Act (“**HIPAA**”), 42 USC 1320d - 13200d-8; 45 CFR 160, 162 and 164; and social security numbers, as protected by the federal Privacy Act of 1974, 5 USC §552a; and the Michigan Social Security Number Privacy Act, MCL445.84.

CEN shall be solely responsible for its acts, and the acts of its agents, employees, and those subcontractors who are contracted through CEN.

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

8. **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 shall be vested in CEN or its directors, members, managers, officers, shareholders, or employees. Further, the Academy and CEN 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.

9. **Security Breach.** If CEN becomes aware of a security breach (as defined in any applicable law) or any other event that compromises the security, confidentiality, or integrity of a student’s education record or personally identifiable information (an “**Incident**”), CEN will take appropriate action to contain, investigate, mitigate, and rectify the Incident. CEN shall notify the Academy of an Incident as soon as reasonably possible but in no event later than three (3) days after CEN becomes aware that an Incident has occurred.

10. **School Leader.** CEN shall identify and appoint a School Leader to administer the Educational Program at each physical location of the Academy (the “**School Leaders**”). The School Leaders shall hold all required certifications as required by the Code. The School Leaders shall be employees of CEN, who may be disciplined and/or terminated by CEN in its sole discretion. CEN shall notify the Board prior to the termination of either of the School Leaders. CEN shall have the authority, consistent with applicable laws, to select and supervise the School Leaders and to hold the School Leaders accountable for the success of the Academy. CEN shall empower the School Leaders with the authority to select and hold accountable the teachers in the Academy. CEN shall consult with the Board concerning the selection of, hiring, duties, and performance of the School Leaders prior to the placement and/or removal of the School Leaders or at any other time at the request of the Board. However, should CEN come to believe that the Academy’s budget cannot support a School Leader at each physical location or a School Leader is not necessary at each physical location, CEN and the Board shall discuss alternative arrangements.

11. **School Superintendent.** If CEN determines that it is necessary to create the position of Superintendent for the Academy, CEN and the Board shall discuss the parameters for employment of the Superintendent, which shall include the following: (a) the Academy Superintendent (the “**Superintendent**”) shall be an employee of CEN; (b) the duties of the Superintendent shall be developed by CEN, subject to reasonable approval by the Board, but as the Superintendent plays an integral role in overseeing and managing the Academy, CEN shall consult with the Board prior to the placement and/or

removal of the Superintendent at the Academy or at any other time at the request of the Board; and (d) the Board reserves the right to disapprove CEN's proposed candidate for the Superintendent position, and, by not disapproving a proposed candidate, the Board is in no way acting as an employer of the School Superintendent and CEN shall be their sole employer of record.

If CEN receives two or more complaints about the Superintendent's performance or conduct, CEN shall notify the Board of Directors within three (3) business days, but in any event no later than the next Board meeting. CEN shall remove the Superintendent from the position of School Superintendent of the Academy if the Board determines, in its reasonable discretion, that his or her performance is unsatisfactory or the School Superintendent has become disruptive to the work and school environment at the school; provided that, before making such a determination and requesting the removal of the Superintendent: (x) the Board shall notify CEN of any reasons why the Board believes the Superintendent may need to be removed; (y) CEN and the Board shall discuss the Board's reasons at a meeting held for that purpose, at which CEN shall have a reasonable opportunity to present alternatives to address the Board's concerns; and (z) at the end of the meeting, the Board shall provide a formal recommendation for appropriate CEN action.

12. **Criminal Background Checks.** CEN agrees that it shall not assign any of its employees, agents, or other individuals to perform any services under this Agreement except as permitted under Section 1230, 1230a, 1230b, and related provisions of the Code pertaining to criminal background and criminal conduct checks. CEN shall require that the results of the criminal background check are received, reviewed, and used (subject to a verification process) by the School Leader acting on behalf of the Academy as a local area security officer ("**LASO**") and/or the Board, only as permitted by law to confirm that the individual does not have a criminal history and to evaluate the qualifications of the individual for his/her assignment. The LASO may designate CEN to view reports related to criminal history record information to the extent permitted by law. Evidence of such background checks and unprofessional conduct checks required by law shall be stored on site, in a secure location and in physical form, at the Academy or be directly accessible at the Academy facility.

13. **Non-Compete Agreement.** CEN agrees that it shall not impose any contractual requirement or contractual obligation on any of its employees assigned to the Academy to enter into a non-compete provision or agreement.

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

15. **Availability of Funds.** Notwithstanding any other term or provision in this Agreement to the contrary, CEN shall not be, directly or indirectly, liable to any third party for any cost or expense incurred by the Academy, and CEN shall only be required to perform its responsibilities under this Agreement to the extent that CEN has received such revenues from the Academy pursuant to the terms of this Agreement. CEN shall, however, remain solely liable to the Academy for any cost it commits the Academy to without the Board's approval in the event such cost is beyond the amount anticipated in the Academy's budget or any amendment thereto.

16. **Lease and Loans.** If the Academy and CEN enter into a lease, execute promissory notes or other negotiable instruments, or enter into a lease-purchase agreement or other financing relationship,

then such agreements must be separately documented and separately approved. If the Academy enters into a lease with a third party, CEN shall work with such third party to ensure that the Academy facilities are appropriately maintained. In addition, all such agreements must comply with the Contract, as well as any applicable Authorizer policies.

17. **Nondiscrimination.** CEN and any and all subcontractors of CEN shall not discriminate against an employee or applicant for employment, and in this regard shall comply with all applicable federal and state laws. A breach of this covenant shall be a material breach of this Agreement.

## ARTICLE II

### Term

1. **Term.** The Term of this Agreement shall be for a three (3) year period, beginning July 1, 2023 and ending June 30, 2026 (the “**Term**”). This Agreement may be terminated pursuant to Article VII below.

## ARTICLE III

### Obligations of the Academy

1. **Governance.** The Board shall be responsible for the governance and oversight of the Academy.

2. **Good Faith Obligation.** The Board shall exercise good faith in considering CEN’s recommendations relative to the Educational Program, and other issues including, but not limited to, policies, rules, regulations, procedures, curriculum and budgets, subject to the constraints of law and requirements of the Contract.

3. **Academy Funds.** The Board shall determine the depository of all funds received by the Academy. All funds received by the Academy shall be deposited in the Academy’s depository account. Signatories on the Academy Board accounts shall solely be members of the Board or properly designated Board employees. All interest or investment earnings on Academy accounts shall accrue to the Academy.

4. **Board Policy Authority.** The Board is responsible for determining the fiscal and academic policies that will govern the operation of the Academy, including, but not limited to, policies relative to the conduct of students while in attendance at the Academy or enroute to and from the Academy and regulations governing the procurement of supplies, materials and equipment.

5. **Legal Counsel.** The Board shall select and retain legal counsel to advise it regarding its rights and responsibilities under the Contract, this Agreement, and applicable law.

6. **Educational Consultants.** The Board may retain an educational consultant or consultants to review the operations of the Academy and the performance of CEN under this Agreement, and the cost to employ such consultant or consultants shall be paid by the Board. CEN shall cooperate with the educational consultant or consultants and will provide those individuals with reasonable and prompt access to records, facilities, and information as if such requests came from the full Board. Only the Board shall have authority to select, evaluate, assign, supervise, or control any educational consultant employed by the Board.

7. **Academy Employees.** The Board may employ such employees as it deems necessary, and the cost to employ such employees shall be paid by the Board. The Board retains authority to hire its own employees for the purpose of interfacing and working in conjunction with CEN on certain accounting and compliance matters as deemed appropriate by the Board and who may in the future be given responsibility

for some tasks given to CEN under this Agreement upon mutual agreement of the parties as to the specific tasks and financial effect on this Agreement.

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

9. **Budget.** The Board is responsible for adopting a budget in accordance with the provisions of the Uniform Budgeting and Accounting Act, MCL 141.421 et seq., that has adequate resources to fulfill its obligations under the Contract, including but not limited to its oversight of CEN, lease payments, the organization of the Academy, negotiation of the Contract and any amendments, payment of employee costs, insurance required under the Contract and this Agreement, the annual financial audit and retention of the Board's legal counsel and consultants. In addition, the Board is responsible for determining the budget reserve amount included as part of the Academy's annual budget, for implementing fiscal policies that will assist the Academy in attaining the stated budget reserve amount and for approving necessary amendments to the budget to reflect necessary deviations from the adopted budget. The budget may be amended when deemed necessary by the Board.

10. **Governmental Immunity.** The Board shall determine when to assert, waive, or not waive its governmental immunity.

11. **Rules and Procedures.** The Board shall adopt reasonable rules, regulations, and procedures applicable to the Academy. CEN shall assist the Board by recommending reasonable rules, regulations and procedures, and also by enforcing the rules, regulations, and procedures approved by the Board.

#### **ARTICLE IV Evaluations of CEN**

1. **Evaluations.** CEN is accountable to the Board for the performance of students in attendance at the Academy and the operation of the Academy in accordance with the Agreement and the Contract. The Board will regularly, and not less than annually by June 30 of each year during the Term, evaluate the performance of CEN to provide CEN with an understanding of the Board's view of its performance under this Agreement. The Board, in consultation with CEN, will determine the format to conduct this evaluation. To assist in the evaluation process, the Board may, in writing, make reasonable requests for CEN to provide written reports to the Board on any topic of Academy activity or operations that are consistent with this Agreement. Failure to evaluate CEN in any annual period shall give rise to a presumption of the Board's satisfaction with the services CEN has provided during such period.

2. **Educational Evaluations.** CEN shall be responsible for and accountable to the Academy for the performance of students who attend the Academy, said performance to be measured in accordance with the requirements of state law and the Contract, and such other assessment strategies as may be provided herein and as shown on Exhibit B.

CEN shall help the Board measure the success of the Academy based on absolute levels of student achievement measured by student NWEA, Academic Approach, Mastery Connect, and M-STEP scores, as the applicable metrics may be changed from time to time by the state, the Authorizer, or CEN in its reasonable discretion and with prior written notice to the Board (provided that CEN may not change any measure required by the state or the Authorizer). CEN shall compare Academy students' scores to those of students in the local school district who have backgrounds and achievement levels similar to the Academy's students upon their enrollment at the Academy.

**ARTICLE V**  
**Compensation and Reimbursement of Costs**

1. **Compensation for Services**. During the term of this Agreement, the Board shall pay CEN an annual fee (the “**Fee**”) equal to eleven percent (11%) of all funds received by the Academy from the State of Michigan, pursuant to the State School Aid Act of 1979, as amended, including, but not limited to, the foundation allowance and Section 31A funds, and funds received by the Academy for grants that are included within the state revenue and local revenue categories in the Academy’s annual budgets. The Fee shall be subject to reduction as specified in Section VII.2.g. The Fee includes all the services as described in the Services with the exception of any reimbursable costs as described in this Article V or Exhibit A.

2. **Revenue Procedure 2017-13**. 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.

a. In this regard, the Academy and CEN make the following representations:

i. CEN’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;

ii. This Agreement does not pass onto CEN 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;

iii. 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;

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

v. CEN 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.

b. In interpreting this Agreement and in the provision of the services required hereunder, CEN 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 Articles 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 CEN that none of the voting power of the governing body of the Academy will be vested in CEN or its directors, members, managers, officers, shareholders, and employees, and the Academy and CEN will not be related parties as defined in Treas. Reg. 1.150-1(b).

3. **Time and Priority of Payment**. The compensation due to CEN pursuant to Paragraph 1 of this Article shall be paid in twelve approximately equal monthly installments beginning in July and ending in June of the following academic year. Such installment amounts shall be due and payable no later than the last day of the month. CEN will cooperate with the Academy to modify the exact date of any monthly installment payment to coordinate with the time of the funds received by the Academy. The compensation due to CEN shall be calculated for each academic year at the same time as the State of Michigan calculates the State School Aid. For each academic year, the installment payments will be based



on the approved budget or amended budget until the second Count Day, when adjustments shall be made for the final student count.

4. **Reimbursement of Costs.** In addition to the Fee, the Academy shall reimburse CEN for expenses reasonably incurred in providing the Services to the Academy and paid for by CEN in accordance with the budget approved by the Board, subject to the following:

a. Subject to Section V.4 (d), reimbursable costs include all employment costs of CEN employees assigned to the Academy. These costs include all salary, benefits, and other costs associated with CEN's employment of such personnel, including, but not limited to, gross wages, FICA, Medicare, FUTA, SUTA, Workers' Compensation Insurance, employer portions of health, dental, vision, and life insurance, and employer retirement plan contributions. CEN shall provide the Academy with an invoice for all such employment costs, which, if any such employment costs have been advanced by the Academy in accordance with Section V.4 (f), shall be used by the parties to reconcile the amounts advanced and the amounts reimbursable. In addition, and subject to Section V.4 (d), CEN's central office employees shall be reimbursable so long as they are (1) providing services to or for the benefit of the Academy, either at the Academy or elsewhere, (2) providing services directly to Academy students, either at the Academy or elsewhere, or (3) directly supervising persons who provide direct educational services to the Academy. The Academy shall only be required to reimburse a CEN central office employee (1) to the extent that such services are included and in accordance with the budget and (2) based on a pro-rata amount of services provided directly to or for the benefit of the Academy.

b. Reimbursable costs shall also include, but are not limited to, payments by CEN for (i) equipment, software, and supplies provided for the Academy's operations, (ii) food service, transportation, special education, psychological services, medical services, and other educational services provided to the Academy's students, whether provided by CEN employees or pursuant to an independent contractor arrangement, and (iii) any items designated as subject to reimbursement elsewhere in this Agreement or Exhibit A. CEN shall invoice the Academy for reimbursement of all other costs with a detailed receipt of goods or services, as provided in Section V.4 (f).

c. Marketing and development costs paid by or charged to the Academy shall be limited to those costs specific to the Academy program and shall not include costs for general marketing and development of CEN.

d. Corporate costs including costs or expenses of the management and operation of CEN, including its rent and insurance costs (except as set forth in Section V.4 (a) above), shall not be charged to or reimbursed by, the Academy. The Academy shall not reimburse CEN the costs for the time of CEN's Chief Executive Officer or President, financial services provided to the Academy by CEN, human resources services, and compliance-related services. CEN shall also not receive reimbursement for its costs and/or any damages associated with employee litigation against CEN, unless such litigation arises due to actions taken by or at the direction of the Academy or in any situation in which the Academy is obligated to indemnify CEN.

e. Reimbursable costs shall be incorporated in the budgets approved by the Board. Each budget shall contain reasonable estimates of the anticipated Fee and reimbursable costs, including, but not limited to, those associated with employment of CEN personnel at the Academy. Any costs reimbursed to CEN that are determined by the independent audit not to be reasonably incurred on behalf of the Academy for Services specially related to the Academy shall be promptly returned to the Academy by CEN.

f. The Board shall advance funds to CEN for any reimbursable costs before payment is due (rather than reimburse CEN after the expense is incurred); provided, however, that CEN may elect but is not obligated to pay such costs before funds are advanced and obtain prompt reimbursement from the Academy. CEN shall provide to the Academy or the Board proper documentation and accounting of all advanced funds or reimbursements, and such accounting shall be provided to the Board for ratification at its next regularly scheduled meeting. All items acquired with Academy funds, including, but not limited to, instructional materials, equipment, supplies, furniture, computers, and other technology, shall be owned by and remain the property of the Academy.

g. Within ten (10) days after a request is made by either party, designated representatives of the parties shall review and discuss any costs or expenses that either (i) CEN reasonably believes to be necessary or convenient for the operation of the Academy but that have not been included in the most recent approved budget or (ii) that either party, in its reasonable discretion, believes requires clarification as to whether such cost or expense is reimbursable. CEN shall not be obligated to incur any such cost or expense before the parties resolve the appropriate treatment of such cost or expense and, if necessary, obtains appropriate approval from the Academy or its designated representatives that such cost or expense shall be reimbursed by the Academy. The initial designated representative of CEN shall be its Chief Executive Officer, and the initial designated representatives of the Academy shall be its President and Treasurer.

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

If CEN incurs reimbursable expenses on behalf of the Academy and the Institutions which are incapable of precise allocation between the Academy and the Institutions, then CEN 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 upon such other equitable basis as agreed by the parties.

Should CEN enter into any subsequent agreement for the provision of full-service management with any other public school academy, CEN shall ensure that the “maintenance of effort” for Detroit Leadership Academy is not diminished. CEN agrees that the Chief Executive Officer and/or President shall continue to consistently provide services to Detroit Leadership Academy as well as continue to be the main point of contact to the Board of Directors. Should there be a change in personnel in the positions of Chief Executive Officer and/or President, the Academy shall have the option to terminate this Agreement without penalty, but only in the event that CEN does not provide a replacement reasonably satisfactory to the Academy within 90 days, and only during the 15 day period following that replacement period or until the next regular Board meeting, whichever is later.

6. **Review of Budget.** Subject to Section VII.2.g, CEN shall prepare and propose an annual budget for the Academy, and any necessary amendments to the budget. The Board shall review, revise and timely approve the annual budget and any required amendments as more fully described in Exhibit A.

7. **Procurement Policies.** The Board hereby retains the obligation, as provided in Section 1274 of the Code, to adopt written policies governing the procurement of supplies, materials, and equipment to the Academy. Unless otherwise prohibited by law, CEN shall directly procure all supplies, materials, and equipment provided that CEN complies with the Code including, but not limited to, sections 1267 and 1274 of the Code, MCL 380.1267 and MCL 380.1274 as if the Academy were making these purchases directly

from a third party supplier or vendor and the Board's written policies promulgated thereunder related to such items. In paying for supplies, materials, and equipment on behalf of the Academy, CEN shall not charge an added fee or mark up.

## **ARTICLE VI**

### **Proprietary Information**

1. **Academy's Rights to Curriculum and Educational Materials.** The Academy shall own, without restriction, all proprietary rights to curriculum and educational materials that: (a) are or were directly developed by the Academy and paid for with Academy funds; or (b) are or were developed by CEN at the direction of the Board with Academy funds. However, the Academy shall not obtain proprietary rights in any proprietary or licensed education models which the Academy has been granted a license to use by third parties.

2. **CEN's Rights to Curriculum and Educational Materials.** CEN shall own, without restriction, all curriculum and educational materials, and all other proprietary information owned by, developed by or otherwise in the possession of CEN, except as set forth in this Article, and provided, that the Academy shall have a right to use any such materials during the term of this Agreement without payment of any additional fee.

3. **Non-Disclosure of Proprietary Information; Remedy for Breach.** Except as required by applicable law, this Agreement, or the Contract, during the Term of this Agreement and continuing after the expiration or earlier termination of this Agreement, each party hereby agrees that it shall not use or disclose to any third party, directly or indirectly, for any purpose whatsoever, any proprietary information or materials of the other party without the prior written consent of the other party. CEN acknowledges that CEN's educational materials and teaching techniques used by the Academy are subject to disclosure under the Code and the Freedom of Information Act.

If a party uses or discloses such proprietary information in violation of this Section 3, the disclosing party shall (a) be liable to the other party for all damages, including, but not limited to, lost profits resulting from the breach, and (b) be obligated to reimburse the non-disclosing party for its legal costs and reasonable attorney fees related to the enforcement of this Section 3.

## **ARTICLE VII**

### **Termination**

1. **Termination by CEN.**

a. CEN may terminate this Agreement prior to the end of the Term in the event the Academy fails to remedy a material breach within the required time frames below. A "material breach" in this context includes, but is not limited to, (a) the Academy's failure to timely remit the Fee or any reimbursement due to CEN, and/or (b) the Academy's action or decision-making that is reasonably deemed by CEN to be substantially inconsistent with the recommendations of CEN relative to the Educational Program or the Services. In the event of a breach that involves the failure by the Academy to advance all funds required for payroll, the Academy shall have ten (10) days after notice from CEN to either (i) remit the funds, or (ii) reach a mutually acceptable agreement with CEN related to the payment of the funds. The Academy shall have thirty (30) days after notice from CEN to remedy all other material breaches.

b. Failure by CEN to (a) declare a breach, (b) place the Academy on notice thereof, or (c) exercise or exert any remedy available to CEN under this Agreement or applicable laws, shall not be deemed a waiver of CEN's right and remedies whatsoever.

2. **Termination by the Academy.**

a. The Academy may terminate this Agreement prior to the end of the Term in the event that CEN fails to remedy a material breach within the required time frames below. A “material breach” in this context includes, but is not limited to: (a) failure by CEN to reasonably account for its expenditures; (b) failure by CEN to pay (using either Academy funds or funds that have been advanced to CEN) the Academy’s operating expenses as required under this Agreement (provided funds are available); (c) failure by CEN to substantially follow policies, procedures, rules, regulations, or curriculum duly adopted by the Board which are not in violation of the Contract, applicable laws or this Agreement; (d) failure by CEN to provide the Services as required by this Agreement; (e) failure to meet the performance goals as specified in Exhibit B; and/or (f) any action or inaction by CEN that is not cured within 60 days of notice thereof which causes the Contract to be revoked, terminated, suspended, or that is reasonably anticipated to cause the Contract to be put in jeopardy of revocation, suspension or termination, by Central Michigan University.

b. Provided that the Academy has advanced such funds under Section V.4.f, CEN’s failure to pay all funds required for payroll shall be a material breach of this Agreement. CEN shall have ten (10) days after notice from the Academy to either (i) pay such funds, or (ii) reach a mutually acceptable agreement with the Academy related to the payment of such funds. CEN shall have thirty (30) days after notice from the Academy to remedy all other material breaches, other than a breach under Section VII.2.a(f), for which CEN shall have sixty (60) days to remedy such material breach.

c. Upon expiration or termination of this Agreement, all advances or billable costs incurred consistent with this Agreement and the Contract, if any, paid by CEN shall be repaid by the Academy, unless otherwise agreed in writing by CEN and the Academy. The Academy shall make payment within 10 days to the extent cash is available, and shall pay towards the balance, if any, immediately as and when additional cash is available.

d. Failure by the Academy to (a) declare a breach, (b) place CEN on notice thereof, or (c) exercise or exert any remedy available to the Academy under this Agreement or applicable laws, shall not be deemed a waiver of the Academy’s rights and remedies whatsoever.

e. In addition to the foregoing, the Academy may terminate this agreement as set forth in Section V.5.

f. Notwithstanding the foregoing, the Academy may, without penalty, transition the financial management services portion of the Services (the “**Financial Services**”) provided by CEN hereunder to a third-party provider of such services, to be effective upon completion of the then-current academic year, provided that the Academy delivers written notice of its intent to transition the Financial Services at least ninety (90) days before the end of that academic year. If the Board exercises this option, the parties shall clearly delineate which Financial Services are being transitioned and determine a reduction in fees bearing reasonable proportion to that reduction in Financial Services provided by CEN.

3. **Revocation or Termination of Contract.** If the Academy’s Charter Contract issued by the Authorizer is revoked, terminated, or a new charter contract is not issued to the Academy after expiration of the Academy’s Contract, this Agreement shall automatically terminate on the same date as the Academy’s Contract is revoked, terminated, or expires without further action of the parties.

4. **Change in Law.** If any federal, state or local law or regulation, or court or administrative decision, or attorney general’s opinion (collectively referred to in this Agreement as the “**applicable laws**”) has a substantial and material adverse impact (as reasonably determined by the party suffering the impact)

on the ability of the impacted party to carry out its obligations under this Agreement, then the impacted party, upon written notice, may request a renegotiation of this Agreement. If the parties are unable or unwilling to successfully renegotiate the terms of this Agreement within ninety (90) days after the notice, and after making good faith efforts which shall include, but not be limited to, the use of a third-party arbitrator and/or alternative dispute resolution process, the impacted party may terminate this Agreement as of the end of the then-current academic year.

5. **Transition.** The Academy and CEN shall make all efforts necessary to remedy a breach of this Agreement in order to continue school operations until completion of the then-current school fiscal year. If a breach cannot be remedied, the Board and CEN agree to work cooperatively to transition management and operations of the school without disrupting the school's operations. Upon expiration or termination of this Agreement, or if this Agreement is terminated due to a Contract revocation, reconstitution, termination or non-renewal, CEN shall, without additional charge:

a. close the financial records on the then-current school fiscal year which includes, but is not limited to, the completion and submission of the annual financial audit, state and federal grant reporting and all other associated reporting within required timelines established by the appropriate local, state or federal authority;

b. organize and prepare student records for transition to the new ESP, self-management or in the case of a school closure, transfer to a student's new school as designated by the student's parent/legal guardian or to a person or entity authorized to hold such records;

c. provide for the orderly transition of employee compensation and benefits to the new ESP or self-management without disruption to staffing, or in the case of school closure, final payment of all employee compensation, benefit and tax obligations related to services provided by the ESP to the Academy;

d. organize and prepare the Academy's records, both electronic and hard-copy, for transition to the new ESP, self-management or dissolution; Complete and organize all Academy documents, including, without limitation, Board minutes, third party contracts, correspondence relating to Academy business, notices, and so forth, by facilitating the depositing of the same in the Academy's designated central depository location in a timely manner; and

e. provide for the orderly transition to the new ESP, self-management or dissolution of all Academy-owned assets including, but not limited to, furniture, fixtures, equipment, and real estate. This includes any keys, log-in information and passwords related to any Academy asset.

The parties may agree upon other transition or wind-up services to be provided by CEN after the Term of this Agreement, at mutually agreed upon fee and documented in a separate contract for services.

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

7. **Obligations upon Termination or Expiration.** Upon the expiration or termination of this Agreement, the parties shall remain obligated for all financial or other obligations due at the time of the

expiration or termination; once all such obligations are satisfied, the parties shall have no further obligations to each other under this Agreement whatsoever except for the continuing obligations under Article VI and Article VIII.

8. **Effective Date of Termination.** In the event this Agreement is terminated by either party prior to the end of the Term, absent unusual and compelling circumstances the termination will not become effective until the end of the same academic year as the notice of termination, provided that the notice is provided to the other party on or before March 31st in such academic year. For purposes of this paragraph, the term “unusual and compelling circumstances” shall include but not necessarily be limited to the occurrence of a “material breach” as defined above in Section I (a) of this Article VII.

9. **Amendment Caused by Academy Site Closure or Reconstitution.** In the event that the Academy is required (i) to close an Academy site pursuant to a notice issued by the State School Reform/Redesign Officer under Section 507 of the Code, MCL 380.507; or (ii) to undergo a reconstitution pursuant to Section 507 of the Code, MCL 380.507, and Section 10.4 of the Contract Terms and Conditions, 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 CEN shall have no recourse against the Academy or the University Board for implementing such site closure or reconstitution.

## ARTICLE VIII

### Indemnification and Cooperation

1. **Indemnification of CEN.** To the extent permitted by law and subject to Section 3 of this Article VIII, during the Term and continuing after any termination or the expiration of this Agreement, the Academy shall indemnify and save and hold CEN and all of its employees, officers, directors, subcontractors and agents, harmless against any and all claims, demands, suits or other forms of liability that may arise out of, or by reason of: (a) any non-compliance by the Academy with any agreements, covenants, warranties or undertakings of the Academy contained in or made pursuant to this Agreement; (b) any misrepresentation or any breach of the representations and warranties of the Academy contained in or made pursuant to this Agreement; (c) the Academy’s breach of the Agreement; and/or (d) the negligence or intentionally wrongful acts of the Academy’s directors, officers, employees, agents or representatives.

In addition, to the extent permitted by law, the Academy shall indemnify and reimburse CEN for all legal costs and reasonable attorney fees associated with the defense of any such claim, demand, or suit. If desired, all or part of the indemnification obligations set forth in this Section VIII.1 may be met by the purchase of insurance by the Academy. CEN shall have the right to collect from the Academy any losses, judgments, or settlement amounts for which the Academy is responsible. 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.

2. **Indemnification of the Academy.** To the extent permitted by law, during the Term and continuing after any termination or expiration of this Agreement, CEN shall indemnify and save and hold the Academy and all of its employees, officers, directors, subcontractors and agents harmless against any and all claims, demands, suits or other forms of liability that may arise out of, or by reason of: (a) non-compliance by CEN with any agreements, covenants, warranties or undertakings of CEN contained in or made pursuant to this Agreement; (b) CEN’s breach of the Agreement; and/or (c) the negligence or intentionally wrongful acts of CEN’s directors, officers, employees, agents or representatives.

In addition, CEN shall reimburse the Academy for all legal costs and reasonable attorney fees associated with the defense of any such claim, demand, or suit. If desired, all or part of the indemnification obligations set forth in this section may be met by the purchase of insurance by CEN. 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 CEN.

3. **Immunities and Limitations.** The Academy may assert all applicable immunities and statutory limitations of liability in connection with any claims arising under this Agreement.

4. **Responsibility of the Academy.** The Academy shall 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 shall 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 1964 PA 170, MCL 691.1407. If CEN 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, the Academy shall provide any reasonable assistance requested by CEN in the defense against such claims.

5. **Responsibility of CEN.** CEN shall be solely and entirely responsible for its acts and omissions and for the acts and omissions of CEN's agents and employees in connection with the performance of CEN's responsibilities under this Agreement. If the Academy 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 CEN or its directors, agents, or employees, CEN shall provide any reasonable assistance requested by the Academy in the defense against such claims.

6. **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 shall include all areas of the business of the Academy and the Services, including but not limited to potential and actual issues related to employees or teachers as they arise. 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, such as provision of testimony, records and/or documents reasonably related to the litigation or dispute (that are not otherwise protected from disclosure).

7. **Indemnification of Central Michigan University.** The parties acknowledge and agree that Central Michigan University, its Board of Trustees, and its members, officers, employees, agents, or representatives (collectively, the "**University**") are deemed to be third party beneficiaries for purposes of this Agreement. CEN hereby promises to indemnify, defend, and hold harmless the University, as third party beneficiaries, from and against all demands, claims, actions, suits, causes of action, losses, judgments, liabilities, damages, fines, penalties, demands, forfeitures, or any other liabilities or losses of any kind whatsoever, including costs and expenses (not limited to reasonable attorney fees, expert, and other professional fees), of settlement and prosecution imposed upon or incurred by the University, and not caused by the sole negligence of the University, which arise out of or are in any manner connected with the University Board's approval of the Academy's application, the University Board's consideration of or issuance of a Contract, CEN's preparation for or operation of the Academy, or which are incurred as a result of the reliance by the University upon information supplied by CEN, or which arise out of CEN's failure to comply with the Contract or applicable law. The parties expressly acknowledge and agree that the

University may commence legal action against CEN to enforce its rights as set forth in this section of the Agreement.

## **ARTICLE IX**

### **Insurance**

1. **Academy Insurance.** The Academy shall maintain such policies of insurance coverage in the amounts as required by the Contract. CEN shall comply with any reasonable information or recording requirements under the Academy's policies of insurance.

2. **CEN Insurance.** CEN shall maintain separate policies of insurance including separate general liability and umbrella insurance coverage, with the Academy listed as an additional insured on all policies. CEN shall maintain such policies of insurance in the amounts as required by the Contract and the Michigan Universities Self-Insurance Corporation ("M.U.S.I.C."). In the event the Authorizer or M.U.S.I.C. requests any change in coverage by CEN, CEN 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.

3. **Evidence and Notices.** Each party shall, upon request, present evidence to the other that it maintains the requisite insurance as required in this Article IX. The policies of insurance of each party shall also provide that the other party receive from the insurer(s) a minimum thirty (30) day written notice of any termination of said policies.

4. **Worker's Compensation Coverage.** Additionally, each party shall maintain workers' compensation insurance, as required by state law, covering their respective employees.

## **ARTICLE X**

### **Warranties and Representations**

1. **Warranties and Representations of the Academy.** The Academy represents to CEN 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 has adopted the necessary resolutions or expenditure approvals required for execution of this Agreement.

2. **Warranties and Representations of CEN.** CEN represents and warrants to the Academy that (a) CEN is a Michigan nonprofit corporation in good standing and duly authorized to conduct business in the State of Michigan, (b) CEN has the authority under applicable laws to execute, deliver, and perform this Agreement and to incur the obligations provided for under this Agreement, (c) the actions of CEN have been duly and validly authorized, and (d) CEN has adopted any and all resolutions required for execution of this Agreement.

3. **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.

## **ARTICLE XI**

### **Alternative Dispute Resolution**

1. **Mediation.** Any and all disputes between the parties concerning any alleged breach of this Agreement or arising out of or relating to the interpretation of this Agreement or the parties' performance of their respective obligations under this Agreement shall first be submitted to mediation for resolution in



Wayne County. 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 Wayne County, Michigan, with such variations as the parties and arbitrators unanimously accept. The parties shall share equally in the costs of the mediation including forum fees, expenses and charges of the mediator. A summary of the mediation settlement signed by both parties, including the amount of the settlement, shall be required. The Authorizer shall be notified of said decision and the summary shall be made available upon request.

2. **Arbitration.** If the mediation does not result in a mutually satisfactory compromise, then the matter shall be resolved by arbitration, and such procedure shall be the sole and exclusive remedy for such matters. 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 Wayne County, Michigan, with such variations as the parties and arbitrators unanimously accept. The arbitrators' award, which shall include a written explanation as to the final decision and award, shall be final and binding. The Authorizer shall be notified of final decision and the arbitrator's written explanation shall be made available to the Authorizer. 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 parties shall share equally in the costs of the arbitration including forum fees, expenses, and charges of the arbitrator(s). It shall be within the discretion and purview of the arbitrator or arbitration panel to award reasonable attorney fees to the prevailing party.

## **ARTICLE XII**

### **Pupil Performance Standards**

1. **Pupil Performance Standards.** CEN is responsible for and accountable to the Board for the performance of students who attend the Academy. In providing the Educational Program, CEN shall implement pupil performance evaluations that permit evaluation of the educational progress of each Academy student, using measures of student and school performance required by the Contract and such additional measures as shall be mutually agreed between the Board and CEN and that are consistent with the Contract. CEN shall be responsible for achieving educational goals and related measures as outlined in the Charter Contract, Schedule 7.B., and Exhibit B to this Agreement.

## **ARTICLE XIII**

### **Miscellaneous**

1. **Entire Agreement.** This Agreement supersedes and replaces any and all prior written or oral agreements and understandings between the Academy and CEN regarding the subject matter hereof. This Agreement, including the Exhibits, constitutes the entire agreement of the parties regarding the subject matter hereof.

2. **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 due to war, riot, embargo, fire, explosion, sabotage, accident, labor strike, flood, terrorism, or other acts beyond its reasonable control.

3. **Governing Law; Jurisdiction.** This Agreement and the rights of the parties hereto shall be interpreted according to the laws of the State of Michigan, and the parties consent to the jurisdiction of the courts of record of the State of Michigan for all proceedings in connection with this Agreement.

4. **Official Notices.** All notices or other communications required by the terms of this Agreement shall be in writing and sent to the parties at the addresses set forth below. Notice may be given by certified or registered mail, postage prepaid, return receipt requested, traceable carrier or personal

delivery. Notices shall be deemed to have been given on the date of personal delivery, or, if given by mail, the postmark date. Unless amended or updated in writing, the addresses of the parties hereto for the purposes of this Agreement shall be:

If to the Academy:

Detroit Leadership Academy  
Attention: Board President  
13550 Virgil  
Detroit, MI 48223

With a copy to:

Shifman & Carlson, P.C.  
Attention: John A. Carlson  
34705 W. 12 Mile Rd., Suite 160  
Farmington Hills, MI 48331

If to CEN:

CEN  
Attention: Chief Executive Officer  
13600 Virgil  
Detroit, MI 48223

With a copy to:

Bodman PLC  
Attention: Nicholas P. McElhinny  
6th Floor at Ford Field  
1901 St. Antoine Street  
Detroit, MI 48226

5. **Assignment.** This Agreement shall not be assigned by CEN without prior written consent of the Board and prior notification to the Authorizer. The Academy shall not assign this Agreement without prior written consent of CEN, which consent shall not be unreasonably withheld or delayed. All such consents shall be done in accordance with the Authorizer's Educational Service Provider Policies.

6. **Amendment; Effect of Headings.** This Agreement may only be amended in writing, signed by a duly authorized representative of each party and must be done in a manner consistent with the Authorizer's Educational Service Provider Policies. The underlined headings are included for convenience of the reader, and if the underlined headings are inconsistent with the other text the underlined text shall be disregarded.

7. **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.

8. **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.

9. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

10. **No Third Party Rights.** This Agreement is made for the sole benefit of the Academy and CEN. 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.

11. **Survival of Termination.** All representations, warranties, indemnities, and non-disclosures/confidentiality obligations made in this Agreement shall survive any termination or expiration of this Agreement without limitation.

12. **Delegation of Authority; Compliance with Laws.** Nothing in this Agreement shall be construed as delegating to CEN any of the powers or authority of the Board that are not subject to delegation by the Board in accordance with all applicable laws. The parties agree to comply with all applicable laws. No provision of this Agreement shall interfere with the Board's exercise of its statutory, contractual, and fiduciary responsibilities governing the operation of the Academy. Further, no provision of this Agreement shall prohibit the Board from acting as an independent, self-governing public body, or allow public decisions to be made other than in compliance with the Open Meetings Act.

13. **Execution.** The parties may execute this Agreement by facsimile or in counterparts. A facsimile, photographic copy, or an electronic version 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.


14. **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.

[SIGNATURES ON FOLLOWING PAGE]

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

**Academy:**

**DETROIT LEADERSHIP ACADEMY,**  
a Michigan public school academy

By:   
Dan Piepszowski  
Its: Board President

**CEN:**

**CHAMPION EDUCATION NETWORK,**  
a Michigan nonprofit corporation

By:   
Kerri Smith  
Its: Chief Executive Officer

## **EXHIBIT A**

The purpose of this Exhibit A is to set forth and define the Services to be provided by CEN pursuant to the Agreement. The Academy shall pay for the Services in accordance with Article V of the Agreement.

### **PART ONE**

#### **EDUCATIONAL MANAGEMENT SERVICES**

Except as otherwise provided in this Agreement, CEN shall be responsible for all of the management, operation, administration and education at the Academy, which includes, but is not limited to, all of the following obligations:

1. CEN shall implement and administer the Educational Program (defined in Article I, Section 2 of the Agreement), including administration of any and all extra-curricular and co-curricular activities and programs, and shall be responsible for recommending and acquiring instructional materials approved by the Board, equipment and supplies. Modification of the Educational Program may only occur with the prior written consent of the Board and, if required, an amendment to the Contract that requires Authorizer approval.

2. CEN may perform functions other than instruction, including but not limited to purchasing, professional development, management of Academy facilities, and administrative functions off-site (i.e., not on the Academy property), unless prohibited by the Contract or applicable laws. Student records, which are the property of the Academy, shall be maintained by CEN at the Academy's site. All financial, educational, and student records pertaining to the Academy are Academy property and all such records are subject to the provisions of the Michigan Freedom of Information Act. All Academy records shall be physically or electronically available, upon request, at the Academy's physical facilities. All records shall be kept in accordance with requirements of applicable law.

3. The Board shall be responsible for establishing and implementing recruitment and admission policies in accordance with the Educational Program and the Contract. CEN shall enroll students for the Academy in accordance with such policies, provided that said policies are in compliance with the Contract and applicable laws.

4. CEN shall provide student due process hearings in compliance with all applicable laws, to an extent consistent with the Academy's own obligations as to students only (and not as to faculty). The Board hereby retains the right to provide student due process hearings or other processes regarding students, as required by law.

5. CEN shall administer and provide the Educational Program in a manner that shall meet the requirements imposed under the Contract and applicable law.

6. CEN shall implement pupil performance evaluations consistent with the Educational Program and the Contract. At a minimum, CEN shall utilize assessment strategies required by the Contract. The Academy and CEN shall cooperate in good faith to identify other measures of and goals for students and school performance. CEN shall be responsible for and accountable to the Board for the performance of students who attend the Academy.

7. CEN shall plan and supervise the provision of special education services to students who attend the Academy. CEN may subcontract these services if it determines that it is necessary and appropriate for the provision of services to students with special needs, in which case the costs associated with such subcontracted services shall be passed through to the Academy. Such services shall be provided in a manner that complies with the Contract and all applicable laws.

8. CEN shall perform any function necessary or expedient for the administration of the Academy consistent with the Educational Program, the Contract, and Authorizer policies regarding Educational Service Providers.

9. CEN may subcontract any and all aspects of the Services it agrees to provide to the Academy. However, CEN shall not subcontract the management or oversight of the Educational Program, except as specifically permitted in this Agreement and the Contract. Any services to be provided by CEN that are included in the Fee but are performed by a subcontractor shall not be charged to, reimbursed by, or passed through as an additional cost to the Academy.

10. CEN shall not act in a manner that shall cause the Academy to be in breach of its Contract with the Authorizer.

11. CEN shall provide information to the Board on a regular basis, or upon the Board's reasonable request, to enable the Board to monitor CEN's performance under this Agreement.

## **PART TWO**

### **BUSINESS/FINANCE SERVICES**

1. CEN shall be directly accountable to the Board for the administration, operation, and performance of the Academy in accordance with the Contract. CEN's obligation to provide the Services is expressly limited by the budget approved by the Board pursuant to the terms of this Agreement. The Services shall be funded by the Academy budget, and neither CEN nor the Academy shall be permitted to expend Academy funds on the Services in excess of the amount set forth in the Academy Budget.

2. In order to supplement and enhance the school aid payments received from the State of Michigan, and improve the quality of education at the Academy, CEN shall assist the Academy's endeavors to obtain revenue from other sources (the "**Funding Sources**"), and in this regard:

a. The Academy and/or CEN, with prior Board approval, may solicit and receive grants and donations in the name of the Academy from various Funding Sources consistent with the mission of the Academy;

b. The Academy and/or CEN, with prior Board approval, may apply for and receive grant money in the name of the Academy from various Funding Sources;

c. To the extent permitted under the Code and Contract, CEN or the Academy may charge fees to students for extra services, such as summer and after-school programs, athletics, etc., and charge non-Academy students who participate in such programs.

3. CEN shall provide the Board with:

a. A proposed annual budget that shall conform to the state accounting manual and the Uniform Budgeting and Accounting Act, MCL 141.421 et seq. and in a form reasonably satisfactory to the Board and to the Authorizer. The budget shall comply with public accounting standards applicable to public schools and public school academies in Michigan. The budget shall include anticipated revenues and projected expenses and costs reasonably associated with operating the Academy and the Educational Program including, but not limited to, the projected cost of all services and educational programs provided to the Academy, rent and lease payments, debt service, maintenance and repairs to Academy facilities, supplies and furnishings necessary to operate the Academy, taxes, insurance premiums, utilities, professional fees, and other costs and expenses connected to the operation of the Academy. The proposed budget shall be submitted to the Board for consideration not later than 30 days prior to the date of the scheduled hearing on the budget, and CEN will continue to assist the Board through the approval process. CEN shall also provide the Board with proposed budget amendments following the fall count day and prior to the end of each fiscal year. In addition, CEN shall provide the Board Treasurer and Chief Administrative Officer, who shall not be an employee, owner or director of CEN, with enough information to determine whether an additional budget amendment may be required under the Uniform Budgeting and Accounting Act no later than March of each year;

b. Detailed monthly statements (or as requested by the Board) provided at least five (5) days before any regular-scheduled Board meetings (“**Regular Meeting**”), not more than forty-five (45) days in arrears, unless no Regular Meeting is scheduled for any particular month or a Regular Meeting is cancelled or delayed, in which case CEN shall present such financials at least five (5) days before the next Regular Meeting or special Board meeting (“**Special Meeting**”). Financial statements shall include a balance sheet, an object-level detailed statement of revenues, cash flow statement, and statement of revenue, expenditures and changes in fund balance, detailing the status of the budget to actual revenues and a detailed schedule of expenditures for review and approval by the Board, invoices as specified in Article V (in a format agreed upon between CEN and the Board Treasurer), and if requested by the Board, an aged report of accounts payable, the check ledger and bank reconciliations. The Board must be presented a balance sheet and statement of revenues, expenditures and changes in fund balance at each regularly scheduled meeting, together with a cash flow projection for the next full calendar month. If at any time the cash flow projection indicates that there will be insufficient funds to pay vendors, as and when due, CEN shall notify the Board Treasurer as soon as reasonably possible. This report shall explain any variances from the approved budget and shall contain recommendations for necessary budget corrections and shall be prepared at least five (5) days in advance of the Board meeting to be included in the Board packets sent to Board members, and its designees, in preparation for Board meetings. CEN shall provide special reports as necessary to keep the Board informed of materially changing conditions. The Board shall also receive a report of past due vendor accounts on a monthly basis at least five (5) days before each Regular Meeting, unless no Regular Meeting is scheduled for any particular month or a Regular Meeting is cancelled or delayed, in which case CEN shall present such report at least five (5) days before the next Regular Meeting or re-scheduled Special Meeting. Any inaccuracies in any reports provided pursuant to this section, as may be noted by either CEN or the Board Treasurer, shall be corrected and such corrected report shall be sent to the Board Treasurer within five (5) business days after notification. Failure to provide this information as provided in this Section 3 of Part Two and failure to pay vendors in accordance with applicable due dates of payment shall be considered a breach of this Agreement unless otherwise waived by the Board in writing; provided, however, that CEN shall not be held responsible nor deemed to have breached this Agreement if CEN’s failure to provide such information or make such payments is due to any action or inaction on the

part of the Board, any of its members, or any third party beyond the reasonable control of CEN; and provided further that CEN's responsibility to pay vendors shall be subject to the other terms and conditions of this Agreement, and CEN shall not be held responsible nor deemed to have breached this Agreement if it is otherwise in compliance with the applicable terms and conditions of this Agreement, including, but not limited to, that CEN shall not be held responsible for either (1) any failure to pay a vendor if the Academy has insufficient funds to make such payment, or (2) exercising its reasonable discretion in determining which vendors to pay when there are insufficient funds to pay all;

c. Assistance in facilitating the annual audit in compliance with applicable laws showing the manner in which funds are spent at the Academy; however, it is acknowledged that only the Board shall select and retain independent auditors and the Board shall contract directly with any auditor of its choice, and CEN shall cooperate with the production of any and all documents necessary for the audit, and any such audit shall be the property of the Academy. All finance and other records of CEN related to the Academy necessary for conducting the audit will be made available to the Academy, the Academy's independent auditor and the Authorizer upon request;

d. Assistance with other aspects of the business administration (as determined and as generally understood in the industry) of the Academy as agreed between CEN and the Board.

### **PART THREE**

#### **HUMAN RESOURCES SERVICES**

1. CEN shall be responsible for all personnel functions, including professional development for all instructional personnel and the personnel functions outlined in the Agreement.

2. CEN shall recommend staffing levels to the Board, and select, evaluate, assign, discipline and transfer personnel, consistent with applicable laws, and consistent with the parameters adopted and included within the Academy's budget and the Educational Program.

3. As set forth in the Agreement, CEN shall identify and appoint School Leaders to administer the Educational Program at the Academy. The School Leaders shall be employees of CEN.

4. CEN shall provide the Academy with teachers, certified in the applicable grade levels and subjects approved by the Board and consistent with the Contract. CEN shall ensure that the curriculum taught by the Academy's teachers is the curriculum set forth in the Contract. Such teachers may also provide instruction at the Academy on a full or part time basis. If assigned to the Academy on a part-time basis, such teachers may also provide instruction at another institution, or other locations approved by CEN. Each teacher assigned or retained to the Academy shall hold a valid teaching certificate issued by the State Board of Education under the Code, to the extent required under the Code and all other requirements as established by the Michigan Department of Education, the Authorizer, and state and federal law.

5. CEN shall provide the Academy with qualified and necessary support staff as required. The parties anticipate that such support staff may include clerical staff, administrative assistants and director, bookkeeping staff, maintenance personnel, and the like. Such support staff may, in the discretion of CEN, provide services at the Academy on a full or part time basis. If assigned to the Academy on a part-time basis, said support staff may also provide services at another institution, or other locations approved by CEN.



6. Since, except as specified in this Agreement, all teaching, support staff and other non-teaching personnel performing functions on behalf of the Academy, shall be employees of CEN, compensation of all employees of CEN shall be paid by CEN. For purposes of the Agreement and this Exhibit, "compensation" shall include salary and benefits. Evaluation and compensation systems administered by CEN shall comply with all applicable laws, including Sections 1249 and 1250 of the Code. CEN shall pay its portion of social security, unemployment, and any other taxes required by law to be paid on behalf of its employees assigned to the Academy. Unless required by applicable laws, CEN shall not make payments to the Michigan Public School Employees' Retirement System or any other public retirement system on behalf of its employees. CEN accepts full liability and is responsible for paying all salaries, benefits, payroll taxes, worker's compensation, unemployment compensation and liability insurance for its employees leased to the Academy or working on Academy operations irrespective of whether CEN receives an advancement of its costs or the payment of services from the Academy; provided, however, that the Academy remains obligated to advance such funds in accordance with Article V of the Agreement, and failure to do so shall be considered a material breach of the Agreement.

7. CEN agrees that it shall not assign any of its employees, agents, or other individuals to perform any services except as provided for under Article 1, Paragraph 11. CEN shall require that the results of the criminal background check are received, reviewed, and used by the School Leader acting on behalf of the Academy and/or Board, only as permitted by law to confirm that the individual does not have a criminal history and to and to evaluate the qualifications of the individual for his/her assignment. Evidence of such background checks and unprofessional conduct checks required by law shall be stored on site, in a secure location and in physical form, at the Academy or be directly accessible at the Academy facility.

#### **PART FOUR**

#### **COMPLIANCE SERVICES**

1. CEN shall, within the scope of its delegated authority and power, complete all compliance requirements of the Authorizer, including making all necessary compliance submissions to Epicenter. However, CEN shall not be responsible for the Academy's failure to meet compliance requirements due to the actions or inactions of the Board or any third party hired by the Board, including other contractors, agents, or employees.

2. CEN shall provide services for preparation of the monthly and special Board meetings, such as preparing agendas and meeting notices, providing necessary staff to record and distribute the meeting minutes of the Board's meetings, and posting and archiving all relevant Board meeting materials.

3. CEN will manage activities associated with the schools' food service programs and pupil accounting including Count Day and student enrollment.

## **EXHIBIT B**

Detroit Leadership Academy has a three (3) year charter contract renewal. CEN's goals are to help the Academy be in a stronger position as it seeks reauthorization, help the Academy make progress toward becoming both a high performing elementary, middle, and high school, and assist the Academy in moving away from its current status as a "partnership school."

The milestones for measuring progress towards these goals shall be meeting the goals outlined in the Contract Measures and Indicators attached as Schedule [ ] to the Contract. If the Authorizer amends the Contract Measures and Indicators attached as Schedule [ ] to the Contract, this performance standard shall be amended to conform to those amendments.

CEN shall be evaluated according to its progress toward these goals, measures, and indicators. To measure progress towards these goals, CEN will provide the Board with quarterly data dashboard updates detailing academic, operational, and school culture performance, and trends and progress towards meeting the above referenced goals.

**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
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### **a. Virgil Site**

Site Plans.....	6-4
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Financing Documents .....	6-6
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#### **Building One**

Floor Plan.....	6-141
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Certificate of Use and Occupancy .....	6-142
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#### **Building Two**

Floor Plan.....	6-143
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Certificate of Use and Occupancy .....	6-144
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#### **Building Three**

Floor Plan (2018 Modular Unit) .....	6-145
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Certificate of Use and Occupancy (2018 Modular Unit).....	6-146
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Floor Plan (2019 Modular Unit) .....	6-147
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Certificate of Use and Occupancy (2019 Modular Unit).....	6-148
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Floor Plan (2022 Modular Unit) .....	6-149
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Certificate of Use and Occupancy (2022 Modular Unit).....	6-150
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### **b. Auburn Site**

Site Plan .....	6-151
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Floor Plan (Main Facility) .....	6-152
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Lease Agreement (Main Facility) .....	6-153
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Certificates of Use and Occupancy (Main Facility) .....	6-154
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Floor Plan (Office Modular) .....	6-157
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Lease Agreement (Office Modular).....	6-158
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Certificate of Use and Occupancy (Office Modular).....	6-162
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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 Detroit Leadership Academy (the "Academy") is as follows:

**a. Virgil Site**

Address: 13550 Virgil  
Detroit, MI 48223

Description: The Academy’s school facilities for the Virgil Site consist of two separate buildings and modular units situated on contiguous sites. The contiguous sites are located on Virgil Street between West Davison Avenue and Schoolcraft. The first building is located at 13550 Virgil Street (hereinafter referred to as “Building One”). The second building is located at 13600 Virgil Street (hereinafter referred to as “Building Two”). The modular units are located at 13550 Virgil Street (hereinafter referred to as “Building Three”). The contiguous sites include 6.2 acres which encompass Building One, Building Two, Building Three, two playgrounds, and a large parking area.

**i. Building One**

The Academy has utilized the one-story 22,000 square foot facility since it began operations in 2010. This facility contains 13 classrooms, student support services office, special education office, two administrative offices, nine restrooms, staff lounge/meeting area, kitchen, cafetorium/gymnasium, several storage rooms, and a mechanical room.

**ii. Building Two**

In 2013, the Academy renovated the 3,555 square foot auxiliary building for educational use. The building consists of three floors: the basement is used for storage and the second floor has been blocked off and cannot be accessed. The first floor contains large open spaces that will be used for multiple purposes including, but not limited to, individual support services and small group support services. The first floor also contains two restrooms, three offices, and a media center/conference space.

**iii. Building Three**

In 2018, a 4,760 square foot modular unit was added to the Site. It includes four classrooms, three restrooms, and a staff workroom. In 2019, a 6,664 square foot modular unit was added to the Site. This modular unit includes six classrooms, which are used to accommodate the Academy’s Great Start Readiness Program, three restrooms, and a maintenance room. In 2022, a 10,780 square foot modular unit was added to the Site. This modular unit includes 10 classrooms, three restrooms, and a maintenance room.

Configuration of Grade Levels: Kindergarten through Eighth Grade.

Term of Use: Term of Contract.

Name of School District and Intermediate School District:

Local: Detroit Public Schools Community District

ISD: Wayne RESA

Address:

**b. Auburn Site**

Address: 5845 Auburn  
Detroit, MI 48228

Description: The Auburn Site includes a one-story school facility, which is connected to the St. Juan Diego Church. The space leased by the Academy is approximately 30,400 square feet and contains 18 classrooms, six restrooms, a teacher's lounge, two offices, two work rooms, storage space, a gymnasium and a warming kitchen. There is also an open courtyard in the middle of the facility. The Site contains ample parking and green space. In 2022, a 3,000 square foot temporary mobile office modular unit was added to the Site. This unit provides office space to Academy staff and is not accessible to the public or to students.

Configuration of Grade Levels: Ninth through Twelfth Grade.

Term of Use: Term of Contract.

Name of School District and Intermediate School District:

Local: Detroit Public Schools Community District

ISD: Wayne RESA

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.

## Virgil Site











**UNITED STATES OF AMERICA  
STATE OF MICHIGAN  
COUNTY OF WAYNE**

**DETROIT LEADERSHIP ACADEMY  
PUBLIC SCHOOL ACADEMY REFUNDING BOND, SERIES 2022  
(GENERAL OBLIGATION)**

Registered Owner: First Merchants Bank

Principal Amount: \$701,800

Interest Rate: 6.07%

Date of Issuance: November 14, 2022

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

This Bond is issued under and in pursuance of the provisions of Act 451, Public Acts of Michigan, 1976, as amended, for the purpose of financing the purchase of a school facility, as more fully described in the Resolution adopted by the Board of Directors of the Academy on August 31, 2022, approving the issuance of this Bond (the “Resolution”). For the prompt payment of this Bond, both principal and interest, the full faith and credit of the Academy is hereby pledged. As further security for the repayment of the Bond, the Academy has granted to the Registered Owner a first lien mortgage (the “Mortgage”) on the Academy’s Facility as more fully described in the Resolution.

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

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

If the Academy fails to make any payment of principal, interest or other amount coming due pursuant to the provisions of this Bond within ten (10) calendar days of the date due and payable, the Academy also shall pay to the Registered Owner a late charge equal to five percent (5%) of the amount of such payment (the "Late Charge"). Such five (5) day period shall not be construed in any way to extend the due date of any such payment. Upon maturity, whether by acceleration, demand or otherwise, and at the Registered Owner's option upon the occurrence of any Event of Default (as hereinafter defined) and during the continuance thereof, amounts outstanding under this Bond shall bear interest at a rate per annum (based on the actual number of days that principal is outstanding over a year of 360 days) which shall be five percentage points (5.00%) in excess of the Interest Rate, but not more than the maximum rate allowed by law (the "Default Rate"). The Default Rate shall continue to apply whether or not judgment shall be entered on this Bond. Both the Late Charge and the Default Rate are imposed as liquidated damages for the purpose of defraying the Registered Owner's expenses incident to the handling of delinquent payments, but are in addition to, and not in lieu of, the Registered Owner's exercise of any rights and remedies hereunder, under applicable law, and any fees and expenses of any agents or attorneys which the Registered Owner may employ. In addition, the Default Rate reflects the increased credit risk to the Registered Owner of carrying a loan that is in default. The Academy agrees that the Late Charge and Default Rate are reasonable forecasts of just compensation for anticipated and actual harm incurred by the Registered Owner, and that

the actual harm incurred by the Registered Owner cannot be estimated with certainty and without difficulty.

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

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

The Academy covenants and agrees to maintain a Post Distribution Debt Service Coverage Ratio that will be at least one point two (1.20) during each fiscal year. All determinations required pursuant to this covenant shall be made utilizing the Academy's audited financial statement for the appropriate fiscal year, beginning with the audit for the school year ending June 30, 2023. The term "Post Distribution Debt Service Coverage Ratio" is defined as the Academy's (i) change in net position exclusive of extraordinary gains and losses on sale of fixed assets plus, (ii) interest expense plus, (iii) depreciation and amortization expense less, (iv) (vi) distributions and/or dividends divided by the sum of all contractual principal and interest payments for the trailing 12 month period on all obligations including capital leases and subordinate debt.

The Academy further covenants and agrees to provide to the Registered Owner the following information: (i) simultaneously with delivery to the Authorizing Body, but not later than one hundred thirty (130) days after the close of each fiscal year, its audited financial statements for such fiscal year reflecting in reasonable detail the financial position and results of operation of the Academy, together with the audit report by a certified public accountant or firm of independent certified public accountants of suitable experience and responsibility, together with a copy of any management letter delivered by the auditors in connection with such financial statements; (ii) promptly upon receipt by the Academy from the Authorizing Body, a copy of any report or notification required under the Charter Contract with the Authorizing Body regarding a violation or possible violation of the terms of the Charter Contract which would give grounds for the Authorizing Body to begin the revocation process, as well as any response by the Academy required under the terms of the Charter Contract with the Authorizing

Body; (iii) simultaneously with delivery to the Authorizing Body, a copy of any report concerning the results of any educational testing required by federal or State law; and (iv) simultaneously with delivery to the Michigan Department of Education, the Academy shall provide the Registered Owner with a copy (which may be by electronic transfer) of each report on enrollment and headcount statistics provided to the Michigan Department of Education.

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

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

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

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

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

(a) By mandamus, or other suit, action or proceeding at law or in equity, enforce its rights to collect the principal of and interest on the Bond adequate to carry out the covenants and agreements as to, and pledge of, such principal and interest, and to require the Academy to carry out any other agreements with, or for the benefit of, the Registered Owner and to perform its duties under this Bond and the Mortgage;

(b) Bring suit upon the Bond;

(c) By action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owner;

(d) By action or suit, enforce the remedies provided under the Mortgage; and

(e) Exercise any or all other rights and remedies provided for by law, and by any suit, action or special proceeding at law or in equity, either for the specific performance of any covenant or agreement contained herein or in the Mortgage, or in aid of execution of any power or right herein or therein granted.

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

The Registered Owner hereby notifies the Academy that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56, signed into law October 26, 2001) (the "Act"), and the Registered Owner's policies and practices, the Registered Owner is required to obtain, verify and record certain information and documentation that identifies the Academy, which information includes the name and address of the Academy and such other information that will allow the Registered Owner to identify the Academy in accordance with the Act. In addition, the Academy shall: (a) ensure that no person who owns any direct or indirect equity interest in or otherwise controls the Academy or any subsidiary of the Academy is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by

the Office of Foreign Assets Control (“OFAC”), the Department of the Treasury or included in any Executive Orders; (b) not use or permit the use of the proceeds of the Bond to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto; and (c) comply, and cause any of its subsidiaries to comply, with all applicable Bank Secrecy Act laws and regulations, as amended.

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

THE ACADEMY HEREBY ACKNOWLEDGES THAT THE TIME AND EXPENSE REQUIRED FOR TRIAL BY JURY OF ANY CONTROVERSY RELATED IN ANY WAY TO THIS BOND OR ANY GUARANTY FOR THIS BOND, WOULD EXCEED THE TIME AND EXPENSE REQUIRED FOR A BENCH TRIAL AND HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, TRIAL BY JURY, AND WAIVES ANY BOND OR SURETY OR SECURITY UPON SUCH BOND WHICH MIGHT, BUT FOR THIS WAIVER, BE REQUIRED OF THE REGISTERED OWNER.

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

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

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



***Detroit Leadership Academy***

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

**DETROIT LEADERSHIP ACADEMY**

By: 

Daniel J. Piepszowski

Its: President

SPECIMEN

### **TRANSFER**

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ Tax Identification or Social Security No. \_\_\_\_\_) the within Bond and all rights thereunder, and hereby constitutes and appoints \_\_\_\_\_ attorney, to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

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

**EXHIBIT A**

**SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS**

**[Attached]**

701,800

Compounding Period: Exact Days

Nominal Annual Rate: 6.070%

**Cash Flow Data - Loans and Payments**

	Event	Date	Amount	Number	Period	End Date
1	Loan	11/14/2022	701,800.00	1		
2	Payment	12/25/2022	5,993.04	59	Monthly	10/25/2027
3	Payment	11/25/2027	541,970.35	1		

**TValue Amortization Schedule - Normal, 360 Day Year**

	Date	Payment	Interest	Principal	Balance
Loan	11/14/2022				701,800.00
1	12/25/2022	5,993.04	4,851.58	1,141.46	700,658.54
<b>2022 Totals</b>		<b>5,993.04</b>	<b>4,851.58</b>	<b>1,141.46</b>	
2	01/25/2023	5,993.04	3,662.30	2,330.74	698,327.80
3	02/25/2023	5,993.04	3,650.12	2,342.92	695,984.88
4	03/25/2023	5,993.04	3,285.82	2,707.22	693,277.66
5	04/25/2023	5,993.04	3,623.72	2,369.32	690,908.34
6	05/25/2023	5,993.04	3,494.84	2,498.20	688,410.14
7	06/25/2023	5,993.04	3,598.28	2,394.76	686,015.38
8	07/25/2023	5,993.04	3,470.09	2,522.95	683,492.43
9	08/25/2023	5,993.04	3,572.58	2,420.46	681,071.97
10	09/25/2023	5,993.04	3,559.93	2,433.11	678,638.86
11	10/25/2023	5,993.04	3,432.78	2,560.26	676,078.60
12	11/25/2023	5,993.04	3,533.83	2,459.21	673,619.39
13	12/25/2023	5,993.04	3,407.39	2,585.65	671,033.74
<b>2023 Totals</b>		<b>71,916.48</b>	<b>42,291.68</b>	<b>29,624.80</b>	
14	01/25/2024	5,993.04	3,507.46	2,485.58	668,548.16
15	02/25/2024	5,993.04	3,494.46	2,498.58	666,049.58
16	03/25/2024	5,993.04	3,256.80	2,736.24	663,313.34
17	04/25/2024	5,993.04	3,467.10	2,525.94	660,787.40
18	05/25/2024	5,993.04	3,342.48	2,650.56	658,136.84
19	06/25/2024	5,993.04	3,440.04	2,553.00	655,583.84
20	07/25/2024	5,993.04	3,316.16	2,676.88	652,906.96
21	08/25/2024	5,993.04	3,412.71	2,580.33	650,326.63
22	09/25/2024	5,993.04	3,399.22	2,593.82	647,732.81
23	10/25/2024	5,993.04	3,276.45	2,716.59	645,016.22

701,800

	Date	Payment	Interest	Principal	Balance
24	11/25/2024	5,993.04	3,371.46	2,621.58	642,394.64
25	12/25/2024	5,993.04	3,249.45	2,743.59	639,651.05
<b>2024 Totals</b>		<b>71,916.48</b>	<b>40,533.79</b>	<b>31,382.69</b>	
26	01/25/2025	5,993.04	3,343.42	2,649.62	637,001.43
27	02/25/2025	5,993.04	3,329.57	2,663.47	634,337.96
28	03/25/2025	5,993.04	2,994.78	2,998.26	631,339.70
29	04/25/2025	5,993.04	3,299.98	2,693.06	628,646.64
30	05/25/2025	5,993.04	3,179.90	2,813.14	625,833.50
31	06/25/2025	5,993.04	3,271.20	2,721.84	623,111.66
32	07/25/2025	5,993.04	3,151.91	2,841.13	620,270.53
33	08/25/2025	5,993.04	3,242.12	2,750.92	617,519.61
34	09/25/2025	5,993.04	3,227.74	2,765.30	614,754.31
35	10/25/2025	5,993.04	3,109.63	2,883.41	611,870.90
36	11/25/2025	5,993.04	3,198.22	2,794.82	609,076.08
37	12/25/2025	5,993.04	3,080.91	2,912.13	606,163.95
<b>2025 Totals</b>		<b>71,916.48</b>	<b>38,429.38</b>	<b>33,487.10</b>	
38	01/25/2026	5,993.04	3,168.39	2,824.65	603,339.30
39	02/25/2026	5,993.04	3,153.62	2,839.42	600,499.88
40	03/25/2026	5,993.04	2,835.03	3,158.01	597,341.87
41	04/25/2026	5,993.04	3,122.27	2,870.77	594,471.10
42	05/25/2026	5,993.04	3,007.03	2,986.01	591,485.09
43	06/25/2026	5,993.04	3,091.66	2,901.38	588,583.71
44	07/25/2026	5,993.04	2,977.25	3,015.79	585,567.92
45	08/25/2026	5,993.04	3,060.73	2,932.31	582,635.61
46	09/25/2026	5,993.04	3,045.40	2,947.64	579,687.97
47	10/25/2026	5,993.04	2,932.25	3,060.79	576,627.18
48	11/25/2026	5,993.04	3,014.00	2,979.04	573,648.14
49	12/25/2026	5,993.04	2,901.70	3,091.34	570,556.80
<b>2026 Totals</b>		<b>71,916.48</b>	<b>36,309.33</b>	<b>35,607.15</b>	
50	01/25/2027	5,993.04	2,982.27	3,010.77	567,546.03
51	02/25/2027	5,993.04	2,966.53	3,026.51	564,519.52
52	03/25/2027	5,993.04	2,665.16	3,327.88	561,191.64
53	04/25/2027	5,993.04	2,933.32	3,059.72	558,131.92
54	05/25/2027	5,993.04	2,823.22	3,169.82	554,962.10
55	06/25/2027	5,993.04	2,900.76	3,092.28	551,869.82
56	07/25/2027	5,993.04	2,791.54	3,201.50	548,668.32
57	08/25/2027	5,993.04	2,867.86	3,125.18	545,543.14
58	09/25/2027	5,993.04	2,851.52	3,141.52	542,401.62
59	10/25/2027	5,993.04	2,743.65	3,249.39	539,152.23
60	11/25/2027	541,970.35	2,818.12	539,152.23	0.00
<b>2027 Totals</b>		<b>601,900.75</b>	<b>31,343.95</b>	<b>570,556.80</b>	

701,800

	Date	Payment	Interest	Principal	Balance
<b>Grand Totals</b>		<b>895,559.71</b>	<b>193,759.71</b>	<b>701,800.00</b>	

<b>ANNUAL PERCENTAGE RATE</b>	<b>FINANCE CHARGE</b>	<b>Amount Financed</b>	<b>Total of Payments</b>
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after you have made all payments as scheduled.
<b>6.156%</b>	<b>\$193,759.71</b>	<b>\$701,800.00</b>	<b>\$895,559.71</b>

## **EXHIBIT B**

### **PREPAYMENT ADDENDUM**

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

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

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

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

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

<u>Prepayment Date</u>	<u>Prepayment Premium Rate</u>
Before November 8, 2023	5%
On or after November 9, 2023 but on or before November 8, 2024	4%
On or after November 9, 2024 but on or before November 8, 2025	3%
On or after November 9, 2025 but on or before November 8, 2026	2%
On or after November 9, 2026 but on or before November 8, 2027	1%

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Glen Maurer  
Vice President  
Commercial Banking  
First Merchants Bank  
32991 Hamilton Court  
Farmington Hills, MI 48334

August 8, 2022

Dan Piepszowski  
13550 Virgil Street  
Detroit, MI 48223

Dan:

We are pleased to advise that, subject to the terms and conditions set forth in this commitment letter ("Commitment"), First Merchants Bank ("Bank") agrees to provide to Detroit Leadership Academy ("Borrower") a \$1,500,000 State Aid Note, whose expiration will be August 25, 2023; a \$701,800 Commercial Real Estate Mortgage, whose balloon will be 5 years; a \$1,461,700 Term Loan, whose term will be five years (the "Financing"). Capitalized terms used in this Commitment, and not otherwise defined in the body of this letter, shall have the meanings given them in the [Summary of Terms and Conditions/Term Sheet] dated August 8, 2022 attached to this Commitment as Exhibit A ("Summary of Terms and Conditions").

1. **Specific Terms and Conditions of the Financing.** The specific terms and conditions of the Financing, including without limitation, the description and purpose of the facility, the facility amount, the conditions to funding the facility, the maturity date, the applicable interest rates, amortization, affirmative and negative covenants, and the required loan and collateral documentation and other terms and conditions, are set forth in the Summary of Terms and Conditions.

2. **Conditions to Financing.** The willingness of Bank to provide the Financing and the closing of the Financing is subject to the satisfaction by the Borrower, on or before the date of closing under this Commitment ("Closing"), of the following additional conditions:

(a) **Execution of Loan Documents.** The negotiation, execution and delivery of a loan agreement, promissory notes, guaranties, security agreements, mortgages and collateral and other documentation satisfactory to Bank and its counsel, containing, subject to the Summary of Terms and Conditions, customary conditions, covenants, warranties, remedies and other provisions including, without limitation, the conditions, covenants, warranties and provisions described herein and in the Summary of Terms and Conditions;

(b) **Other Closing Documents or Conditions.** Bank's receipt of satisfactory evidence of (i) all governmental, third party and/or other approvals, permits, registrations and the like, necessary or appropriate in connection with the Financing or any transaction



contemplated thereby, (ii) organizational approvals by the Borrower, of the Financing and the loan and collateral documents, instruments and transactions contemplated hereby, and (iii) customary opinions of outside legal counsel for the Borrower and the guarantors, covering such matters as required by, and otherwise in form and content satisfactory to, Bank and its counsel;

(c) No Default, Material Adverse Change. There shall have been no material adverse change in the condition (financial or otherwise), properties, business, results or operations (or projected results or operations, if applicable) of Borrower or any guarantor from the condition shown in the financial information delivered to Bank prior to the date hereof; nor shall any omission, inconsistency, inaccuracy, or any change in presentation or accounting standards which renders such financial statements (including any projections) materially misleading have been determined by Bank to exist (and Borrower shall certify the continued validity of any projections previously delivered to Bank); and

(d) Payment of Fees. Upon execution of this Commitment, the Borrower shall pay to Bank the fees described in the Summary of Terms and Conditions. In addition, the Borrower shall have paid to Bank all fees and expenses required to be paid on or before the Closing under the terms of this Commitment or the Summary of Terms and Conditions.

### 3. General.

(a) Reliance on Financial Information. Borrower hereby represents and warrants that (a) all information (the "Information") that has been or will be made available to Bank by Borrower, is or will be complete and correct in all material respects and does not or will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make such statements contained therein not materially misleading in light of the circumstances under which such statements are made and (b) any projections that have been or will be made available to Bank by the Borrower have been or will be prepared in good faith based upon assumptions you believe to be reasonable (provided the Borrower does not warrant that the projected financial results will be achieved).

(b) Bank Fees and Expenses. Whether or not the Closing of the Financing occurs under this Commitment, Borrower shall pay to Bank, in addition to the fees required under the Summary of Terms and Conditions, all of Bank's costs and expenses, including, by way of description and not limitation, reasonable attorney fees and advances, appraisal and accounting fees, and lien search fees, incurred by Bank in connection with this Commitment, and the negotiation, consummation and/or closing of the Financing contemplated hereby. The obligations in this paragraph shall survive the expiration or termination of this Commitment.

(c) Indemnification. Borrower agrees to indemnify and hold Bank, and its shareholders, officers, directors, employees, agents, attorneys, subsidiaries and affiliates, harmless from and against any and all damages, losses, settlement payments, obligations, liabilities, claims, actions or causes of action, and reasonable costs and expenses (including reasonable attorneys fees) incurred, suffered, sustained or required to be paid by reason of or resulting from the transactions contemplated hereby or which otherwise result from the Financing, other than as a result of Bank's gross negligence or willful misconduct. The obligations in this paragraph shall survive the expiration or termination of this Commitment.

(d) Non-assignability; Termination. This Commitment is provided for the sole benefit of the Borrower, is not intended to create any rights in favor of and may not be relied

Detroit Leadership Academy

August 8, 2022

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upon by any third party, and shall not be transferable or assignable by the Borrower by operation of law, or otherwise, and may be terminated at the option of Bank if the Borrower shall fail to comply with any of the terms and conditions hereof, or in the event at any time prior to the Closing of the Financing of a filing by or against the Borrower or any guarantor, of a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver, trustee or custodian or the making by Borrower or any guarantor, of an assignment for the benefit of creditors or the filing of a petition for arrangement, or other similar proceedings.

(e) Entire Agreement; Amendment. This Commitment (including the Summary of Terms and Conditions) contains the entire agreement of Bank as of the date hereof with respect to the Financing and are not subject to or supplemented by any previous correspondence or communications (oral or in writing) between the Borrower and Bank or any other document not expressly referenced herein. No amendment of this Commitment shall be binding upon the parties unless expressed in writing and signed by them.

(f) Closing. Closing on the State Aid Note Financing must occur on or before August 25, 2022; the Commercial Real Estate Mortgage and the Term Loan closing must occur on or before November 8, 2022 (the "Required Closing Date"). If not closed on or before the Required Closing Date(s), this Commitment shall expire and Bank shall have no further obligation to provide the Financing under this Commitment or any other obligation.

(g) Nondisclosure. You are not authorized to show or circulate this Commitment to any other person or entity other than your legal and financial advisors in connection with your evaluation thereof, except that, notwithstanding the foregoing, you may make such public disclosures, as, and to the extent, you are required by law, in the opinion of your counsel, to make. If this Commitment is not accepted by you as provided in the immediately succeeding paragraph, you are to immediately return this Commitment (and any copies hereof) to the Bank.

[remainder of page intentionally left blank]

Detroit Leadership Academy  
August 8, 2022  
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(h) Acceptance. This Commitment, if accepted by the Borrower, must be accepted in its entirety and without modification, and may be accepted by the Borrower only by its return of a copy of this letter duly executed on behalf of Borrower. If not so accepted and returned by Borrower on or before Bank's close of business on August 15, 2022, this Commitment and the offer to provide Financing contained herein shall be deemed withdrawn and of no further force and effect, and Bank shall have no obligations whatsoever to provide the Financing set forth herein.

FIRST MERCHANTS BANK

x Glen Maurer

By: Glen Maurer

Its: Vice President

ACCEPTED AND AGREED  
ON \_\_\_\_\_ 2022, BY:

x Daniel Piepszowski

By: Daniel Piepszowski

Its: Board President

### Exhibit A Summary of Terms and Conditions

<b>Request #1:</b>	<b>Borrower: Detroit Leadership Academy</b>			
<b>Type of Request:</b>	New Up to \$1,500,000 Commercial LOC – Commercial Non-Revolver LOC			
<b>Purpose:</b>	Working Capital			
<b>Repayment Sources:</b>	Primary – State Aid    Secondary – Cash Flow from Operations			
<b>Pricing:</b>	Fixed (190 bps over 1 Month Vanilla SWAP – 1 year), tax-exempt rate. Indicative tax-exempt rate is 4.33% as of 08/04/2022)			
<b>Prepayment Penalty:</b>	N/A			
<b>Repayment Method:</b>	Term	11 Months	Amortization	N/A
	1.			
	Payment Type:	Principal plus Interest	Frequency:	Monthly
	Payment Amount:	\$136,363.64 + Interest	Number of Payments:	11
First Payment to begin on October 25, 2022				
<b>Fees:</b>	Commitment Fee: \$3,500.00 All processing fees and out of pocket costs are to be paid for by the client.			
<b>Collateral:</b>	State Aid Intercept Agreement <b>* **Cross-liened and cross defaulted to all other Level One Bank debt of the borrower and guarantor(s)</b>			
<b>Guarantees:</b>	N/A			
<b>Loan Covenants:</b>	N/A			
<b>Conditions Precedent to Close:</b>	<ul style="list-style-type: none"> <li>Intercept Agreement</li> <li>Satisfactory OFAC of borrower</li> </ul>			
<b>Conditions Precedent to Advance:</b>	N/A			
<b>Other Requirements:</b>	<ol style="list-style-type: none"> <li>1) Bank has the right to request additional financial information it deems appropriate in its sole discretion during the life of the loan for the purposes of reviewing, underwriting, and maintaining the loan.</li> <li>2) Loans to be on payment intercept.</li> <li>3) FMB has first right of refusal for future notes.</li> <li>4) Loans to be closed by outside counsel (Miller Canfield)</li> <li>5) Borrower to establish primary deposit relationship with First Merchants Bank within 90 days of initial funding.</li> </ol>			

Request #2:	Borrower: Detroit Leadership Academy			
Type of Request:	New \$701,800 Commercial Mortgages			
Purpose:	Refinance bonds currently Huntington Bank			
Repayment Sources:	Primary – Cash flow from operations    Secondary – Liquidation of Collateral			
Pricing:	Fixed (300 bps over the 3 Month Vanilla SWAP – 5 Year), tax-exempt rate. Indicative tax-exempt rate is 4.77% as 08/02/2022)			
Prepayment Penalty:	5%/4%/3%/2%/1%			
Repayment Method:	Term	5 Years	Amortization	15 Years
	Estimated Principal and Interest monthly payment is \$5,490.11.			
Fees:	Commitment Fee: 25 bps up to \$1,754.42 All processing fees and out of pocket costs are to be paid for by the client.			
Collateral:	Lien Position	Owner	Collateral Description	
	First	DETROIT LEADERSHIP ACADEMY	13550 Virgil St., Detroit, MI 48223-3051	
	* **Cross-liened and cross defaulted to all other Level One Bank debt of the borrower and guarantor(s)			
Loan to Value:	Limited to 80% of the ‘as-is’ appraised value when combined with Request #3			
Guarantees:	N/A			
Loan Covenants:	Minimum Post-Distribution Debt Service Coverage Ratio of 1.20x. The term “Post-Distribution Debt Service Coverage Ratio” is defined as the Borrower’s (i) change in Net Position exclusive of extraordinary gains and losses and gains on sale of fixed assets plus, (ii) interest expense plus, (iii) depreciation and amortization expense less, (iv) distributions and/or dividends divided by the sum of all contractual principal and interest payments for the trailing 12-month period on all obligations including capital leases and subordinated debt. First test to be on the 6/30/23 Audit.			
Conditions Precedent to Close:	None			
Conditions Precedent Advance:	to	1) Receipt of normal mortgage conditions to include satisfactory review of:  2) ‘As-is’ Appraisal  3) Environmental due diligence – satisfactory receipt and review by lender and credit  4) Title search/insurance policy, property survey, flood hazard certification  5) Satisfactory receipt of normal real estate documentation as necessary		
Other Requirements:	1. Bank has the right to request additional financial information it deems appropriate in its sole discretion during the life of the loan for the purposes of reviewing, underwriting, and maintaining loan.  2. Loans to be closed by outside counsel (Miller Canfield).			



Detroit Leadership Academy

August 8, 2022

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Request #3:	Borrower: Detroit Leadership Academy			
Type of Request:	New \$1,461,700 Commercial Term Loan			
Purpose:	Finance existing modular classrooms			
Repayment Sources:	Primary – Cash flow from operations    Secondary – Liquidation of Collateral			
Pricing:	Fixed (300 bps over the 3 Month Vanilla Swap Rate – 5 Year), tax-exempt rate. Indicative tax-exempt rate is 4.77% as of 08/02/2022)			
Prepayment Penalty:	5%/4%/3%/2%/1%			
Repayment Method:	Term	5 Years	Amortization	5 Years
	Estimated Principal and Interest monthly payment is \$28,315.55			
Fees:	Commitment Fee: 25 bps, up to \$3,654.30 All processing fees and out of pocket costs are to be paid for by the client.			
Collateral:	Lien Position	Owner	Collateral Description	
	First	Detroit Leadership Academy	13550 Virgil St, Detroit, MI 48223-3051	
	* *Cross-liened and cross defaulted to all other Level One Bank debt of the borrower and guarantor(s)			
Loan to Value:	Limited to 80% of the ‘as-is’ appraised value when combined with Request #2			
Subordination:	N/A			
Guarantees:	N/A			
Loan Covenants:	See Request #2			
Conditions Precedent to Close:	None			
Conditions Precedent to Advance:	1. Receipt of normal mortgage conditions to include satisfactory review of:			
	2. ‘As-is’ Appraisal			
	3. Environmental due diligence – satisfactory receipt and review by lender and credit			
	4. Title search/insurance policy, property survey, flood hazard certification			
	5. Satisfactory receipt of normal real estate documentation as necessary			
	6. Borrower to open and maintain primary depository relationship with FMB Bank, to be opened prior to closing and fully funded within 90 days of closing			
Other Requirements:	1. Bank has the right to request additional financial information it deems appropriate in its sole discretion during the life of the loan for the purposes of reviewing, underwriting, and maintaining loan.			
	2. Loans to be closed by outside counsel (Miller Canfield).			

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**MORTGAGE**

**DETROIT LEADERSHIP ACADEMY**  
as Mortgagor

to

**FIRST MERCHANTS BANK**  
as Mortgagee

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**RELATING TO:**

**\$701,800**  
**DETROIT LEADERSHIP ACADEMY**  
**PUBLIC SCHOOL ACADEMY REFUNDING BOND, SERIES 2022**

Dated as of November 14, 2022

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

## **MORTGAGE**

THIS MORTGAGE (“Mortgage”) is made as of November 14, 2022, by and between DETROIT LEADERSHIP ACADEMY, as Mortgagor (“Mortgagor”) and FIRST MERCHANTS BANK, as the registered owner of the Series 2022 Refunding Bond (as defined below), as Mortgagee (“Mortgagee”).

### **PRELIMINARY STATEMENTS**

A. Mortgagor is issuing its Public School Academy Refunding Bond, Series 2022 (General Obligation) in the aggregate principal amount of \$701,800 (the “Series 2022 Refunding Bond”) for the purpose set forth in the Series 2022 Refunding Bond. All capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Series 2022 Refunding Bond.

B. Pursuant to the Series 2022 Refunding Bond, certain State School Aid payments have been pledged and assigned by Mortgagor to Mortgagee for the payment of the principal of and interest on the Series 2022 Refunding Bond.

C. The Series 2022 Refunding Bond is further secured by a lien on and security interest in the Mortgagor’s school facility (defined below) pursuant to this Mortgage, granted by Mortgagor.

### **GRANTING CLAUSES**

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

#### **LAND**

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

#### **IMPROVEMENTS**

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



## **RENTS, REVENUES AND DERIVATIVE INTERESTS**

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

## **INTANGIBLES**

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

## **CLAIMS AND AWARDS**

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

## **PROCEEDS**

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

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

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

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

THIS MORTGAGE SHALL SECURE THE FOLLOWING INDEBTEDNESS AND OBLIGATIONS:

(i) Payment of indebtedness evidenced by the Series 2022 Refunding Bond and all replacements, renewals, amendments, extensions, substitutions and modifications thereof bearing interest and being payable as provided therein;

(ii) Performance of all obligations and covenants of Mortgagor under the Series 2022 Refunding Bond and each agreement of Mortgagor incorporated by reference therein or herein, or contained therein or herein;

(iii) Payment of all other indebtedness and performance of all other obligations and covenants of Mortgagor contained in any other instrument given to evidence or further secure the payment and performance of any obligation secured hereby or thereby to the extent related to the Series 2022 Refunding Bond; and

(iv) Payment of all fees and expenses of Mortgagee to the extent related to the Series 2022 Refunding Bond;

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

It is the intention of the parties hereto that the Mortgaged Estate shall secure all of the Secured Obligations presently or hereafter owed, and that the priority of the security interest created by this Mortgage for all such Secured Obligations shall be controlled by the time of proper recording of this Mortgage. In addition, this Mortgage shall also secure unpaid balances of advances made with respect to the Mortgaged Estate for the payment of taxes, assessments, insurance premiums, costs or any other advances incurred for the protection of the Mortgaged Estate, together with interest thereon until paid, all as contemplated in this Mortgage, all of which shall constitute a part of the Secured Obligations. This paragraph shall serve as notice to all persons who may seek or obtain a lien on the Mortgaged Estate subsequent to the date of recording of this Mortgage, that until this Mortgage is released, any debt owed by Mortgagor to the extent related to the Series 2022 Refunding Bond, 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 Mortgagee, upon and subject to the provisions of this Mortgage.

## **ARTICLE I**

### **REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF MORTGAGOR**

Mortgagor hereby represents, warrants, covenants and agrees:

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

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

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

#### **Section 1.03. [Reserved]**

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

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

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

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

(a) All policies of insurance shall be issued by companies and in amounts as required by the provisions of the Charter Contract.

(b) In the event Mortgagor fails to provide, maintain, keep in force or deliver and furnish to Mortgagee evidence of the policies of insurance required by the Charter Contract, Mortgagee may procure such insurance or single-interest insurance for such risks covering Mortgagee's interest, and Mortgagor will pay all premiums thereon promptly upon demand by Mortgagee, and until such payment is made by Mortgagor the amount of all such premiums, together with interest thereon, shall be secured by this Mortgage.

(c) Upon occurrence of an Event of Default, Mortgagee shall apply any sums or amounts received pursuant hereto, or as Revenues or income of the Mortgaged Estate or otherwise, as required under the Series 2022 Refunding Bond. The receipt, use or application of any such sums by Mortgagee hereunder shall not be construed to affect the maturity of any Secured Obligation or any of the rights or powers of Mortgagee under the terms of the Series 2022 Refunding Bond or any of the obligations of Mortgagor under the Series 2022 Refunding Bond. Notwithstanding the application of such sums to the payment of a portion of the Secured Obligations, any unpaid portion of the Secured Obligations shall remain in full force and effect, and Mortgagor shall not be excused in the remaining payment thereof.

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

Except as provided below, nothing contained in this Mortgage shall be deemed to excuse Mortgagor from repairing or maintaining the Mortgaged Estate as provided in Section 1.04 hereof. The application or release by Mortgagee of any Insurance Proceeds shall not cure or

waive any Event of Default or notice of default under this Mortgage or invalidate any act done pursuant to such notice.

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

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

(a) Mortgagor shall pay or reimburse Mortgagee for all reasonable expenses incurred by Mortgagee before and after the date of this Mortgage with respect to any and all transactions contemplated by this Mortgage including without limitation, the preparation of any document reasonably required hereunder or any amendment, modification, restatement or supplement to this Mortgage, the delivery of any consent, non-disturbance agreement or similar document in connection with this Mortgage or the enforcement of any of Mortgagee's rights. Such expenses shall include, without limitation, all reasonable title and conveyancing charges, recording and filing fees and taxes, mortgage taxes, intangible personal property taxes, escrow fees, revenue and tax stamp expenses, privilege taxes, use taxes, insurance premiums (including title insurance premiums), title search and title rundown charges, brokerage commissions, finders' fees, placement fees, court costs, surveyors', photographers', appraisers', architects', engineers', consulting professionals', accountants', and attorneys' fees and disbursements.

(b) If (i) any sale (or prerequisite to a sale), action or proceeding shall be commenced by Mortgagee (including but not limited to any sale of the Mortgaged Estate, or any action to foreclose this Mortgage or to collect the Secured Obligations), or any action or proceeding is commenced to which Mortgagee is made a party, or in which it becomes necessary to defend or uphold the rights granted by this Mortgage (including, without limitation, any proceeding or other action relating to the bankruptcy, insolvency or reorganization of Mortgagor or any other person or entity obligated hereunder), or in which Mortgagee is served with any legal process, discovery notice or subpoena, and (ii) in each of the foregoing instances such action or proceeding in any manner relates to or arises out of this Mortgage or issuance of the Series 2022 Refunding Bond or acceptance of a guaranty from a guarantor of the Secured Obligations or any of the transactions contemplated by this Mortgage and such action or proceeding does not relate to or arise out of the negligence, breach of trust or willful misconduct of Mortgagee as applicable,

then Mortgagor will immediately reimburse or pay to Mortgagee all of the expenses which have been or may be incurred by Mortgagee with respect to the foregoing (including reasonable counsel fees and disbursements), together with interest thereon, and any such sum and the interest thereon shall be included in the Secured Obligations and have the full benefit of this Mortgage, prior to any right, or title to, interest in or claim upon the Mortgaged Estate attaching or accruing to this Mortgage, and shall be deemed to be secured by this Mortgage. In any action or proceeding to sell the Mortgaged Estate, to foreclose this Mortgage, or to recover or collect the Secured Obligations, the provisions of law respecting the recovering of costs, disbursements and allowances shall prevail unaffected by this covenant.

(c) To the extent permitted by law, Mortgagor shall indemnify and hold harmless Mortgagee, from and against all claims, damages, losses and liabilities (including, without limitation, reasonable attorneys' fees and expenses) arising out of or based upon any matter related to this Mortgage, the Mortgaged Estate or the occupancy, ownership, maintenance or management of the Mortgaged Estate by Mortgagor, including, without limitation, any claims based on the alleged acts or omissions of any employee or agent of Mortgagor except for such damages incurred due to the negligence, breach of trust or willful misconduct of Mortgagee or its affiliates, directors, officers, agents or employees. This indemnification shall be in addition to any other liability which Mortgagor may otherwise have to Mortgagee.

(d) Mortgagor waives any and all right to claim or recover against Mortgagee for loss of or damage to Mortgagor, the Mortgaged Estate, Mortgagor's property or the property of others under Mortgagor's control from any cause insured against or required to be insured against by the provisions of this Mortgage except for such damages incurred due to the negligence, breach of trust or willful misconduct of Mortgagee.

(e) All sums payable by Mortgagor under this Mortgage shall be paid without notice, demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the Secured Obligations of Mortgagor hereunder shall in no way be released, discharged or otherwise affected by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Mortgaged Estate or any part thereof; (ii) any restriction or prevention of or interference with any use of the Mortgaged Estate or any part thereof; (iii) any title defect or encumbrance or any eviction from the Mortgaged Estate or any part thereof by title paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Mortgagor, or any action taken with respect to this Mortgage by any trustee or receiver of Mortgagor, or by any court, in any such proceeding; or (v) any other occurrence whatsoever, whether similar or dissimilar to the foregoing; whether or not Mortgagor shall have notice or knowledge of any of the foregoing. To the extent permitted by law, Mortgagor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any Secured Obligation. Notwithstanding the above, Mortgagor may maintain a separate suit regarding such matters.

### **Section 1.10. Taxes and Impositions.**

(a) Mortgagor agrees to pay, prior to delinquency, all real and personal property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever, which are assessed or imposed upon the Mortgaged Estate or any part thereof, or become due and payable, and which create, may create or appear to create a lien upon the Mortgaged Estate, or any part thereof, or upon any personal property, equipment or other facility used in the operation or maintenance thereof (all of which taxes, assessments and other governmental and nongovernmental charges of like nature are hereinafter referred to as "Impositions").

(b) Subject to the applicable State law provisions, Mortgagor shall have the right before any delinquency occurs to contest or object to the amount or validity of any Imposition by appropriate legal proceedings.

(c) Mortgagor covenants and agrees not to suffer, permit or initiate the joint assessment of the real and personal property, or any other procedure whereby the lien of the real property taxes and the lien of the personal property taxes shall be assessed, levied or charged to the Mortgaged Estate as a single lien.

**Section 1.11. Utilities.** Mortgagor shall pay when due all utility charges which are incurred for the benefit of the Mortgaged Estate or any part thereof or which may become a charge or lien against the Mortgaged Estate for gas, electricity, water or sewer services furnished to the Mortgaged Estate and all other taxes, assessments or charges of a similar nature, whether public or private, affecting the Mortgaged Estate or any portion thereof, whether or not such taxes, assessments or charges are liens thereon.

**Section 1.12. Actions Affecting Mortgaged Estate.** Mortgagor shall appear in and contest any action or proceeding purporting to affect the title of Mortgagor in the Mortgaged Estate or any part thereof or security hereof or the rights or powers of Mortgagee; and Mortgagor shall pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees, in any such action or proceeding in which Mortgagee may appear.

**Section 1.13. Actions by Mortgagee To Preserve Mortgaged Estate.** Should Mortgagor fail to make any payment or to do any act as and in the manner provided in this Mortgage, Mortgagee, without notice to, or demand upon, Mortgagor and without releasing Mortgagor from any Secured Obligation, may make or do the same in such manner and to such extent as Mortgagee, may deem necessary to protect the security hereof. In connection therewith (without limiting its general powers), Mortgagee shall have, and is hereby given the right, but not the obligation: (i) to enter upon and take possession of the Mortgaged Estate; (ii) to make additions, alterations, repairs and improvements to the Mortgaged Estate which it may consider necessary or proper to keep the Mortgaged Estate in good condition and repair; (iii) to appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of Mortgagee; (iv) to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in the judgment of Mortgagee shall affect or appears to affect the security of this Mortgage or be prior or superior hereto; and (v) in

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

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

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

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



**Section 1.16. Additional Security.** In the event Mortgagee at any time holds additional security for any of the Secured Obligations, it may enforce the sale thereof or otherwise realize upon the same, at its option, either before, concurrently with or after any sale is made hereunder.

**Section 1.17. Additional Indebtedness.** Except for the Permitted Encumbrances, Mortgagor shall not further encumber the Mortgaged Estate or any portion thereof (including, without limitation, secured transactions under the Uniform Commercial Code in effect in the State, the “UCC”).

**Section 1.18. Successors and Assigns.** This Mortgage applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The covenants and agreements of Mortgagor contained herein shall apply to and be binding upon any successor owner of the Mortgaged Estate or any part thereof.

**Section 1.19. Inspections.** Mortgagee or their agents, representatives or workmen are authorized to enter upon notice of two Business Days to Mortgagor at any reasonable time upon or in any part of the Mortgaged Estate for the purpose of inspecting the same and all books, records and documents relating thereto.

**Section 1.20. Liens.** Mortgagor shall pay and promptly discharge, at Mortgagor’s sole cost and expense, all liens, encumbrances and charges upon the Mortgaged Estate, or any part thereof or interest therein other than the Permitted Encumbrances. Mortgagor shall have the right to contest in good faith the validity of any such lien, encumbrance or charge, provided Mortgagor shall thereafter diligently and in good faith proceed to cause such lien, encumbrance or charge to be removed and discharged. If Mortgagor shall fail to discharge any such lien, encumbrance or charge, then, in addition to any other right or remedy of Mortgagee, Mortgagee may, but shall not be obligated to, discharge the same, either, by paying the amount claimed to be due, or by procuring the discharge of such lien, either, by depositing in court a bond in the amount claimed or otherwise giving security for such claim, or in such manner as is or may be prescribed by law. Any cost incurred by Mortgagee in connection with any such payment or discharge shall be secured hereby and shall be immediately due and payable without notice or demand.

**Section 1.21. Restrictions Affecting Title.** Mortgagor shall perform when due all obligations required to be performed by Mortgagor by the provisions of any agreement affecting title to the Mortgaged Estate or any part thereof.

**Section 1.22. Further Assurances.** Mortgagor shall, upon the execution and delivery hereof and thereafter from time to time, take such actions as Mortgagee may request to cause this Mortgage, each supplement and amendment to such instrument and financing statements with respect thereto and each instrument of further assurance (collectively, the “Recordable Documents”) to be filed, registered and recorded as may be required by law and maintain the first lien or security interest, as applicable, hereof upon the 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 Series 2022 Refunding Bond and in all of its proceedings pertaining to this Mortgage. The covenants, representations and warranties of Mortgagor set forth in the Series 2022 Refunding Bond are incorporated by reference into this Mortgage as if stated in full in this Mortgage and such representations and warranties as incorporated herein shall be deemed to have been made as of the date of this Mortgage and shall survive the execution and delivery of this Mortgage.

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

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

**Section 1.26. Organization; Due Authorization.** Mortgagor is a public school academy duly organized, validly existing and in good standing under the laws of the State and has the requisite power, authority and legal right to carry on the business conducted by it and to engage in the transactions contemplated by the Series 2022 Refunding Bond. The execution and

delivery of the Series 2022 Refunding Bond and this Mortgage and the performance and observance of the respective provisions thereof have all been authorized by all necessary actions of Mortgagor.

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

Neither the execution and delivery of this Mortgage and the Series 2022 Refunding Bond, nor the consummation of the transactions herein or therein contemplated nor compliance with the terms and provisions hereof or thereof, conflicts with or results or will result in a breach of any of the terms, conditions or provisions of the articles of incorporation of Mortgagor, any law, order, rule, regulation, writ, injunction or decree of any court or governmental authority, or any agreement or instrument to which Mortgagor is a party or by which it or any of its properties are bound, or constitutes or will constitute a default thereunder, or result or will result in the creation or imposition of any lien of any nature whatsoever upon any of its property or assets pursuant to the terms of any such agreement or instrument except the liens created or permitted by the Series 2022 Refunding Bond.

**Section 1.28. Enforceability.** This Mortgage and the Series 2022 Refunding Bond have been duly executed and delivered by Mortgagor and constitute valid and binding obligations of Mortgagor enforceable in accordance with their respective terms, except as the enforceability (but not the validity thereof) may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally.

**Section 1.29. Pending Litigation.** There are no proceedings pending or, to the knowledge of Mortgagor, threatened, against or affecting Mortgagor or any part of the Mortgaged Estate in any court or before any governmental authority or arbitration board or tribunal which if adversely determined would materially and adversely affect the properties, business, prospects, profits or condition (financial or otherwise) of Mortgagor or the right or ability of Mortgagor to enter into this Mortgage or the Series 2022 Refunding Bond, and if any such proceedings are subsequently initiated or threatened then Mortgagor will promptly provide written notice to Mortgagee. Mortgagor is not in default with respect to any order of any court or governmental authority or arbitration board or tribunal.

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

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

**Section 1.32. Transfer of Interests in Mortgagor or Mortgaged Estate.** Except in accordance with the terms and restrictions of the Series 2022 Refunding Bond, and except for the Permitted Encumbrances, Mortgagor shall not, by operation of law or otherwise, sell, convey, alienate, transfer, grant, bargain, mortgage, encumber or assign ownership or control of all or any interest direct or indirect in Mortgagor or any part of the Mortgaged Estate or any interest therein, without the prior written consent of Mortgagee.

**Section 1.33. Lease Provisions.** Any lease of all or any part of the Mortgaged Estate by Mortgagor permitted under this Mortgage and the Series 2022 Refunding Bond shall contain a provision obligating such lessee to enter into a subordination, attornment and nondisturbance agreement with Mortgagee, in form and substance satisfactory to Mortgagee.

**Section 1.34. Defeasance Terminates Lien.** Upon defeasance of the Series 2022 Refunding Bond, the lien of this Mortgage upon the Mortgaged Estate shall cease, and Mortgagee shall execute and deliver to Mortgagor at Mortgagor's sole cost and expense all documents necessary to effect such a release.

## **ARTICLE II**

**[RESERVED]**

## **ARTICLE III**

### **ASSIGNMENT OF LEASES AND RENTS**

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

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

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

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

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

**Section 3.04. Negative Covenants.** Mortgagor shall not, without Mortgagee's consent: (a) enter into any Lease; (b) modify or amend the terms of any Lease; (c) grant any consents under any Lease, including any consent to an assignment of any Lease, a mortgaging of the leasehold estate created by any Lease or a subletting by the tenant under any Lease; (d) terminate, cancel, surrender, or accept the surrender of, any Lease, or waive or release any person from the observance or performance of any material obligation to be performed under the terms of any Lease or liability on account of any warranty given thereunder; or (e) assign, transfer, mortgage, pledge or hypothecate any Lease or any interest therein to any party other than Mortgagee. Any lease, modification, amendment, grant, termination, cancellation, surrender, waiver or release in violation of the foregoing provision shall be null and void and of no force and effect. A lease between Equity Education (tenant) and the YMCA of Metropolitan Detroit (Landlord), dated July 12, 2018 (the "Lease") is currently in effect as it relates to 3,555 square feet of the annex space (the "Annex"). The Mortgagor will assume the Lease as Landlord. Pursuant to a Classroom/Office Use License Agreement, effective on July 1, 2019, the Mortgagor has a license to use all but 336 square feet of the Annex.

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

## **ARTICLE IV**

### **SECURITY AGREEMENT**

**Section 4.01. Creation of Security Interest.** With respect to any portion of the Mortgaged Estate which now constitutes fixtures governed by the UCC, this Mortgage shall constitute a security agreement between Mortgagor as the debtor and Mortgagee as the secured party, and Mortgagor hereby grants to Mortgagee a security interest in such portion of the Mortgaged Estate (such portion being the "Fixtures"). Cumulative of all other rights of

Mortgagee hereunder, Mortgagee shall have all of the rights conferred upon secured parties by the UCC. Mortgagor will execute and deliver to Mortgagee all financing statements that may from time to time be required by Mortgagee to establish and maintain the validity and priority of the security interest of Mortgagee, or any modification thereof, and all costs and expenses of any searches required by Mortgagee. Mortgagee may exercise any or all of the remedies of a secured 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 Permitted Encumbrances. Mortgagor will notify Mortgagee and will defend the Fixtures against, all prohibited claims and demands of all persons at any time claiming the same or any interest therein;

(b) Mortgagor will not lease, sell, convey or in any manner transfer the Fixtures (except Fixtures transferred in the ordinary course of business and replaced by Fixtures of a similar nature and having at least the same value as the Fixtures replaced, and except for Permitted Encumbrances) without the prior written consent of Mortgagee;

(c) the Fixtures are not used or bought for personal, family or household purposes;

(d) the Fixtures will be kept on or at the Project and Mortgagor will not remove the Fixtures from the Project without the prior written consent of Mortgagee, except such portions or items of personal property which are consumed or worn out in ordinary usage, all of which shall be promptly replaced by Mortgagor with new items of equal or greater quality; and

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

## **ARTICLE V**

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

**Section 5.01. Events of Default.** Any one or more of the following events shall be deemed an event of default hereunder (each, an “Event of Default”):

(a) the occurrence of a default or an Event of Default by Mortgagor under the Series 2022 Refunding Bond (other than this Mortgage) subject to any applicable notice or cure periods provided therein;

(b) a default or breach of any covenant contained in Section 1.05, 1.10 or 1.25;

(c) if Mortgagor shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent within the meaning of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, as amended (the “Bankruptcy Code”), or shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors; or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Mortgagor of all or any part of the Mortgaged Estate, or of any or all of the royalties, rents, issues or profits thereof, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due;

(d) if a court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against Mortgagor seeking any reorganization, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, and such order, judgment or decree shall remain unvacated and unstayed for an aggregate of 60 days (whether or not consecutive) from the first date of entry thereof; or any trustee, receiver or liquidator of Mortgagor or of all or any part of the Mortgaged Estate, or of any or all of the royalties, rents, issues or profits thereof, shall be appointed without the consent or acquiescence of Mortgagor and such appointment shall remain unvacated and unstayed for an aggregate of 30 days (whether or not consecutive);



(e) if a writ of execution or attachment or any similar process shall be issued or levied against all or any part of or interest in the Mortgaged Estate, or any judgment involving monetary damages shall be entered against Mortgagor which shall become a lien on the Mortgaged Estate or any portion thereof or interest therein and such execution, attachment or similar process or judgment is not released, bonded, satisfied, vacated or stayed within 30 days after its entry or levy;

(f) if, during the term of the Series 2022 Refunding Bond secured by this Mortgage, Mortgagor shall without the prior written approval of Mortgagee (unless permitted as provided herein) sell, convey, alienate, mortgage or encumber the Mortgaged Estate or any part thereof or any interest therein, or shall be divested of its title or any interest therein, in any manner, whether voluntarily or involuntarily, or if there is any merger, consolidation or dissolution affecting Mortgagor, or if there is a transfer of a majority interest in Mortgagor in a series of transactions or as a single transaction;

(g) any assignment by Mortgagor of the whole or any part of the Revenues, issues or profits arising from the Mortgaged Estate (including, without limitation, the Revenues) to any person without the written consent of Mortgagee (unless permitted as provided herein) or if, without such consent, Mortgagor shall otherwise further encumber the Mortgaged Estate or any portion thereof (including, without limitation, secured transactions under the UCC);

(h) if at any time any representation, warranty or statement made by Mortgagor in the Series 2022 Refunding Bond or any certificate delivered by Mortgagor shall be incorrect or misleading in any material respect, or any material misrepresentation shall at any time be made to Mortgagee by Mortgagor; or

(i) failure by Mortgagor to punctually perform or observe any covenant or agreement contained in this Mortgage (other than as set forth above) and such failure shall not have been cured within 30 days after written notice from Mortgagee of such failure.

**Section 5.02. Acceleration Upon Default; Additional Remedies.** Subject to the cure provisions of this Section 5.02, upon the occurrence of an Event of Default (which default is not cured within any applicable cure period) Mortgagee may, at Mortgagee's sole option exercised in Mortgagee's sole discretion, pursue any one or more of the following remedies:

(a) Declare all or any portion of the Secured Obligations to be due and payable, and the same shall thereupon become due and payable without any presentment, demand, protest or notice of any kind except as otherwise provided herein;

(b) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon and take possession of the Mortgaged Estate or any part thereof and do any acts which it deems necessary or desirable to preserve the value, marketability

or rentability of the Mortgaged Estate, or part thereof or interest therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Mortgaged Estate, take any action described in Article II, III or IV hereof, sue for or otherwise collect the Revenues thereof, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including reasonable attorneys' fees, upon any Secured Obligations, all in such order as Mortgagee may determine. The entering upon and taking possession of the Mortgaged Estate, the taking of any action described in Article II, III or IV hereof, the collection of such Revenues and the application thereof as aforesaid, shall not cure or waive any default or notice of default or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Mortgaged Estate or the collection, receipt and application of Revenues, issues or profits, Mortgagee shall be entitled to exercise every right provided for the Series 2022 Refunding Bond or by law upon occurrence of any Event of Default, including the right to exercise the power of sale herein conferred;

(c) Commence an action to foreclose this Mortgage (either judicially or non-judicially), appoint a receiver, specifically enforce any of the covenants hereof, or sell the Mortgaged Estate pursuant to the power of sale herein conferred and in a manner provided under Michigan law;

(d) Exercise any or all of the remedies available to a secured party under the UCC, including, but not limited to:

(i) Either personally or by means of a court appointed receiver, commissioner or other officer, take possession of all or any of the Fixtures and exclude therefrom Mortgagor and all others claiming under Mortgagor, and thereafter hold, store, use, operate, manage, maintain and control, make repairs, replacements, alterations, additions and improvements to and exercise all rights and powers of Mortgagor in respect of the Fixtures or any part thereof. In the event Mortgagee demands or attempts to take possession of the Fixtures in the exercise of any rights under the Series 2022 Refunding Bond, Mortgagor promises and agrees to promptly turn over and deliver complete possession thereof to Mortgagee;

(ii) Without notice to or demand upon Mortgagor, make such payments and do such acts as Mortgagee may deem necessary to protect its security interest in the Fixtures, including, without limitation, paying, purchasing, contesting or compromising any encumbrance, charge or lien which is prior to or superior to the security interest granted hereunder and, in exercising any such powers or authority, to pay all expenses incurred in connection therewith;

(iii) Require Mortgagor to assemble the Fixtures or any portion thereof, at a place designated by Mortgagee and reasonably convenient to both parties, and promptly to deliver such Fixtures to Mortgagee, or an agent or representative

designated by it. Mortgagee shall have the right to enter upon any or all of Mortgagor's premises and property to exercise Mortgagee's rights hereunder;

(iv) Sell, lease or otherwise dispose of the Fixtures at public sale, with or without having the Fixtures at the place of sale, and upon such terms and in such manner as Mortgagee may determine. Mortgagee may be a purchaser at any such sale;

(v) Unless the Fixtures are perishable or threaten to decline speedily in value or are of a type customarily sold on a recognized market, Mortgagee shall give Mortgagor at least 10 days' prior written notice of the time and place of any public sale of the Fixtures or other intended disposition thereof. Such notice may be mailed to Mortgagor at the address set forth in Section 6.05 herein and shall be deemed to be given on the date of mailing thereof; and

(vi) Any sale made pursuant to the provisions of this subsection shall be deemed to have been a public sale conducted in a commercially reasonable manner if held contemporaneously with the sale of all or a portion of the remainder of the Mortgaged Estate under power of sale as provided herein upon giving the same notice with respect to the sale of the Personal Property hereunder as is required for such sale of the remainder of the Mortgaged Estate under power of sale, and such sale shall be deemed to be pursuant to a security agreement covering both real and personal property under the UCC.

(e) Exercise any other rights or remedies which may now or hereafter be available to Mortgagee under this Mortgage or the Series 2022 Refunding Bond or pursuant to applicable law or in equity; or

(f) If held by Mortgagee, surrender the insurance policies maintained pursuant to Section 1.05, collect the unearned insurance premiums and apply such sums as a credit on the Secured Obligations in such priority and proportion as Mortgagee shall deem proper, and in connection therewith, Mortgagor hereby appoints Mortgagee as agent and attorney-in-fact (which is coupled with an interest and is therefore irrevocable) for Mortgagee to collect such insurance premiums.

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

### **Section 5.03. [Reserved].**

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

**Section 5.05. Remedies Not Exclusive.** Mortgagee shall be entitled to enforce payment and performance of any Secured Obligation hereby and to exercise all rights and powers under this Mortgage or under the Series 2022 Refunding Bond or other agreement or any laws now or hereafter in force. Neither the acceptance of this Mortgage nor its enforcement, whether by court action or pursuant to the power of sale or other powers herein contained, shall prejudice or in any manner affect Mortgagee's right to realize upon or enforce any other security now or hereafter held by Mortgagee, it being agreed that Mortgagee shall be entitled to enforce this Mortgage and any other security now or hereafter held by Mortgagee in such order and manner as it may determine. No remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by the Series 2022 Refunding Bond to Mortgagee or to which Mortgagee may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Mortgagee. Mortgagee may pursue inconsistent remedies.

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

Mortgagee hereunder shall not be deemed a waiver of the right to require such consent or approval to future or successive actions or inactions.

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

**Section 5.07. Relief from Stay.** In the event that Mortgagor commences a case under the Bankruptcy Code or is the subject of an involuntary case that results in an order for relief under the Bankruptcy Code, subject to court approval, Mortgagee shall thereupon be entitled and Mortgagor irrevocably consents to relief from any stay imposed by Section 362 of the Bankruptcy Code on or against the exercise of the rights and remedies otherwise available to Mortgagee as provided in the Series 2022 Refunding Bond and Mortgagor hereby irrevocably waives its rights to object to such relief. In the event Mortgagor shall commence a case under the Bankruptcy Code or is the subject of an involuntary case that results in an order for relief under the Bankruptcy Code, Mortgagor hereby agrees that no injunctive relief against Mortgagee shall be sought under Section 105 or other provisions of the Bankruptcy Code by Mortgagor or other person or entity claiming through Mortgagor, nor shall any extension be sought of the stay provided by Section 362 of the Bankruptcy Code.

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

## ARTICLE VI

### MISCELLANEOUS

**Section 6.01. Governing Law.** This Mortgage shall be governed by the internal laws of the State without giving effect to its conflicts of law principles. In the event that any provision or clause of this Mortgage conflicts with applicable laws, such conflicts shall not affect other provisions of this Mortgage which can be given effect without the conflicting provision, and to this end the provisions of this Mortgage are declared to be severable. This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought. If any conflict shall arise between the terms of this Mortgage and the Series 2022 Refunding Bond, the terms of the Series 2022 Refunding Bond shall govern.

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

**Section 6.03. Limitation of Interest.** All agreements between Mortgagor and Mortgagee, whether now existing or hereafter arising and whether written or oral, are expressly limited so that in no contingency or event whatsoever shall the amount paid, or agreed to be paid, to Mortgagee for the use, forbearance, or detention of the money to be held or otherwise, or for the performance or payment of any covenant or obligation contained herein or therein, exceed the maximum amount permissible under applicable law. If from any circumstance whatsoever fulfillment of any provision hereof or thereof at the time performance of such provision shall be due shall involve transcending the limit of validity prescribed by law, then, *ipso facto*, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any such

circumstance Mortgagee or holders of the Series 2022 Refunding Bond shall ever receive as interest under the Series 2022 Refunding Bond or this Mortgage or otherwise anything of value which would exceed interest at the highest lawful rate, such amount that would be excessive interest shall be applied to the reduction of the principal amount owing under the Series 2022 Refunding Bond or on account of other Secured Obligations and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal of the Series 2022 Refunding Bond and such other Secured Obligations, such excess shall be refunded to Mortgagor. All sums paid or agreed to be paid to Mortgagee for the use, forbearance, or detention of the Secured Obligations shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such obligations until payment in full so that the rate of interest on account of Secured Obligations is uniform throughout the term thereof. The terms and provisions of this paragraph shall control all agreements between Mortgagor and Mortgagee.

**Section 6.04. [Reserved]**

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

If to Mortgagor:	Detroit Leadership Academy 13550 Virgil Street Detroit, MI 48223 Attention: President Telephone: (313) 242-1500 Facsimile: (313) _____
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If to Mortgagee:	First Merchants Bank 32991 Hamilton Court Farmington Hills, MI 48334 Attention: Glen Maurer Telephone: (248) 871-0939
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Any party may at any time change its address for such notices by delivering to the other parties hereto, as aforesaid, a notice of such change.

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

**Section 6.07. Invalidity of Certain Provisions.** If the lien of this Mortgage is invalid or unenforceable as to any part of the Secured Obligations, or if the lien is invalid or unenforceable as to any part of the Mortgaged Estate, the unsecured or partially secured portion of the Secured Obligations shall be completely paid prior to the payment of the remaining and secured portion

of the Secured Obligations, and all payments made on such obligations, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the Secured Obligations which is not secured or fully secured by the lien of this Mortgage.

**Section 6.08. Subrogation.** To the extent that proceeds of the Series 2022 Refunding Bond or advances under this Mortgage are used to pay any outstanding lien, charge or prior encumbrance against the Mortgaged Estate, such proceeds or advances have been or will be advanced by Mortgagee, at Mortgagor's request, and Mortgagee shall be subrogated to any and all rights and liens held by any owner or holder of such outstanding liens, charges and prior encumbrances, irrespective of whether said liens, charges or encumbrances are released of record.

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

**Section 6.10. Assignment of Mortgagee's Interest.** It is expressly agreed that any and all terms of this Mortgage, the Series 2022 Refunding Bond and all other agreements made or executed by Mortgagor or others in favor of Mortgagee, and all rights, powers, privileges, options and remedies conferred upon Mortgagee herein and therein, shall inure to and be for the benefit of, and may be exercised by, Mortgagee, and the words "Mortgagee" shall also mean and include the successor or successors and the assign or assigns of Mortgagee. Mortgagor hereby specifically grants unto Mortgagee the right and privilege, at Mortgagee's option, to transfer and assign to any third person all or any part of Mortgagee's rights to receive funds or payments hereunder.

**Section 6.11. Time Is of the Essence.** Time is of the essence under this Mortgage and the Series 2022 Refunding Bond.

**Section 6.12. Obligations of Mortgagor.** The obligations of Mortgagor to make payments hereunder and under the Series 2022 Refunding Bond and to perform and observe all agreements on its part contained herein and therein with respect thereto shall be absolute and unconditional. Until this Mortgage is terminated or payment in full of all Series 2022 Refunding Bond is made, Mortgagor (i) will not suspend or discontinue any payments under the Series 2022 Refunding Bond or neglect to perform any of its duties required thereunder or hereunder; (ii) will perform and observe all of its obligations set forth in the Series 2022 Refunding Bond and this



Mortgage; and (iii) except as provided herein will not terminate the Series 2022 Refunding Bond or this Mortgage for any cause.

**Section 6.13. Immunity of Individuals.** No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Series 2022 Refunding Bond or for any claim based thereon, this Mortgage or upon any obligation, covenant or agreement herein against any past, present or future officer, director, trustee, member, employee or agent of Mortgagor, whether directly or indirectly and all such liability of any such individual as such is hereby expressly waived and released as a condition of and in consideration for the execution hereof and the issuance of the Series 2022 Refunding Bond.

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

**Section 6.15 Power of Attorney.** Mortgagee may act as attorney-in-fact or otherwise on behalf of Mortgagor pursuant to Sections 1.22, 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.

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

*[Remainder of page intentionally left blank.]*

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

**DETROIT LEADERSHIP ACADEMY**

By:   
Daniel J. Piepszowski

Its: President

39793523

MORTGAGE  
Detroit Leadership Academy, Series 2022 Refunding Bond  
27


STATE OF MICHIGAN )

) ss:

COUNTY OF WAYNE )

Personally came before me on November 14, 2022, the above named Daniel J. Piepszowski, President of Detroit Leadership Academy, to me known to be the person who executed the foregoing instrument and acknowledged the same on behalf of Detroit Leadership Academy.

**S P Murphy**  
Notary Public, State of Michigan  
County of Wayne  
My Commission Expires April 19, 2023  
Acting in the County of Oakland

  
Name: S.P. Murphy  
Notary Public, State of Michigan  
My commission expires: 4/19/2023  
Acting in County of: Oakland

MORTGAGE

Detroit Leadership Academy, Series 2022 Refunding Bond

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## **EXHIBIT A**

### **LEGAL DESCRIPTION**

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

Lots 322 through 335, inclusive and Lots 378 through 39, inclusive, including the vacated alley (18 feet wide), adjoining the West line of Lots 322 through 335, inclusive, and the East line of Lots 378 through 391, inclusive, including vacated Riverdale Avenue (60 feet wide), adjoining the East line of Lots 322 through 335, inclusive, CASTLEFORD, as recorded in Liber 56, Pages 96 through 97, Wayne County Records and Lot 1 and part of Lot 2, including a vacated North-South Alley (18 feet wide) adjoining the West line of Lot 1 and the East line of Lot 2, including that portion of a vacated East-West alley (20 feet wide) adjoining the North line of Lot 1 and the North end of said vacated North-South alley which lies South of the South right of way line of the Interstate 96 Expressway, also that portion of vacated Riverdale Avenue (60 feet wide) adjoining the East line of said Lot 1 and the East end of said vacated East-West alley, which lies South of the South right of way line of the Interstate 96 Expressway, ASSESSOR'S DETROIT SCHOOLCRAFT SUPERHIGHWAY SUBDIVISION, as recorded in Liber 64, Page 44, Wayne County Records, all being located in the City of Detroit, Wayne County, Michigan, and being more particularly described as follows: beginning at the Northeast corner of Davison Avenue (60 feet wide) and Virgil Avenue (60 feet wide), said point being also the Southwest corner of Lot 378 of said CASTLEFORD, as recorded in Liber 56, Page 96 through 97, Wayne County Records and proceeding thence from said point of beginning North 00°24'00" East, along the East line of said Virgil Avenue, said line being also the West line of Lots 378 through 391, inclusive of said CASTLEFORD and part of the West line of Lot 2 of said ASSESSOR'S DETROIT SCHOOLCRAFT SUPERHIGHWAY SUBDIVISION, as recorded in Liber 64, page 44, Wayne County Records, a distance of 571.29 feet to the Southeast corner of the Interstate 96 Expressway (Schoolcraft Road) (width varies) and said Virgil Avenue; thence along the Southerly right of way line of the Interstate 96 Expressway, along the arc of a curve, concave to the South, radius 2264.82 feet, an arc distance of 291.43 feet (chord bears North 84°35'05" East, 291.23 feet) to a point of tangent in said right of way line; thence continuing along said right of way line, North 88°16'16" East, along a line tangent to the foregoing curve, a distance of 37.49 feet to the point of intersection of said right of way line with the East line of vacated Riverdale Avenue (60 feet wide); thence South 00°34'00" West, along the East line of said vacated Riverdale Avenue, a distance of 600.53 feet to a point on the North line of said Davison Avenue; thence North 89°53'33" West, along the North line of said Davison Avenue, said line being also the South end of said vacated Riverdale Avenue, the South line of Lot 335, the South end of a vacated alley (18 feet wide) and the South line of Lot 378 of said CASTLEFORD, a distance of 325.45 feet to the point of beginning.

**EXHIBIT B**

PERMITTED EXCEPTIONS  
AS DISCLOSED IN TITLE INSURANCE POLICY

39793523.1/156787.00004



**DEVON TITLE AGENCY**  
1680 Crooks Rd  
Troy MI 48084  
Phone: 248-273-4300  
Fax: 248-273-4301  
[www.devontitle.com](http://www.devontitle.com)

Issuing Office's ALTA Registry® ID: 1033891

**Agent for Stewart Title Guaranty Company**

Transaction Identification Data for reference only:

Commitment No.: **10015089**

Property Address: **13550 Virgil Street, Detroit, MI 48223**

**COMMITMENT FOR TITLE INSURANCE  
SCHEDULE A**

1. Commitment Date: **September 06, 2022, at 8:00 am**

2. Policy to be issued:

**LOAN POLICY**

**AMOUNT**

(a) **ALTA Loan Policy of Title Insurance**

**\$701,800.00**

Proposed Insured:

**First Merchants Bank, its successors and/or assigns, as their interest may appear**

3. The estate or interest in the Land described or referred to in this Commitment is: **Fee Simple**

4. The Title is, at the Commitment Date vested in:


**Detroit Leadership Academy, a Michigan nonprofit corporation**

5. The Land is described as follows:

Land situated in the City of Detroit, County of Wayne, State of Michigan

**SEE SCHEDULE C FOR COMPLETE LEGAL DESCRIPTION**

**DEVON TITLE AGENCY**

By: 

Benjamin L. Watson, Authorized Signatory

This page is only a part of a 2016 ALTA® Commitment for Title Insurance issued by Stewart Title Guaranty Company. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I – Requirements; Schedule B, Part II – Exceptions and a counter-signature by the Company or its issuing agent that may be in electronic form.

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**UNITED STATES OF AMERICA  
STATE OF MICHIGAN  
COUNTY OF WAYNE**

**DETROIT LEADERSHIP ACADEMY  
PUBLIC SCHOOL ACADEMY REVENUE BOND, SERIES 2022  
(GENERAL OBLIGATION)**

Registered Owner: First Merchants Bank

Principal Amount: \$1,461,700

Interest Rate: 6.07%

Date of Issuance: November 14, 2022

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

This Bond is issued under and in pursuance of the provisions of Act 451, Public Acts of Michigan, 1976, as amended, for the purpose of financing the purchase of a school facility, as more fully described in the Resolution adopted by the Board of Directors of the Academy on August 31, 2022, approving the issuance of this Bond (the “Resolution”). For the prompt payment of this Bond, both principal and interest, the full faith and credit of the Academy is hereby pledged. As further security for the repayment of the Bond, the Academy has granted to the Registered Owner a first lien mortgage (the “Mortgage”) on the Academy’s Facility as more fully described in the Resolution.

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

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

If the Academy fails to make any payment of principal, interest or other amount coming due pursuant to the provisions of this Bond within ten (10) calendar days of the date due and payable, the Academy also shall pay to the Registered Owner a late charge equal to five percent (5%) of the amount of such payment (the "Late Charge"). Such five (5) day period shall not be construed in any way to extend the due date of any such payment. Upon maturity, whether by acceleration, demand or otherwise, and at the Registered Owner's option upon the occurrence of any Event of Default (as hereinafter defined) and during the continuance thereof, amounts outstanding under this Bond shall bear interest at a rate per annum (based on the actual number of days that principal is outstanding over a year of 360 days) which shall be five percentage points (5.00%) in excess of the Interest Rate, but not more than the maximum rate allowed by law (the "Default Rate"). The Default Rate shall continue to apply whether or not judgment shall be entered on this Bond. Both the Late Charge and the Default Rate are imposed as liquidated damages for the purpose of defraying the Registered Owner's expenses incident to the handling of delinquent payments, but are in addition to, and not in lieu of, the Registered Owner's exercise of any rights and remedies hereunder, under applicable law, and any fees and expenses of any agents or attorneys which the Registered Owner may employ. In addition, the Default Rate reflects the increased credit risk to the Registered Owner of carrying a loan that is in default. The Academy agrees that the Late Charge and Default Rate are reasonable forecasts of just compensation for anticipated and actual harm incurred by the Registered Owner, and that



the actual harm incurred by the Registered Owner cannot be estimated with certainty and without difficulty.

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

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

The Academy covenants and agrees to maintain a Post Distribution Debt Service Coverage Ratio that will be at least one point two (1.20) during each fiscal year. All determinations required pursuant to this covenant shall be made utilizing the Academy's audited financial statement for the appropriate fiscal year, beginning with the audit for the school year ending June 30, 2023. The term "Post Distribution Debt Service Coverage Ratio" is defined as the Academy's (i) change in net position exclusive of extraordinary gains and losses on sale of fixed assets plus, (ii) interest expense plus, (iii) depreciation and amortization expense less, (iv) (vi) distributions and/or dividends divided by the sum of all contractual principal and interest payments for the trailing 12 month period on all obligations including capital leases and subordinate debt.

The Academy further covenants and agrees to provide to the Registered Owner the following information: (i) simultaneously with delivery to the Authorizing Body, but not later than one hundred thirty (130) days after the close of each fiscal year, its audited financial statements for such fiscal year reflecting in reasonable detail the financial position and results of operation of the Academy, together with the audit report by a certified public accountant or firm of independent certified public accountants of suitable experience and responsibility, together with a copy of any management letter delivered by the auditors in connection with such financial statements; (ii) promptly upon receipt by the Academy from the Authorizing Body, a copy of any report or notification required under the Charter Contract with the Authorizing Body regarding a violation or possible violation of the terms of the Charter Contract which would give grounds for the Authorizing Body to begin the revocation process, as well as any response by the Academy required under the terms of the Charter Contract with the Authorizing

Body; (iii) simultaneously with delivery to the Authorizing Body, a copy of any report concerning the results of any educational testing required by federal or State law; and (iv) simultaneously with delivery to the Michigan Department of Education, the Academy shall provide the Registered Owner with a copy (which may be by electronic transfer) of each report on enrollment and headcount statistics provided to the Michigan Department of Education.

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

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

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

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

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

(a) By mandamus, or other suit, action or proceeding at law or in equity, enforce its rights to collect the principal of and interest on the Bond adequate to carry out the covenants and agreements as to, and pledge of, such principal and interest, and to require the Academy to carry out any other agreements with, or for the benefit of, the Registered Owner and to perform its duties under this Bond and the Mortgage;

(b) Bring suit upon the Bond;

(c) By action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owner;

(d) By action or suit, enforce the remedies provided under the Mortgage; and

(e) Exercise any or all other rights and remedies provided for by law, and by any suit, action or special proceeding at law or in equity, either for the specific performance of any covenant or agreement contained herein or in the Mortgage, or in aid of execution of any power or right herein or therein granted.

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

The Registered Owner hereby notifies the Academy that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56, signed into law October 26, 2001) (the "Act"), and the Registered Owner's policies and practices, the Registered Owner is required to obtain, verify and record certain information and documentation that identifies the Academy, which information includes the name and address of the Academy and such other information that will allow the Registered Owner to identify the Academy in accordance with the Act. In addition, the Academy shall: (a) ensure that no person who owns any direct or indirect equity interest in or otherwise controls the Academy or any subsidiary of the Academy is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by

the Office of Foreign Assets Control (“OFAC”), the Department of the Treasury or included in any Executive Orders; (b) not use or permit the use of the proceeds of the Bond to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto; and (c) comply, and cause any of its subsidiaries to comply, with all applicable Bank Secrecy Act laws and regulations, as amended.

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

THE ACADEMY HEREBY ACKNOWLEDGES THAT THE TIME AND EXPENSE REQUIRED FOR TRIAL BY JURY OF ANY CONTROVERSY RELATED IN ANY WAY TO THIS BOND OR ANY GUARANTY FOR THIS BOND, WOULD EXCEED THE TIME AND EXPENSE REQUIRED FOR A BENCH TRIAL AND HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, TRIAL BY JURY, AND WAIVES ANY BOND OR SURETY OR SECURITY UPON SUCH BOND WHICH MIGHT, BUT FOR THIS WAIVER, BE REQUIRED OF THE REGISTERED OWNER.

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

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

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

***Detroit Leadership Academy***

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

**DETROIT LEADERSHIP ACADEMY**

By: 

Daniel J. Piepszowski

Its: President

SPECIMEN

### **TRANSFER**

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ Tax Identification or Social Security No. \_\_\_\_\_) the within Bond and all rights thereunder, and hereby constitutes and appoints \_\_\_\_\_ attorney, to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

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

**EXHIBIT A**

**SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS**

**[See Amortization Schedule Attached]**

1461700

Compounding Period: Exact Days

Nominal Annual Rate: 6.070%

**Cash Flow Data - Loans and Payments**

	Event	Date	Amount	Number	Period	End Date
1	Loan	11/14/2022	1,461,700.00	1		
2	Payment	12/25/2022	28,416.55	60	Monthly	11/25/2027

**TValue Amortization Schedule - Normal, 360 Day Year**

	Date	Payment	Interest	Principal	Balance
Loan	11/14/2022				1,461,700.00
1	12/25/2022	28,416.55	10,104.81	18,311.74	1,443,388.26
<b>2022 Totals</b>		<b>28,416.55</b>	<b>10,104.81</b>	<b>18,311.74</b>	
2	01/25/2023	28,416.55	7,544.51	20,872.04	1,422,516.22
3	02/25/2023	28,416.55	7,435.41	20,981.14	1,401,535.08
4	03/25/2023	28,416.55	6,616.80	21,799.75	1,379,735.33
5	04/25/2023	28,416.55	7,211.80	21,204.75	1,358,530.58
6	05/25/2023	28,416.55	6,871.90	21,544.65	1,336,985.93
7	06/25/2023	28,416.55	6,988.35	21,428.20	1,315,557.73
8	07/25/2023	28,416.55	6,654.53	21,762.02	1,293,795.71
9	08/25/2023	28,416.55	6,762.60	21,653.95	1,272,141.76
10	09/25/2023	28,416.55	6,649.41	21,767.14	1,250,374.62
11	10/25/2023	28,416.55	6,324.81	22,091.74	1,228,282.88
12	11/25/2023	28,416.55	6,420.17	21,996.38	1,206,286.50
13	12/25/2023	28,416.55	6,101.80	22,314.75	1,183,971.75
<b>2023 Totals</b>		<b>340,998.60</b>	<b>81,582.09</b>	<b>259,416.51</b>	
14	01/25/2024	28,416.55	6,188.55	22,228.00	1,161,743.75
15	02/25/2024	28,416.55	6,072.37	22,344.18	1,139,399.57
16	03/25/2024	28,416.55	5,571.35	22,845.20	1,116,554.37
17	04/25/2024	28,416.55	5,836.17	22,580.38	1,093,973.99
18	05/25/2024	28,416.55	5,533.69	22,882.86	1,071,091.13
19	06/25/2024	28,416.55	5,598.53	22,818.02	1,048,273.11
20	07/25/2024	28,416.55	5,302.51	23,114.04	1,025,159.07
21	08/25/2024	28,416.55	5,358.45	23,058.10	1,002,100.97
22	09/25/2024	28,416.55	5,237.93	23,178.62	978,922.35
23	10/25/2024	28,416.55	4,951.72	23,464.83	955,457.52
24	11/25/2024	28,416.55	4,994.12	23,422.43	932,035.09



1461700

	Date	Payment	Interest	Principal	Balance
25	12/25/2024	28,416.55	4,714.54	23,702.01	908,333.08
<b>2024 Totals</b>		<b>340,998.60</b>	<b>65,359.93</b>	<b>275,638.67</b>	
26	01/25/2025	28,416.55	4,747.81	23,668.74	884,664.34
27	02/25/2025	28,416.55	4,624.09	23,792.46	860,871.88
28	03/25/2025	28,416.55	4,064.27	24,352.28	836,519.60
29	04/25/2025	28,416.55	4,372.44	24,044.11	812,475.49
30	05/25/2025	28,416.55	4,109.77	24,306.78	788,168.71
31	06/25/2025	28,416.55	4,119.71	24,296.84	763,871.87
32	07/25/2025	28,416.55	3,863.92	24,552.63	739,319.24
33	08/25/2025	28,416.55	3,864.38	24,552.17	714,767.07
34	09/25/2025	28,416.55	3,736.05	24,680.50	690,086.57
35	10/25/2025	28,416.55	3,490.69	24,925.86	665,160.71
36	11/25/2025	28,416.55	3,476.76	24,939.79	640,220.92
37	12/25/2025	28,416.55	3,238.45	25,178.10	615,042.82
<b>2025 Totals</b>		<b>340,998.60</b>	<b>47,708.34</b>	<b>293,290.26</b>	
38	01/25/2026	28,416.55	3,214.79	25,201.76	589,841.06
39	02/25/2026	28,416.55	3,083.07	25,333.48	564,507.58
40	03/25/2026	28,416.55	2,665.10	25,751.45	538,756.13
41	04/25/2026	28,416.55	2,816.05	25,600.50	513,155.63
42	05/25/2026	28,416.55	2,595.71	25,820.84	487,334.79
43	06/25/2026	28,416.55	2,547.27	25,869.28	461,465.51
44	07/25/2026	28,416.55	2,334.25	26,082.30	435,383.21
45	08/25/2026	28,416.55	2,275.72	26,140.83	409,242.38
46	09/25/2026	28,416.55	2,139.09	26,277.46	382,964.92
47	10/25/2026	28,416.55	1,937.16	26,479.39	356,485.53
48	11/25/2026	28,416.55	1,863.33	26,553.22	329,932.31
49	12/25/2026	28,416.55	1,668.91	26,747.64	303,184.67
<b>2026 Totals</b>		<b>340,998.60</b>	<b>29,140.45</b>	<b>311,858.15</b>	
50	01/25/2027	28,416.55	1,584.73	26,831.82	276,352.85
51	02/25/2027	28,416.55	1,444.48	26,972.07	249,380.78
52	03/25/2027	28,416.55	1,177.35	27,239.20	222,141.58
53	04/25/2027	28,416.55	1,161.12	27,255.43	194,886.15
54	05/25/2027	28,416.55	985.80	27,430.75	167,455.40
55	06/25/2027	28,416.55	875.28	27,541.27	139,914.13
56	07/25/2027	28,416.55	707.73	27,708.82	112,205.31
57	08/25/2027	28,416.55	586.49	27,830.06	84,375.25
58	09/25/2027	28,416.55	441.02	27,975.53	56,399.72
59	10/25/2027	28,416.55	285.29	28,131.26	28,268.46
60	11/25/2027	28,416.55	148.09	28,268.46	0.00
<b>2027 Totals</b>		<b>312,582.05</b>	<b>9,397.38</b>	<b>303,184.67</b>	

1461700

	Date	Payment	Interest	Principal	Balance
<b>Grand Totals</b>		<b>1,704,993.00</b>	<b>243,293.00</b>	<b>1,461,700.00</b>	

Last interest amount increased by 0.33 due to rounding.

<b>ANNUAL PERCENTAGE RATE</b>	<b>FINANCE CHARGE</b>	<b>Amount Financed</b>	<b>Total of Payments</b>
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after you have made all payments as scheduled.
<b>6.154%</b>	<b>\$243,293.00</b>	<b>\$1,461,700.00</b>	<b>\$1,704,993.00</b>

## **EXHIBIT B**

### **PREPAYMENT ADDENDUM**

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

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

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

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

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

<u>Prepayment Date</u>	<u>Prepayment Premium Rate</u>
Before November 8, 2023	5%
On or after November 9, 2023 but on or before November 8, 2024	4%
On or after November 9, 2024 but on or before November 8, 2025	3%
On or after November 9, 2025 but on or before November 8, 2026	2%
On or after November 9, 2026 but on or before November 8, 2027	1%

Glen Maurer  
Vice President  
Commercial Banking  
First Merchants Bank  
32991 Hamilton Court  
Farmington Hills, MI 48334

August 8, 2022

Dan Piepszowski  
13550 Virgil Street  
Detroit, MI 48223

Dan:

We are pleased to advise that, subject to the terms and conditions set forth in this commitment letter ("Commitment"), First Merchants Bank ("Bank") agrees to provide to Detroit Leadership Academy ("Borrower") a \$1,500,000 State Aid Note, whose expiration will be August 25, 2023; a \$701,800 Commercial Real Estate Mortgage, whose balloon will be 5 years; a \$1,461,700 Term Loan, whose term will be five years (the "Financing"). Capitalized terms used in this Commitment, and not otherwise defined in the body of this letter, shall have the meanings given them in the [Summary of Terms and Conditions/Term Sheet] dated August 8, 2022 attached to this Commitment as Exhibit A ("Summary of Terms and Conditions").

1. **Specific Terms and Conditions of the Financing.** The specific terms and conditions of the Financing, including without limitation, the description and purpose of the facility, the facility amount, the conditions to funding the facility, the maturity date, the applicable interest rates, amortization, affirmative and negative covenants, and the required loan and collateral documentation and other terms and conditions, are set forth in the Summary of Terms and Conditions.

2. **Conditions to Financing.** The willingness of Bank to provide the Financing and the closing of the Financing is subject to the satisfaction by the Borrower, on or before the date of closing under this Commitment ("Closing"), of the following additional conditions:

(a) **Execution of Loan Documents.** The negotiation, execution and delivery of a loan agreement, promissory notes, guaranties, security agreements, mortgages and collateral and other documentation satisfactory to Bank and its counsel, containing, subject to the Summary of Terms and Conditions, customary conditions, covenants, warranties, remedies and other provisions including, without limitation, the conditions, covenants, warranties and provisions described herein and in the Summary of Terms and Conditions;

(b) **Other Closing Documents or Conditions.** Bank's receipt of satisfactory evidence of (i) all governmental, third party and/or other approvals, permits, registrations and the like, necessary or appropriate in connection with the Financing or any transaction

contemplated thereby, (ii) organizational approvals by the Borrower, of the Financing and the loan and collateral documents, instruments and transactions contemplated hereby, and (iii) customary opinions of outside legal counsel for the Borrower and the guarantors, covering such matters as required by, and otherwise in form and content satisfactory to, Bank and its counsel;

(c) No Default, Material Adverse Change. There shall have been no material adverse change in the condition (financial or otherwise), properties, business, results or operations (or projected results or operations, if applicable) of Borrower or any guarantor from the condition shown in the financial information delivered to Bank prior to the date hereof; nor shall any omission, inconsistency, inaccuracy, or any change in presentation or accounting standards which renders such financial statements (including any projections) materially misleading have been determined by Bank to exist (and Borrower shall certify the continued validity of any projections previously delivered to Bank); and

(d) Payment of Fees. Upon execution of this Commitment, the Borrower shall pay to Bank the fees described in the Summary of Terms and Conditions. In addition, the Borrower shall have paid to Bank all fees and expenses required to be paid on or before the Closing under the terms of this Commitment or the Summary of Terms and Conditions.

### 3. General.

(a) Reliance on Financial Information. Borrower hereby represents and warrants that (a) all information (the "Information") that has been or will be made available to Bank by Borrower, is or will be complete and correct in all material respects and does not or will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make such statements contained therein not materially misleading in light of the circumstances under which such statements are made and (b) any projections that have been or will be made available to Bank by the Borrower have been or will be prepared in good faith based upon assumptions you believe to be reasonable (provided the Borrower does not warrant that the projected financial results will be achieved).

(b) Bank Fees and Expenses. Whether or not the Closing of the Financing occurs under this Commitment, Borrower shall pay to Bank, in addition to the fees required under the Summary of Terms and Conditions, all of Bank's costs and expenses, including, by way of description and not limitation, reasonable attorney fees and advances, appraisal and accounting fees, and lien search fees, incurred by Bank in connection with this Commitment, and the negotiation, consummation and/or closing of the Financing contemplated hereby. The obligations in this paragraph shall survive the expiration or termination of this Commitment.

(c) Indemnification. Borrower agrees to indemnify and hold Bank, and its shareholders, officers, directors, employees, agents, attorneys, subsidiaries and affiliates, harmless from and against any and all damages, losses, settlement payments, obligations, liabilities, claims, actions or causes of action, and reasonable costs and expenses (including reasonable attorneys fees) incurred, suffered, sustained or required to be paid by reason of or resulting from the transactions contemplated hereby or which otherwise result from the Financing, other than as a result of Bank's gross negligence or willful misconduct. The obligations in this paragraph shall survive the expiration or termination of this Commitment.

(d) Non-assignability; Termination. This Commitment is provided for the sole benefit of the Borrower, is not intended to create any rights in favor of and may not be relied

Detroit Leadership Academy

August 8, 2022

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upon by any third party, and shall not be transferable or assignable by the Borrower by operation of law, or otherwise, and may be terminated at the option of Bank if the Borrower shall fail to comply with any of the terms and conditions hereof, or in the event at any time prior to the Closing of the Financing of a filing by or against the Borrower or any guarantor, of a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver, trustee or custodian or the making by Borrower or any guarantor, of an assignment for the benefit of creditors or the filing of a petition for arrangement, or other similar proceedings.

(e) Entire Agreement; Amendment. This Commitment (including the Summary of Terms and Conditions) contains the entire agreement of Bank as of the date hereof with respect to the Financing and are not subject to or supplemented by any previous correspondence or communications (oral or in writing) between the Borrower and Bank or any other document not expressly referenced herein. No amendment of this Commitment shall be binding upon the parties unless expressed in writing and signed by them.

(f) Closing. Closing on the State Aid Note Financing must occur on or before August 25, 2022; the Commercial Real Estate Mortgage and the Term Loan closing must occur on or before November 8, 2022 (the "Required Closing Date"). If not closed on or before the Required Closing Date(s), this Commitment shall expire and Bank shall have no further obligation to provide the Financing under this Commitment or any other obligation.

(g) Nondisclosure. You are not authorized to show or circulate this Commitment to any other person or entity other than your legal and financial advisors in connection with your evaluation thereof, except that, notwithstanding the foregoing, you may make such public disclosures, as, and to the extent, you are required by law, in the opinion of your counsel, to make. If this Commitment is not accepted by you as provided in the immediately succeeding paragraph, you are to immediately return this Commitment (and any copies hereof) to the Bank.

[remainder of page intentionally left blank]

Detroit Leadership Academy  
August 8, 2022  
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(h) Acceptance. This Commitment, if accepted by the Borrower, must be accepted in its entirety and without modification, and may be accepted by the Borrower only by its return of a copy of this letter duly executed on behalf of Borrower. If not so accepted and returned by Borrower on or before Bank's close of business on August 15, 2022, this Commitment and the offer to provide Financing contained herein shall be deemed withdrawn and of no further force and effect, and Bank shall have no obligations whatsoever to provide the Financing set forth herein.

FIRST MERCHANTS BANK

x Glen Maurer

By: Glen Maurer

Its: Vice President

ACCEPTED AND AGREED  
ON \_\_\_\_\_ 2022, BY:

x Daniel Piepszowski

By: Daniel Piepszowski

Its: Board President



### Exhibit A Summary of Terms and Conditions

<b>Request #1:</b>	<b>Borrower: Detroit Leadership Academy</b>			
<b>Type of Request:</b>	New Up to \$1,500,000 Commercial LOC – Commercial Non-Revolver LOC			
<b>Purpose:</b>	Working Capital			
<b>Repayment Sources:</b>	Primary – State Aid    Secondary – Cash Flow from Operations			
<b>Pricing:</b>	Fixed (190 bps over 1 Month Vanilla SWAP – 1 year), tax-exempt rate. Indicative tax-exempt rate is 4.33% as of 08/04/2022)			
<b>Prepayment Penalty:</b>	N/A			
<b>Repayment Method:</b>	Term	11 Months	Amortization	N/A
	1.			
	Payment Type:	Principal plus Interest	Frequency:	Monthly
	Payment Amount:	\$136,363.64 + Interest	Number of Payments:	11
	First Payment to begin on October 25, 2022			
<b>Fees:</b>	Commitment Fee: \$3,500.00 All processing fees and out of pocket costs are to be paid for by the client.			
<b>Collateral:</b>	State Aid Intercept Agreement <b>* **Cross-liened and cross defaulted to all other Level One Bank debt of the borrower and guarantor(s)</b>			
<b>Guarantees:</b>	N/A			
<b>Loan Covenants:</b>	N/A			
<b>Conditions Precedent to Close:</b>	<ul style="list-style-type: none"> <li>Intercept Agreement</li> <li>Satisfactory OFAC of borrower</li> </ul>			
<b>Conditions Precedent to Advance:</b>	N/A			
<b>Other Requirements:</b>	<ol style="list-style-type: none"> <li>1) Bank has the right to request additional financial information it deems appropriate in its sole discretion during the life of the loan for the purposes of reviewing, underwriting, and maintaining the loan.</li> <li>2) Loans to be on payment intercept.</li> <li>3) FMB has first right of refusal for future notes.</li> <li>4) Loans to be closed by outside counsel (Miller Canfield)</li> <li>5) Borrower to establish primary deposit relationship with First Merchants Bank within 90 days of initial funding.</li> </ol>			



Request #2:	Borrower: Detroit Leadership Academy			
Type of Request:	New \$701,800 Commercial Mortgages			
Purpose:	Refinance bonds currently Huntington Bank			
Repayment Sources:	Primary – Cash flow from operations    Secondary – Liquidation of Collateral			
Pricing:	Fixed (300 bps over the 3 Month Vanilla SWAP – 5 Year), tax-exempt rate. Indicative tax-exempt rate is 4.77% as 08/02/2022)			
Prepayment Penalty:	5%/4%/3%/2%/1%			
Repayment Method:	Term	5 Years	Amortization	15 Years
	Estimated Principal and Interest monthly payment is \$5,490.11.			
Fees:	Commitment Fee: 25 bps up to \$1,754.42 All processing fees and out of pocket costs are to be paid for by the client.			
Collateral:	Lien Position	Owner	Collateral Description	
	First	DETROIT LEADERSHIP ACADEMY	13550 Virgil St., Detroit, MI 48223-3051	
	* **Cross-liened and cross defaulted to all other Level One Bank debt of the borrower and guarantor(s)			
Loan to Value:	Limited to 80% of the ‘as-is’ appraised value when combined with Request #3			
Guarantees:	N/A			
Loan Covenants:	Minimum Post-Distribution Debt Service Coverage Ratio of 1.20x. The term “Post-Distribution Debt Service Coverage Ratio” is defined as the Borrower’s (i) change in Net Position exclusive of extraordinary gains and losses and gains on sale of fixed assets plus, (ii) interest expense plus, (iii) depreciation and amortization expense less, (iv) distributions and/or dividends divided by the sum of all contractual principal and interest payments for the trailing 12-month period on all obligations including capital leases and subordinated debt. First test to be on the 6/30/23 Audit.			
Conditions Precedent to Close:	None			
Conditions Precedent Advance:	to	1) Receipt of normal mortgage conditions to include satisfactory review of:  2) ‘As-is’ Appraisal  3) Environmental due diligence – satisfactory receipt and review by lender and credit  4) Title search/insurance policy, property survey, flood hazard certification  5) Satisfactory receipt of normal real estate documentation as necessary		
Other Requirements:		1. Bank has the right to request additional financial information it deems appropriate in its sole discretion during the life of the loan for the purposes of reviewing, underwriting, and maintaining loan.  2. Loans to be closed by outside counsel (Miller Canfield).		

Request #3:	Borrower: Detroit Leadership Academy			
Type of Request:	New \$1,461,700 Commercial Term Loan			
Purpose:	Finance existing modular classrooms			
Repayment Sources:	Primary – Cash flow from operations    Secondary – Liquidation of Collateral			
Pricing:	Fixed (300 bps over the 3 Month Vanilla Swap Rate – 5 Year), tax-exempt rate. Indicative tax-exempt rate is 4.77% as of 08/02/2022)			
Prepayment Penalty:	5%/4%/3%/2%/1%			
Repayment Method:	Term	5 Years	Amortization	5 Years
	Estimated Principal and Interest monthly payment is \$28,315.55			
Fees:	Commitment Fee: 25 bps, up to \$3,654.30 All processing fees and out of pocket costs are to be paid for by the client.			
Collateral:	Lien Position	Owner	Collateral Description	
	First	Detroit Leadership Academy	13550 Virgil St, Detroit, MI 48223-3051	
	* *Cross-liened and cross defaulted to all other Level One Bank debt of the borrower and guarantor(s)			
Loan to Value:	Limited to 80% of the ‘as-is’ appraised value when combined with Request #2			
Subordination:	N/A			
Guarantees:	N/A			
Loan Covenants:	See Request #2			
Conditions Precedent to Close:	None			
Conditions Precedent Advance:	to	1. Receipt of normal mortgage conditions to include satisfactory review of:		
		2. ‘As-is’ Appraisal		
Conditions Precedent Advance:	to	3. Environmental due diligence – satisfactory receipt and review by lender and credit		
		4. Title search/insurance policy, property survey, flood hazard certification		
Conditions Precedent Advance:	to	5. Satisfactory receipt of normal real estate documentation as necessary		
		6. Borrower to open and maintain primary depository relationship with FMB Bank, to be opened prior to closing and fully funded within 90 days of closing		
Other Requirements:		1. Bank has the right to request additional financial information it deems appropriate in its sole discretion during the life of the loan for the purposes of reviewing, underwriting, and maintaining loan.		
		2. Loans to be closed by outside counsel (Miller Canfield).		

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## **MORTGAGE**

**DETROIT LEADERSHIP ACADEMY**  
as Mortgagor

to

**FIRST MERCHANTS BANK**  
as Mortgagee

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### **RELATING TO:**

**\$1,461,700**  
**DETROIT LEADERSHIP ACADEMY**  
**PUBLIC SCHOOL ACADEMY REVENUE BOND, SERIES 2022**

Dated as of November 14, 2022

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

## **MORTGAGE**

THIS MORTGAGE (“Mortgage”) is made as of November 14, 2022, by and between DETROIT LEADERSHIP ACADEMY, as Mortgagor (“Mortgagor”) and FIRST MERCHANTS BANK, as the registered owner of the Series 2022 Revenue Bond (as defined below), as Mortgagee (“Mortgagee”).

### **PRELIMINARY STATEMENTS**

A. Mortgagor is issuing its Public School Academy Revenue Bond, Series 2022 (General Obligation) in the aggregate principal amount of \$1,461,700 (the “Series 2022 Revenue Bond”) for the purposes set forth in the Series 2022 Revenue Bond. Mortgagor is concurrently issuing its Public School Academy Refunding Bonds, Series 2022 (the “Series 2022 Refunding Bond”). All capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Series 2022 Revenue Bond.

B. Pursuant to the Series 2022 Revenue Bond, certain State School Aid payments have been pledged and assigned by Mortgagor to Mortgagee for the payment of the principal of and interest on the Series 2022 Revenue Bond.

C. The Series 2022 Revenue Bond is further secured by a lien on and security interest in the Mortgagor’s school facility (defined below) pursuant to this Mortgage, granted by Mortgagor. This Mortgage and the security and interests provided herein are subordinate to the mortgage delivered by Mortgagor to Mortgagee related to the Series 2022 Refunding Bond.

### **GRANTING CLAUSES**

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

#### **LAND**

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

#### **IMPROVEMENTS**

Any and all buildings, structures, fixtures and improvements existing or to be constructed on the Land, including, but not limited to, the fixtures, attachments, appliances, equipment, machinery, and other articles attached to such buildings and improvements or situated thereon or

on the Land, whether or not affixed thereto, and all replacements and substitutions therefor (collectively, the “Improvements” and, together with the Land, the “Real Property”);

## **RENTS, REVENUES AND DERIVATIVE INTERESTS**

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

## **INTANGIBLES**

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

## **CLAIMS AND AWARDS**

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

## **PROCEEDS**

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

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

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

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

THIS MORTGAGE SHALL SECURE THE FOLLOWING INDEBTEDNESS AND OBLIGATIONS:

(i) Payment of indebtedness evidenced by the Series 2022 Revenue Bond and all replacements, renewals, amendments, extensions, substitutions and modifications thereof bearing interest and being payable as provided therein;

(ii) Performance of all obligations and covenants of Mortgagor under the Series 2022 Revenue Bond and each agreement of Mortgagor incorporated by reference therein or herein, or contained therein or herein;

(iii) Payment of all other indebtedness and performance of all other obligations and covenants of Mortgagor contained in any other instrument given to evidence or further secure the payment and performance of any obligation secured hereby or thereby to the extent related to the Series 2022 Revenue Bond; and

(iv) Payment of all fees and expenses of Mortgagee to the extent related to the Series 2022 Revenue Bond;

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

It is the intention of the parties hereto that the Mortgaged Estate shall secure all of the Secured Obligations presently or hereafter owed, and that the priority of the security interest created by this Mortgage for all such Secured Obligations shall be controlled by the time of proper recording of this Mortgage. In addition, this Mortgage shall also secure unpaid balances of advances made with respect to the Mortgaged Estate for the payment of taxes, assessments, insurance premiums, costs or any other advances incurred for the protection of the Mortgaged Estate, together with interest thereon until paid, all as contemplated in this Mortgage, all of which shall constitute a part of the Secured Obligations. This paragraph shall serve as notice to all persons who may seek or obtain a lien on the Mortgaged Estate subsequent to the date of recording of this Mortgage, that until this Mortgage is released, any debt owed by Mortgagor to the extent related to the Series 2022 Revenue Bond, 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 Mortgagee, upon and subject to the provisions of this Mortgage.

## **ARTICLE I**

### **REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF MORTGAGOR**

Mortgagor hereby represents, warrants, covenants and agrees:

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

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

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

#### **Section 1.03. [Reserved]**

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



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

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

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

(a) All policies of insurance shall be issued by companies and in amounts as required by the provisions of the Charter Contract.

(b) In the event Mortgagor fails to provide, maintain, keep in force or deliver and furnish to Mortgagee evidence of the policies of insurance required by the Charter Contract, Mortgagee may procure such insurance or single-interest insurance for such risks covering Mortgagee's interest, and Mortgagor will pay all premiums thereon promptly upon demand by Mortgagee, and until such payment is made by Mortgagor the amount of all such premiums, together with interest thereon, shall be secured by this Mortgage.

(c) Upon occurrence of an Event of Default, Mortgagee shall apply any sums or amounts received pursuant hereto, or as Revenues or income of the Mortgaged Estate or otherwise, as required under the Series 2022 Revenue Bond. The receipt, use or application of any such sums by Mortgagee hereunder shall not be construed to affect the maturity of any Secured Obligation or any of the rights or powers of Mortgagee under the terms of the Series 2022 Revenue Bond or any of the obligations of Mortgagor under the Series 2022 Revenue Bond. Notwithstanding the application of such sums to the payment of a portion of the Secured Obligations, any unpaid portion of the Secured Obligations shall remain in full force and effect, and Mortgagor shall not be excused in the remaining payment thereof.

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

Except as provided below, nothing contained in this Mortgage shall be deemed to excuse Mortgagor from repairing or maintaining the Mortgaged Estate as provided in Section 1.04 hereof. The application or release by Mortgagee of any Insurance Proceeds shall not cure or

waive any Event of Default or notice of default under this Mortgage or invalidate any act done pursuant to such notice.

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

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

(a) Mortgagor shall pay or reimburse Mortgagee for all reasonable expenses incurred by Mortgagee before and after the date of this Mortgage with respect to any and all transactions contemplated by this Mortgage including without limitation, the preparation of any document reasonably required hereunder or any amendment, modification, restatement or supplement to this Mortgage, the delivery of any consent, non-disturbance agreement or similar document in connection with this Mortgage or the enforcement of any of Mortgagee's rights. Such expenses shall include, without limitation, all reasonable title and conveyancing charges, recording and filing fees and taxes, mortgage taxes, intangible personal property taxes, escrow fees, revenue and tax stamp expenses, privilege taxes, use taxes, insurance premiums (including title insurance premiums), title search and title rundown charges, brokerage commissions, finders' fees, placement fees, court costs, surveyors', photographers', appraisers', architects', engineers', consulting professionals', accountants', and attorneys' fees and disbursements.

(b) If (i) any sale (or prerequisite to a sale), action or proceeding shall be commenced by Mortgagee (including but not limited to any sale of the Mortgaged Estate, or any action to foreclose this Mortgage or to collect the Secured Obligations), or any action or proceeding is commenced to which Mortgagee is made a party, or in which it becomes necessary to defend or uphold the rights granted by this Mortgage (including, without limitation, any proceeding or other action relating to the bankruptcy, insolvency or reorganization of Mortgagor or any other person or entity obligated hereunder), or in which Mortgagee is served with any legal process, discovery notice or subpoena, and (ii) in each of the foregoing instances such action or proceeding in any manner relates to or arises out of this Mortgage or issuance of the Series 2022 Revenue Bond or acceptance of a guaranty from a guarantor of the Secured Obligations or any of the transactions contemplated by this Mortgage and such action or proceeding does not relate to or arise out of the negligence, breach of trust or willful misconduct of Mortgagee as applicable,

then Mortgagor will immediately reimburse or pay to Mortgagee all of the expenses which have been or may be incurred by Mortgagee with respect to the foregoing (including reasonable counsel fees and disbursements), together with interest thereon, and any such sum and the interest thereon shall be included in the Secured Obligations and have the full benefit of this Mortgage, prior to any right, or title to, interest in or claim upon the Mortgaged Estate attaching or accruing to this Mortgage, and shall be deemed to be secured by this Mortgage. In any action or proceeding to sell the Mortgaged Estate, to foreclose this Mortgage, or to recover or collect the Secured Obligations, the provisions of law respecting the recovering of costs, disbursements and allowances shall prevail unaffected by this covenant.

(c) To the extent permitted by law, Mortgagor shall indemnify and hold harmless Mortgagee, from and against all claims, damages, losses and liabilities (including, without limitation, reasonable attorneys' fees and expenses) arising out of or based upon any matter related to this Mortgage, the Mortgaged Estate or the occupancy, ownership, maintenance or management of the Mortgaged Estate by Mortgagor, including, without limitation, any claims based on the alleged acts or omissions of any employee or agent of Mortgagor except for such damages incurred due to the negligence, breach of trust or willful misconduct of Mortgagee or its affiliates, directors, officers, agents or employees. This indemnification shall be in addition to any other liability which Mortgagor may otherwise have to Mortgagee.

(d) Mortgagor waives any and all right to claim or recover against Mortgagee for loss of or damage to Mortgagor, the Mortgaged Estate, Mortgagor's property or the property of others under Mortgagor's control from any cause insured against or required to be insured against by the provisions of this Mortgage except for such damages incurred due to the negligence, breach of trust or willful misconduct of Mortgagee.

(e) All sums payable by Mortgagor under this Mortgage shall be paid without notice, demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the Secured Obligations of Mortgagor hereunder shall in no way be released, discharged or otherwise affected by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Mortgaged Estate or any part thereof; (ii) any restriction or prevention of or interference with any use of the Mortgaged Estate or any part thereof; (iii) any title defect or encumbrance or any eviction from the Mortgaged Estate or any part thereof by title paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Mortgagor, or any action taken with respect to this Mortgage by any trustee or receiver of Mortgagor, or by any court, in any such proceeding; or (v) any other occurrence whatsoever, whether similar or dissimilar to the foregoing; whether or not Mortgagor shall have notice or knowledge of any of the foregoing. To the extent permitted by law, Mortgagor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any Secured Obligation. Notwithstanding the above, Mortgagor may maintain a separate suit regarding such matters.

#### **Section 1.10. Taxes and Impositions.**

(a) Mortgagor agrees to pay, prior to delinquency, all real and personal property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever, which are assessed or imposed upon the Mortgaged Estate or any part thereof, or become due and payable, and which create, may create or appear to create a lien upon the Mortgaged Estate, or any part thereof, or upon any personal property, equipment or other facility used in the operation or maintenance thereof (all of which taxes, assessments and other governmental and nongovernmental charges of like nature are hereinafter referred to as "Impositions").

(b) Subject to the applicable State law provisions, Mortgagor shall have the right before any delinquency occurs to contest or object to the amount or validity of any Imposition by appropriate legal proceedings.

(c) Mortgagor covenants and agrees not to suffer, permit or initiate the joint assessment of the real and personal property, or any other procedure whereby the lien of the real property taxes and the lien of the personal property taxes shall be assessed, levied or charged to the Mortgaged Estate as a single lien.

**Section 1.11. Utilities.** Mortgagor shall pay when due all utility charges which are incurred for the benefit of the Mortgaged Estate or any part thereof or which may become a charge or lien against the Mortgaged Estate for gas, electricity, water or sewer services furnished to the Mortgaged Estate and all other taxes, assessments or charges of a similar nature, whether public or private, affecting the Mortgaged Estate or any portion thereof, whether or not such taxes, assessments or charges are liens thereon.

**Section 1.12. Actions Affecting Mortgaged Estate.** Mortgagor shall appear in and contest any action or proceeding purporting to affect the title of Mortgagor in the Mortgaged Estate or any part thereof or security hereof or the rights or powers of Mortgagee; and Mortgagor shall pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees, in any such action or proceeding in which Mortgagee may appear.

**Section 1.13. Actions by Mortgagee To Preserve Mortgaged Estate.** Should Mortgagor fail to make any payment or to do any act as and in the manner provided in this Mortgage, Mortgagee, without notice to, or demand upon, Mortgagor and without releasing Mortgagor from any Secured Obligation, may make or do the same in such manner and to such extent as Mortgagee, may deem necessary to protect the security hereof. In connection therewith (without limiting its general powers), Mortgagee shall have, and is hereby given the right, but not the obligation: (i) to enter upon and take possession of the Mortgaged Estate; (ii) to make additions, alterations, repairs and improvements to the Mortgaged Estate which it may consider necessary or proper to keep the Mortgaged Estate in good condition and repair; (iii) to appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of Mortgagee; (iv) to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in the judgment of Mortgagee shall affect or appears to affect the security of this Mortgage or be prior or superior hereto; and (v) in

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

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

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

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

**Section 1.16. Additional Security.** In the event Mortgagee at any time holds additional security for any of the Secured Obligations, it may enforce the sale thereof or otherwise realize upon the same, at its option, either before, concurrently with or after any sale is made hereunder.

**Section 1.17. Additional Indebtedness.** Except for the Permitted Encumbrances, Mortgagor shall not further encumber the Mortgaged Estate or any portion thereof (including, without limitation, secured transactions under the Uniform Commercial Code in effect in the State, the “UCC”).

**Section 1.18. Successors and Assigns.** This Mortgage applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The covenants and agreements of Mortgagor contained herein shall apply to and be binding upon any successor owner of the Mortgaged Estate or any part thereof.

**Section 1.19. Inspections.** Mortgagee or their agents, representatives or workmen are authorized to enter upon notice of two Business Days to Mortgagor at any reasonable time upon or in any part of the Mortgaged Estate for the purpose of inspecting the same and all books, records and documents relating thereto.

**Section 1.20. Liens.** Mortgagor shall pay and promptly discharge, at Mortgagor’s sole cost and expense, all liens, encumbrances and charges upon the Mortgaged Estate, or any part thereof or interest therein other than the Permitted Encumbrances. Mortgagor shall have the right to contest in good faith the validity of any such lien, encumbrance or charge, provided Mortgagor shall thereafter diligently and in good faith proceed to cause such lien, encumbrance or charge to be removed and discharged. If Mortgagor shall fail to discharge any such lien, encumbrance or charge, then, in addition to any other right or remedy of Mortgagee, Mortgagee may, but shall not be obligated to, discharge the same, either, by paying the amount claimed to be due, or by procuring the discharge of such lien, either, by depositing in court a bond in the amount claimed or otherwise giving security for such claim, or in such manner as is or may be prescribed by law. Any cost incurred by Mortgagee in connection with any such payment or discharge shall be secured hereby and shall be immediately due and payable without notice or demand.

**Section 1.21. Restrictions Affecting Title.** Mortgagor shall perform when due all obligations required to be performed by Mortgagor by the provisions of any agreement affecting title to the Mortgaged Estate or any part thereof.

**Section 1.22. Further Assurances.** Mortgagor shall, upon the execution and delivery hereof and thereafter from time to time, take such actions as Mortgagee may request to cause this Mortgage, each supplement and amendment to such instrument and financing statements with respect thereto and each instrument of further assurance (collectively, the “Recordable Documents”) to be filed, registered and recorded as may be required by law and maintain the first lien or security interest, as applicable, hereof upon the 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 Series 2022 Revenue Bond and in all of its proceedings pertaining to this Mortgage. The covenants, representations and warranties of Mortgagor set forth in the Series 2022 Revenue Bond are incorporated by reference into this Mortgage as if stated in full in this Mortgage and such representations and warranties as incorporated herein shall be deemed to have been made as of the date of this Mortgage and shall survive the execution and delivery of this Mortgage.

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

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

**Section 1.26. Organization; Due Authorization.** Mortgagor is a public school academy duly organized, validly existing and in good standing under the laws of the State and has the requisite power, authority and legal right to carry on the business conducted by it and to engage in the transactions contemplated by the Series 2022 Revenue Bond. The execution and

delivery of the Series 2022 Revenue Bond and this Mortgage and the performance and observance of the respective provisions thereof have all been authorized by all necessary actions of Mortgagor.

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

Neither the execution and delivery of this Mortgage and the Series 2022 Revenue Bond, nor the consummation of the transactions herein or therein contemplated nor compliance with the terms and provisions hereof or thereof, conflicts with or results or will result in a breach of any of the terms, conditions or provisions of the articles of incorporation of Mortgagor, any law, order, rule, regulation, writ, injunction or decree of any court or governmental authority, or any agreement or instrument to which Mortgagor is a party or by which it or any of its properties are bound, or constitutes or will constitute a default thereunder, or result or will result in the creation or imposition of any lien of any nature whatsoever upon any of its property or assets pursuant to the terms of any such agreement or instrument except the liens created or permitted by the Series 2022 Revenue Bond.

**Section 1.28. Enforceability.** This Mortgage and the Series 2022 Revenue Bond have been duly executed and delivered by Mortgagor and constitute valid and binding obligations of Mortgagor enforceable in accordance with their respective terms, except as the enforceability (but not the validity thereof) may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally.

**Section 1.29. Pending Litigation.** There are no proceedings pending or, to the knowledge of Mortgagor, threatened, against or affecting Mortgagor or any part of the Mortgaged Estate in any court or before any governmental authority or arbitration board or tribunal which if adversely determined would materially and adversely affect the properties, business, prospects, profits or condition (financial or otherwise) of Mortgagor or the right or ability of Mortgagor to enter into this Mortgage or the Series 2022 Revenue Bond, and if any such proceedings are subsequently initiated or threatened then Mortgagor will promptly provide written notice to Mortgagee. Mortgagor is not in default with respect to any order of any court or governmental authority or arbitration board or tribunal.

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



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

**Section 1.32. Transfer of Interests in Mortgagor or Mortgaged Estate.** Except in accordance with the terms and restrictions of the Series 2022 Revenue Bond, and except for the Permitted Encumbrances, Mortgagor shall not, by operation of law or otherwise, sell, convey, alienate, transfer, grant, bargain, mortgage, encumber or assign ownership or control of all or any interest direct or indirect in Mortgagor or any part of the Mortgaged Estate or any interest therein, without the prior written consent of Mortgagee.

**Section 1.33. Lease Provisions.** Any lease of all or any part of the Mortgaged Estate by Mortgagor permitted under this Mortgage and the Series 2022 Revenue Bond shall contain a provision obligating such lessee to enter into a subordination, attornment and nondisturbance agreement with Mortgagee, in form and substance satisfactory to Mortgagee.

**Section 1.34. Defeasance Terminates Lien.** Upon defeasance of the Series 2022 Revenue Bond, the lien of this Mortgage upon the Mortgaged Estate shall cease, and Mortgagee shall execute and deliver to Mortgagor at Mortgagor's sole cost and expense all documents necessary to effect such a release.

## **ARTICLE II**

**[RESERVED]**

## **ARTICLE III**

### **ASSIGNMENT OF LEASES AND RENTS**

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

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

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

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

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

**Section 3.04. Negative Covenants.** Mortgagor shall not, without Mortgagee's consent: (a) enter into any Lease; (b) modify or amend the terms of any Lease; (c) grant any consents under any Lease, including any consent to an assignment of any Lease, a mortgaging of the leasehold estate created by any Lease or a subletting by the tenant under any Lease; (d) terminate, cancel, surrender, or accept the surrender of, any Lease, or waive or release any person from the observance or performance of any material obligation to be performed under the terms of any Lease or liability on account of any warranty given thereunder; or (e) assign, transfer, mortgage, pledge or hypothecate any Lease or any interest therein to any party other than Mortgagee. Any lease, modification, amendment, grant, termination, cancellation, surrender, waiver or release in violation of the foregoing provision shall be null and void and of no force and effect. A lease between Equity Education (tenant) and the YMCA of Metropolitan Detroit (Landlord), dated July 12, 2018 (the "Lease") is currently in effect as it relates to 3,555 square feet of the annex space (the "Annex"). The Mortgagor will assume the Lease as Landlord. Pursuant to a Classroom/Office Use License Agreement, effective on July 1, 2019, the Mortgagor has a license to use all but 336 square feet of the Annex.

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

## **ARTICLE IV**

### **SECURITY AGREEMENT**

**Section 4.01. Creation of Security Interest.** With respect to any portion of the Mortgaged Estate which now constitutes fixtures governed by the UCC, this Mortgage shall constitute a security agreement between Mortgagor as the debtor and Mortgagee as the secured party, and Mortgagor hereby grants to Mortgagee a security interest in such portion of the Mortgaged Estate (such portion being the "Fixtures"). Cumulative of all other rights of

Mortgagee hereunder, Mortgagee shall have all of the rights conferred upon secured parties by the UCC. Mortgagor will execute and deliver to Mortgagee all financing statements that may from time to time be required by Mortgagee to establish and maintain the validity and priority of the security interest of Mortgagee, or any modification thereof, and all costs and expenses of any searches required by Mortgagee. Mortgagee may exercise any or all of the remedies of a secured 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 Permitted Encumbrances. Mortgagor will notify Mortgagee and will defend the Fixtures against, all prohibited claims and demands of all persons at any time claiming the same or any interest therein;

(b) Mortgagor will not lease, sell, convey or in any manner transfer the Fixtures (except Fixtures transferred in the ordinary course of business and replaced by Fixtures of a similar nature and having at least the same value as the Fixtures replaced, and except for Permitted Encumbrances) without the prior written consent of Mortgagee;

(c) the Fixtures are not used or bought for personal, family or household purposes;

(d) the Fixtures will be kept on or at the Project and Mortgagor will not remove the Fixtures from the Project without the prior written consent of Mortgagee, except such portions or items of personal property which are consumed or worn out in ordinary usage, all of which shall be promptly replaced by Mortgagor with new items of equal or greater quality; and

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

## **ARTICLE V**

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

**Section 5.01. Events of Default.** Any one or more of the following events shall be deemed an event of default hereunder (each, an “Event of Default”):

(a) the occurrence of a default or an Event of Default by Mortgagor under the Series 2022 Revenue Bond (other than this Mortgage) subject to any applicable notice or cure periods provided therein;

(b) a default or breach of any covenant contained in Section 1.05, 1.10 or 1.25;

(c) if Mortgagor shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent within the meaning of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, as amended (the “Bankruptcy Code”), or shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors; or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Mortgagor of all or any part of the Mortgaged Estate, or of any or all of the royalties, rents, issues or profits thereof, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due;

(d) if a court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against Mortgagor seeking any reorganization, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, and such order, judgment or decree shall remain unvacated and unstayed for an aggregate of 60 days (whether or not consecutive) from the first date of entry thereof; or any trustee, receiver or liquidator of Mortgagor or of all or any part of the Mortgaged Estate, or of any or all of the royalties, rents, issues or profits thereof, shall be appointed without the consent or acquiescence of Mortgagor and such appointment shall remain unvacated and unstayed for an aggregate of 30 days (whether or not consecutive);

(e) if a writ of execution or attachment or any similar process shall be issued or levied against all or any part of or interest in the Mortgaged Estate, or any judgment involving monetary damages shall be entered against Mortgagor which shall become a lien on the Mortgaged Estate or any portion thereof or interest therein and such execution, attachment or similar process or judgment is not released, bonded, satisfied, vacated or stayed within 30 days after its entry or levy;

(f) if, during the term of the Series 2022 Revenue Bond secured by this Mortgage, Mortgagor shall without the prior written approval of Mortgagee (unless permitted as provided herein) sell, convey, alienate, mortgage or encumber the Mortgaged Estate or any part thereof or any interest therein, or shall be divested of its title or any interest therein, in any manner, whether voluntarily or involuntarily, or if there is any merger, consolidation or dissolution affecting Mortgagor, or if there is a transfer of a majority interest in Mortgagor in a series of transactions or as a single transaction;

(g) any assignment by Mortgagor of the whole or any part of the Revenues, issues or profits arising from the Mortgaged Estate (including, without limitation, the Revenues) to any person without the written consent of Mortgagee (unless permitted as provided herein) or if, without such consent, Mortgagor shall otherwise further encumber the Mortgaged Estate or any portion thereof (including, without limitation, secured transactions under the UCC);

(h) if at any time any representation, warranty or statement made by Mortgagor in the Series 2022 Revenue Bond or any certificate delivered by Mortgagor shall be incorrect or misleading in any material respect, or any material misrepresentation shall at any time be made to Mortgagee by Mortgagor; or

(i) failure by Mortgagor to punctually perform or observe any covenant or agreement contained in this Mortgage (other than as set forth above) and such failure shall not have been cured within 30 days after written notice from Mortgagee of such failure.

**Section 5.02. Acceleration Upon Default; Additional Remedies.** Subject to the cure provisions of this Section 5.02, upon the occurrence of an Event of Default (which default is not cured within any applicable cure period) Mortgagee may, at Mortgagee's sole option exercised in Mortgagee's sole discretion, pursue any one or more of the following remedies:

(a) Declare all or any portion of the Secured Obligations to be due and payable, and the same shall thereupon become due and payable without any presentment, demand, protest or notice of any kind except as otherwise provided herein;

(b) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon and take possession of the Mortgaged Estate or any part thereof and do any acts which it deems necessary or desirable to preserve the value, marketability

or rentability of the Mortgaged Estate, or part thereof or interest therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Mortgaged Estate, take any action described in Article II, III or IV hereof, sue for or otherwise collect the Revenues thereof, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including reasonable attorneys' fees, upon any Secured Obligations, all in such order as Mortgagee may determine. The entering upon and taking possession of the Mortgaged Estate, the taking of any action described in Article II, III or IV hereof, the collection of such Revenues and the application thereof as aforesaid, shall not cure or waive any default or notice of default or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Mortgaged Estate or the collection, receipt and application of Revenues, issues or profits, Mortgagee shall be entitled to exercise every right provided for the Series 2022 Revenue Bond or by law upon occurrence of any Event of Default, including the right to exercise the power of sale herein conferred;

(c) Commence an action to foreclose this Mortgage (either judicially or non-judicially), appoint a receiver, specifically enforce any of the covenants hereof, or sell the Mortgaged Estate pursuant to the power of sale herein conferred and in a manner provided under Michigan law;

(d) Exercise any or all of the remedies available to a secured party under the UCC, including, but not limited to:

(i) Either personally or by means of a court appointed receiver, commissioner or other officer, take possession of all or any of the Fixtures and exclude therefrom Mortgagor and all others claiming under Mortgagor, and thereafter hold, store, use, operate, manage, maintain and control, make repairs, replacements, alterations, additions and improvements to and exercise all rights and powers of Mortgagor in respect of the Fixtures or any part thereof. In the event Mortgagee demands or attempts to take possession of the Fixtures in the exercise of any rights under the Series 2022 Revenue Bond, Mortgagor promises and agrees to promptly turn over and deliver complete possession thereof to Mortgagee;

(ii) Without notice to or demand upon Mortgagor, make such payments and do such acts as Mortgagee may deem necessary to protect its security interest in the Fixtures, including, without limitation, paying, purchasing, contesting or compromising any encumbrance, charge or lien which is prior to or superior to the security interest granted hereunder and, in exercising any such powers or authority, to pay all expenses incurred in connection therewith;

(iii) Require Mortgagor to assemble the Fixtures or any portion thereof, at a place designated by Mortgagee and reasonably convenient to both parties, and promptly to deliver such Fixtures to Mortgagee, or an agent or representative

designated by it. Mortgagee shall have the right to enter upon any or all of Mortgagor's premises and property to exercise Mortgagee's rights hereunder;

(iv) Sell, lease or otherwise dispose of the Fixtures at public sale, with or without having the Fixtures at the place of sale, and upon such terms and in such manner as Mortgagee may determine. Mortgagee may be a purchaser at any such sale;

(v) Unless the Fixtures are perishable or threaten to decline speedily in value or are of a type customarily sold on a recognized market, Mortgagee shall give Mortgagor at least 10 days' prior written notice of the time and place of any public sale of the Fixtures or other intended disposition thereof. Such notice may be mailed to Mortgagor at the address set forth in Section 6.05 herein and shall be deemed to be given on the date of mailing thereof; and

(vi) Any sale made pursuant to the provisions of this subsection shall be deemed to have been a public sale conducted in a commercially reasonable manner if held contemporaneously with the sale of all or a portion of the remainder of the Mortgaged Estate under power of sale as provided herein upon giving the same notice with respect to the sale of the Personal Property hereunder as is required for such sale of the remainder of the Mortgaged Estate under power of sale, and such sale shall be deemed to be pursuant to a security agreement covering both real and personal property under the UCC.

(e) Exercise any other rights or remedies which may now or hereafter be available to Mortgagee under this Mortgage or the Series 2022 Revenue Bond or pursuant to applicable law or in equity; or

(f) If held by Mortgagee, surrender the insurance policies maintained pursuant to Section 1.05, collect the unearned insurance premiums and apply such sums as a credit on the Secured Obligations in such priority and proportion as Mortgagee shall deem proper, and in connection therewith, Mortgagor hereby appoints Mortgagee as agent and attorney-in-fact (which is coupled with an interest and is therefore irrevocable) for Mortgagee to collect such insurance premiums.

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



### **Section 5.03. [Reserved].**

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

**Section 5.05. Remedies Not Exclusive.** Mortgagee shall be entitled to enforce payment and performance of any Secured Obligation hereby and to exercise all rights and powers under this Mortgage or under the Series 2022 Revenue Bond or other agreement or any laws now or hereafter in force. Neither the acceptance of this Mortgage nor its enforcement, whether by court action or pursuant to the power of sale or other powers herein contained, shall prejudice or in any manner affect Mortgagee's right to realize upon or enforce any other security now or hereafter held by Mortgagee, it being agreed that Mortgagee shall be entitled to enforce this Mortgage and any other security now or hereafter held by Mortgagee in such order and manner as it may determine. No remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by the Series 2022 Revenue Bond to Mortgagee or to which Mortgagee may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Mortgagee. Mortgagee may pursue inconsistent remedies.

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

Mortgagee hereunder shall not be deemed a waiver of the right to require such consent or approval to future or successive actions or inactions.

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

**Section 5.07. Relief from Stay.** In the event that Mortgagor commences a case under the Bankruptcy Code or is the subject of an involuntary case that results in an order for relief under the Bankruptcy Code, subject to court approval, Mortgagee shall thereupon be entitled and Mortgagor irrevocably consents to relief from any stay imposed by Section 362 of the Bankruptcy Code on or against the exercise of the rights and remedies otherwise available to Mortgagee as provided in the Series 2022 Revenue Bond and Mortgagor hereby irrevocably waives its rights to object to such relief. In the event Mortgagor shall commence a case under the Bankruptcy Code or is the subject of an involuntary case that results in an order for relief under the Bankruptcy Code, Mortgagor hereby agrees that no injunctive relief against Mortgagee shall be sought under Section 105 or other provisions of the Bankruptcy Code by Mortgagor or other person or entity claiming through Mortgagor, nor shall any extension be sought of the stay provided by Section 362 of the Bankruptcy Code.

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

## ARTICLE VI

### MISCELLANEOUS

**Section 6.01. Governing Law.** This Mortgage shall be governed by the internal laws of the State without giving effect to its conflicts of law principles. In the event that any provision or clause of this Mortgage conflicts with applicable laws, such conflicts shall not affect other provisions of this Mortgage which can be given effect without the conflicting provision, and to this end the provisions of this Mortgage are declared to be severable. This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought. If any conflict shall arise between the terms of this Mortgage and the Series 2022 Revenue Bond, the terms of the Series 2022 Revenue Bond shall govern.

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

**Section 6.03. Limitation of Interest.** All agreements between Mortgagor and Mortgagee, whether now existing or hereafter arising and whether written or oral, are expressly limited so that in no contingency or event whatsoever shall the amount paid, or agreed to be paid, to Mortgagee for the use, forbearance, or detention of the money to be held or otherwise, or for the performance or payment of any covenant or obligation contained herein or therein, exceed the maximum amount permissible under applicable law. If from any circumstance whatsoever fulfillment of any provision hereof or thereof at the time performance of such provision shall be due shall involve transcending the limit of validity prescribed by law, then, *ipso facto*, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any such

circumstance Mortgagee or holders of the Series 2022 Revenue Bond shall ever receive as interest under the Series 2022 Revenue Bond or this Mortgage or otherwise anything of value which would exceed interest at the highest lawful rate, such amount that would be excessive interest shall be applied to the reduction of the principal amount owing under the Series 2022 Revenue Bond or on account of other Secured Obligations and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal of the Series 2022 Revenue Bond and such other Secured Obligations, such excess shall be refunded to Mortgagor. All sums paid or agreed to be paid to Mortgagee for the use, forbearance, or detention of the Secured Obligations shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such obligations until payment in full so that the rate of interest on account of Secured Obligations is uniform throughout the term thereof. The terms and provisions of this paragraph shall control all agreements between Mortgagor and Mortgagee.

**Section 6.04. [Reserved]**

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

If to Mortgagor:	Detroit Leadership Academy 13550 Virgil Street Detroit, MI 48223 Attention: President Telephone: (313) 242-1500 Facsimile: (313) _____
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If to Mortgagee:	First Merchants Bank 32991 Hamilton Court Farmington Hills, MI 48334 Attention: Glen Maurer Telephone: (248) 871-0939
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Any party may at any time change its address for such notices by delivering to the other parties hereto, as aforesaid, a notice of such change.

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

**Section 6.07. Invalidity of Certain Provisions.** If the lien of this Mortgage is invalid or unenforceable as to any part of the Secured Obligations, or if the lien is invalid or unenforceable as to any part of the Mortgaged Estate, the unsecured or partially secured portion of the Secured Obligations shall be completely paid prior to the payment of the remaining and secured portion of the Secured Obligations, and all payments made on such obligations, whether voluntary or

under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the Secured Obligations which is not secured or fully secured by the lien of this Mortgage.

**Section 6.08. Subrogation.** To the extent that proceeds of the Series 2022 Revenue Bond or advances under this Mortgage are used to pay any outstanding lien, charge or prior encumbrance against the Mortgaged Estate, such proceeds or advances have been or will be advanced by Mortgagee, at Mortgagor's request, and Mortgagee shall be subrogated to any and all rights and liens held by any owner or holder of such outstanding liens, charges and prior encumbrances, irrespective of whether said liens, charges or encumbrances are released of record.

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

**Section 6.10. Assignment of Mortgagee's Interest.** It is expressly agreed that any and all terms of this Mortgage, the Series 2022 Revenue Bond and all other agreements made or executed by Mortgagor or others in favor of Mortgagee, and all rights, powers, privileges, options and remedies conferred upon Mortgagee herein and therein, shall inure to and be for the benefit of, and may be exercised by, Mortgagee, and the words "Mortgagee" shall also mean and include the successor or successors and the assign or assigns of Mortgagee. Mortgagor hereby specifically grants unto Mortgagee the right and privilege, at Mortgagee's option, to transfer and assign to any third person all or any part of Mortgagee's rights to receive funds or payments hereunder.

**Section 6.11. Time Is of the Essence.** Time is of the essence under this Mortgage and the Series 2022 Revenue Bond.

**Section 6.12. Obligations of Mortgagor.** The obligations of Mortgagor to make payments hereunder and under the Series 2022 Revenue Bond and to perform and observe all agreements on its part contained herein and therein with respect thereto shall be absolute and unconditional. Until this Mortgage is terminated or payment in full of all Series 2022 Revenue Bond is made, Mortgagor (i) will not suspend or discontinue any payments under the Series 2022 Revenue Bond or neglect to perform any of its duties required thereunder or hereunder; (ii) will perform and observe all of its obligations set forth in the Series 2022 Revenue Bond and this

Mortgage; and (iii) except as provided herein will not terminate the Series 2022 Revenue Bond or this Mortgage for any cause.

**Section 6.13. Immunity of Individuals.** No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Series 2022 Revenue Bond or for any claim based thereon, this Mortgage or upon any obligation, covenant or agreement herein against any past, present or future officer, director, trustee, member, employee or agent of Mortgagor, whether directly or indirectly and all such liability of any such individual as such is hereby expressly waived and released as a condition of and in consideration for the execution hereof and the issuance of the Series 2022 Revenue Bond.

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

**Section 6.15 Power of Attorney.** Mortgagee may act as attorney-in-fact or otherwise on behalf of Mortgagor pursuant to Sections 1.22, 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.

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

*[Remainder of page intentionally left blank.]*

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

**DETROIT LEADERSHIP ACADEMY**

By:   
Daniel J. Piepszowski

Its: President

9845794

MORTGAGE  
Detroit Leadership Academy, Series 2022 Revenue Bond  
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STATE OF MICHIGAN     )  
  ) ss:  
COUNTY OF WAYNE    )

Personally came before me on November \_\_\_, 2022, the above named Daniel J. Piepszowski, President of Detroit Leadership Academy, to me known to be the person who executed the foregoing instrument and acknowledged the same on behalf of Detroit Leadership Academy.

**S P Murphy**  
Notary Public, State of Michigan  
County of Wayne  
My Commission Expires April 19, 2023  
Acting in the County of Oakland

  
Name: S.P. Murphy  
Notary Public, State of Michigan  
My commission expires: 4/19/2023  
Acting in County of: Oakland

MORTGAGE  
Detroit Leadership Academy, Series 2022 Revenue Bond  
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## **EXHIBIT A**

### **LEGAL DESCRIPTION**

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

Lots 322 through 335, inclusive and Lots 378 through 39, inclusive, including the vacated alley (18 feet wide), adjoining the West line of Lots 322 through 335, inclusive, and the East line of Lots 378 through 391, inclusive, including vacated Riverdale Avenue (60 feet wide), adjoining the East line of Lots 322 through 335, inclusive, CASTLEFORD, as recorded in Liber 56, Pages 96 through 97, Wayne County Records and Lot 1 and part of Lot 2, including a vacated North-South Alley (18 feet wide) adjoining the West line of Lot 1 and the East line of Lot 2, including that portion of a vacated East-West alley (20 feet wide) adjoining the North line of Lot 1 and the North end of said vacated North-South alley which lies South of the South right of way line of the Interstate 96 Expressway, also that portion of vacated Riverdale Avenue (60 feet wide) adjoining the East line of said Lot 1 and the East end of said vacated East-West alley, which lies South of the South right of way line of the Interstate 96 Expressway, ASSESSOR'S DETROIT SCHOOLCRAFT SUPERHIGHWAY SUBDIVISION, as recorded in Liber 64, Page 44, Wayne County Records, all being located in the City of Detroit, Wayne County, Michigan, and being more particularly described as follows: beginning at the Northeast corner of Davison Avenue (60 feet wide) and Virgil Avenue (60 feet wide), said point being also the Southwest corner of Lot 378 of said CASTLEFORD, as recorded in Liber 56, Page 96 through 97, Wayne County Records and proceeding thence from said point of beginning North 00°24'00" East, along the East line of said Virgil Avenue, said line being also the West line of Lots 378 through 391, inclusive of said CASTLEFORD and part of the West line of Lot 2 of said ASSESSOR'S DETROIT SCHOOLCRAFT SUPERHIGHWAY SUBDIVISION, as recorded in Liber 64, page 44, Wayne County Records, a distance of 571.29 feet to the Southeast corner of the Interstate 96 Expressway (Schoolcraft Road) (width varies) and said Virgil Avenue; thence along the Southerly right of way line of the Interstate 96 Expressway, along the arc of a curve, concave to the South, radius 2264.82 feet, an arc distance of 291.43 feet (chord bears North 84°35'05" East, 291.23 feet) to a point of tangent in said right of way line; thence continuing along said right of way line, North 88°16'16" East, along a line tangent to the foregoing curve, a distance of 37.49 feet to the point of intersection of said right of way line with the East line of vacated Riverdale Avenue (60 feet wide); thence South 00°34'00" West, along the East line of said vacated Riverdale Avenue, a distance of 600.53 feet to a point on the North line of said Davison Avenue; thence North 89°53'33" West, along the North line of said Davison Avenue, said line being also the South end of said vacated Riverdale Avenue, the South line of Lot 335, the South end of a vacated alley (18 feet wide) and the South line of Lot 378 of said CASTLEFORD, a distance of 325.45 feet to the point of beginning.

**EXHIBIT B**

PERMITTED EXCEPTIONS  
AS DISCLOSED IN TITLE INSURANCE POLICY

39845794.1/156787.00004



**DEVON TITLE AGENCY**  
1680 Crooks Rd  
Troy MI 48084  
Phone: 248-273-4300  
Fax: 248-273-4301  
[www.devontitle.com](http://www.devontitle.com)

Issuing Office's ALTA Registry® ID: 1033891

**Agent for Stewart Title Guaranty Company**

Transaction Identification Data for reference only:

Commitment No.: **10015090**

Property Address: **13550 Virgil Street, Detroit, MI 48223**

**COMMITMENT FOR TITLE INSURANCE  
SCHEDULE A**

1. Commitment Date: **September 06, 2022, at 8:00 am**

2. Policy to be issued:

**LOAN POLICY**

**AMOUNT**

(a) **ALTA Loan Policy of Title Insurance**

**\$1,461,700.00**

Proposed Insured:

**First Merchants Bank, its successors and/or assigns, as their interest may appear**

3. The estate or interest in the Land described or referred to in this Commitment is: **Fee Simple**

4. The Title is, at the Commitment Date vested in:


**Detroit Leadership Academy, a Michigan nonprofit corporation**

5. The Land is described as follows:

Land situated in the City of Detroit, County of Wayne, State of Michigan

**SEE SCHEDULE C FOR COMPLETE LEGAL DESCRIPTION**

**DEVON TITLE AGENCY**

By: 

Benjamin L. Watson, Authorized Signatory

This page is only a part of a 2016 ALTA® Commitment for Title Insurance issued by Stewart Title Guaranty Company. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I – Requirements; Schedule B, Part II – Exceptions and a counter-signature by the Company or its issuing agent that may be in electronic form.

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**SCHEDULE B, PART I  
Requirements**

All of the following Requirements must be met:

1. The Proposed Insured must notify the Company in writing of the name of any party not referred to in this Commitment who will obtain an interest in the Land or who will make a loan on the Land. The Company may then make additional Requirements or Exceptions.
2. Pay the agreed amount for the estate or interest to be insured.
3. Pay the premiums, fees, and charges for the Policy to the Company.
4. Documents satisfactory to the Company that convey the Title or create the Mortgage to be insured, or both, must be properly authorized, executed, delivered, and recorded in the Public Records.
5. Pay unpaid taxes and assessments unless shown paid.
6. The insurer must be notified of any construction improvements, renovations or remodeling and reserves the right to add any additional requirements.
7. For any document creating the insured title or interest that will be executed, notarized, and recorded electronically using IPEN or RON, the following requirements apply:
  - Execution of the instrument(s) to be insured pursuant to the requirements of the Michigan Uniform Electronic Transaction Act MCL 450.831 et. seq.
  - Acknowledgement of the instrument(s) to be insured by a notary properly commissioned as an electronic or remote notary public by the Michigan Secretary of State with the ability to perform electronic or remote notarial acts under the Michigan Law on Notarial Acts - MCL 55.261 - 55.315.
  - Electronic recordation of the instrument(s) to be insured in the County Clerk/Register of Deeds of Wayne County, Michigan.
8. Record Discharge of the Mortgage in the amount of \$800,000.00 given by Detroit Leadership Academy to TCF National Bank, dated October 16, 2020, recorded January 21, 2021, in [Liber 56361, Page 649](#), Wayne County Records.
9. A copy of the Resolution of the Board of Directors of the recited owner, authorizing the Corporation to borrow \$701,800.00 from the recited mortgagee and directing the proper officers to execute the proposed mortgage on behalf of the Corporation, must be furnished to the Company.
10. Record mortgage to be insured and submit evidence satisfactory to Company that each signer is an authorized signatory and is at least 18 years of age.
11. NOTE: The following language should appear at the bottom of the first page of this Mortgage:

This Mortgage is a Second Mortgage and is junior to the Mortgage in the original principal amount of \$701,800.00 from Detroit Leadership Academy to First Merchants Bank.
12. NOTE: The address(s) recited herein is/are for informational purposes only. The Company neither guarantees nor insures its accuracy.
13. NOTE: No liability is assumed by the company for ascertaining the status of utility charges and the insured is cautioned to obtain the current status of these payments.
14. NOTE: The following information is provided for informational purposes only, the accuracy of which is neither guaranteed nor insured, including but not limited to Principal Residence Exemption status. No liability is assumed by the Company for increase occasioned by retroactive revaluation or change in land usage or loss of any Principal

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## Residence Exemption status for insured premises.

## Tax Information as found:

Commonly known as: 13550 Virgil Street, Detroit, MI 48223

Tax I.D. Number: 22121000-7

2022 SEV: \$0.00

2022 Taxable Value: \$0.00

2022 Summer Tax Amount: \$100.00 PAID

2021 Winter Tax Amount: EXEMPT

Special Assessments: The above summer tax includes \$100.00 for Inspection Fee

Principal Residence Exemption: 0% for tax year 2022

School District: 82010

**NOTE:** It has been requested by the Proposed Insured that the Company issue its ALTA Loan Policy of Title Insurance without standard exceptions.

## **SCHEDULE B, PART II**

### **Exceptions**

THIS COMMITMENT DOES NOT REPUBLISH ANY COVENANT, CONDITION, RESTRICTION, OR LIMITATION CONTAINED IN ANY DOCUMENT REFERRED TO IN THIS COMMITMENT TO THE EXTENT THAT THE SPECIFIC COVENANT, CONDITION, RESTRICTION, OR LIMITATION VIOLATES STATE OR FEDERAL LAW BASED ON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, GENDER IDENTITY, HANDICAP, FAMILIAL STATUS, OR NATIONAL ORIGIN.

The Policy will not insure against loss or damage resulting from the terms and provisions of any lease or easement identified in Schedule A, and will include the following Exceptions unless cleared to the satisfaction of the Company:

1. Any defect, lien, encumbrance, adverse claim, or other matter that appears for the first time in the Public Records or is created, attaches, or is disclosed between the Commitment Date and the date on which all of the Schedule B, Part I - Requirements are met.
2. Any facts, rights, interests, or claims which are not shown by the Public Records but that could be ascertained by an inspection of the Land or by making inquiry of persons in possession of the Land.
3. Easements, liens, or encumbrances, or claims thereof not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title including discrepancies, conflicts in boundary lines, shortage in area, or any other facts that would be disclosed by an accurate and complete land survey of the Land, and that are not shown in the Public Records.
5. Any liens or right to lien for services, labor or material imposed by law and not shown by the Public Records.
6. Rights and claims of parties in possession, and anyone claiming by, through or under them.
7. Homestead rights, if any, of the spouse of any individual insured or of any individual shown herein to be a party in interest.
8. Building and use restrictions not appearing in the record chain of title, but omitting restrictions, if any, based on race, color, religion or national origin.
9. Taxes and assessments not yet due and payable at Commitment date.
10. The lien, if any, of real estate taxes, assessments, and/or water and sewer charges that are not yet due and payable or that are not shown as existing liens in the records of any taxing authority that levies taxes or assessments on real property or in the Public Records; including the lien for taxes, assessments, and/or water and sewer charges, which may be added to the tax rolls or tax bill after the Date of Closing. The Company assumes no liability for the tax increases occasioned by the retroactive revaluation or changes in the Land usage or loss of any homestead exemption status for the insured premises.
11. The address(es) recited herein is/are for informational purposes only. The Company neither guarantees nor insures its accuracy.
12. No liability is assumed by the company for ascertaining the status of utility charges and the insured is cautioned to obtain the current status of these payments.
13. Oil, gas and mineral reservations of every kind and nature and all rights, privileges pertinent or incidental thereto, recorded or unrecorded.
14. Subject to any municipal regulation, including, but not limited to, water, sewer and septic which requires an inspection prior to the sale and/or transfer of the subject property.
15. Subject to all charges assessed, either currently due or retroactively imposed, in connection with the Storm Water Drainoff System (SWDS).

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16. Rights and claims of parties in possession, and anyone claiming by, through or under them.
17. Any and all easements and restrictions as shown on the recorded [plat](#).
18. Terms, conditions, covenants, building and use restrictions, charges, assessments, liens and other matters but omitting any such covenant or restriction based on race, color, religion, sex, handicap, familial status or national origin as contained in [Liber 6002, Page 165](#) and in [Liber 10866, Page 563](#) as amended in [Liber 8508, Page 635](#) and in [Liber 11241, Page 317](#), Wayne County Records.
19. Terms, conditions and provisions contained in Resolution recorded in [Liber 8064, Page 5](#); [Liber 10179, Page 644](#); [Liber 10559, Page 330](#) and in [Liber 11148, Page 148](#) of Wayne County Records.
20. Terms, conditions and provisions contained in Declaration of Taking recorded in [Liber 17202, Page 655](#) of Wayne County Records.
21. Terms, conditions and provisions contained in Perpetual Easement Agreement recorded in [Liber 48632, Page 1119](#) of Wayne County Records.
22. Terms, conditions and provisions contained in Covenant Deed recorded in [Liber 56043, Page 424](#) of Wayne County Records.
23. Mortgage in the amount of \$701,800.00 executed by Detroit Leadership Academy to First Merchants Bank not yet of public record but known to the insured.

NOTE: Said mortgage will be shown on Final Policy.

**SCHEDULE C**  
**Legal Description**

Land situated in the City of Detroit, County of Wayne, State of Michigan described as follows:

Lots 322 through 335, inclusive and Lots 378 through 39, inclusive, including the vacated alley (18 feet wide), adjoining the West line of Lots 322 through 335, inclusive, and the East line of Lots 378 through 391, inclusive, including vacated Riverdale Avenue (60 feet wide), adjoining the East line of Lots 322 through 335, inclusive, CASTLEFORD, as recorded in Liber 56, Pages 96 through 97, Wayne County Records and Lot 1 and part of Lot 2, including a vacated North-South Alley (18 feet wide) adjoining the West line of Lot 1 and the East line of Lot 2, including that portion of a vacated East-West alley (20 feet wide) adjoining the North line of Lot 1 and the North end of said vacated North-South alley which lies South of the South right of way line of the Interstate 96 Expressway, also that portion of vacated Riverdale Avenue (60 feet wide) adjoining the East line of said Lot 1 and the East end of said vacated East-West alley, which lies South of the South right of way line of the Interstate 96 Expressway, ASSESSOR'S DETROIT SCHOOLCRAFT SUPERHIGHWAY SUBDIVISION, as recorded in Liber 64, Page 44, Wayne County Records, all being located in the City of Detroit, Wayne County, Michigan, and being more particularly described as follows: beginning at the Northeast corner of Davison Avenue (60 feet wide) and Virgil Avenue (60 feet wide), said point being also the Southwest corner of Lot 378 of said CASTLEFORD, as recorded in Liber 56, Page 96 through 97, Wayne County Records and proceeding thence from said point of beginning North 00°24'00" East, along the East line of said Virgil Avenue, said line being also the West line of Lots 378 through 391, inclusive of said CASTLEFORD and part of the West line of Lot 2 of said ASSESSOR'S DETROIT SCHOOLCRAFT SUPERHIGHWAY SUBDIVISION, as recorded in Liber 64, page 44, Wayne County Records, a distance of 571.29 feet to the Southeast corner of the Interstate 96 Expressway (Schoolcraft Road) (width varies) and said Virgil Avenue; thence along the Southerly right of way line of the Interstate 96 Expressway, along the arc of a curve, concave to the South, radius 2264.82 feet, an arc distance of 291.43 feet (chord bears North 84°35'05" East, 291.23 feet) to a point of tangent in said right of way line; thence continuing along said right of way line, North 88°16'16" East, along a line tangent to the foregoing curve, a distance of 37.49 feet to the point of intersection of said right of way line with the East line of vacated Riverdale Avenue (60 feet wide); thence South 00°34'00" West, along the East line of said vacated Riverdale Avenue, a distance of 600.53 feet to a point on the North line of said Davison Avenue; thence North 89°53'33" West, along the North line of said Davison Avenue, said line being also the South end of said vacated Riverdale Avenue, the South line of Lot 335, the South end of a vacated alley (18 feet wide) and the South line of Lot 378 of said CASTLEFORD, a distance of 325.45 feet to the point of beginning.





## ALTA COMMITMENT FOR TITLE INSURANCE

ISSUED BY

### STEWART TITLE GUARANTY COMPANY

Commitment No. 10015090

#### NOTICE

IMPORTANT - READ CAREFULLY: THIS COMMITMENT IS AN OFFER TO ISSUE ONE OR MORE TITLE INSURANCE POLICIES. ALL CLAIMS OR REMEDIES SOUGHT AGAINST THE COMPANY INVOLVING THE CONTENT OF THIS COMMITMENT OR THE POLICY MUST BE BASED SOLELY IN CONTRACT.

THIS COMMITMENT IS NOT AN ABSTRACT OF TITLE, REPORT OF THE CONDITION OF TITLE, LEGAL OPINION, OPINION OF TITLE, OR OTHER REPRESENTATION OF THE STATUS OF TITLE. THE PROCEDURES USED BY THE COMPANY TO DETERMINE INSURABILITY OF THE TITLE, INCLUDING ANY SEARCH AND EXAMINATION, ARE PROPRIETARY TO THE COMPANY, WERE PERFORMED SOLELY FOR THE BENEFIT OF THE COMPANY, AND CREATE NO EXTRA CONTRACTUAL LIABILITY TO ANY PERSON, INCLUDING A PROPOSED INSURED.

THE COMPANY'S OBLIGATION UNDER THIS COMMITMENT IS TO ISSUE A POLICY TO A PROPOSED INSURED IDENTIFIED IN SCHEDULE A IN ACCORDANCE WITH THE TERMS AND PROVISIONS OF THIS COMMITMENT. THE COMPANY HAS NO LIABILITY OR OBLIGATION INVOLVING THE CONTENT OF THIS COMMITMENT TO ANY OTHER PERSON.


#### COMMITMENT TO ISSUE POLICY

Subject to the Notice; Schedule B, Part I - Requirements; Schedule B, Part II - Exceptions; and the Commitment Conditions, **Stewart Title Guaranty Company** (the "Company"), commits to issue the Policy according to the terms and provisions of this Commitment. This Commitment is effective as of the Commitment Date shown in Schedule A for each Policy described in Schedule A, only when the Company has entered in Schedule A both the specified dollar amount as the Proposed Policy Amount and the name of the Proposed Insured.

If all of the Schedule B, Part I - Requirements have not been met within **90 days** after the Commitment Date, this Commitment terminates and the Company's liability and obligation end.

Issued through the Office of:


#### DEVON TITLE AGENCY


By: 

Benjamin L. Watson, Authorized Signatory

#### STEWART TITLE GUARANTY COMPANY



  
Frederick H. Eppinger  
President and CEO

  
David Hisey  
Secretary

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## COMMITMENT CONDITIONS

### 1. DEFINITIONS

- (a) "Knowledge" or "Known": Actual or imputed knowledge, but not constructive notice imparted by the Public Records.
- (b) "Land": The land described in Schedule A and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is to be insured by the Policy.
- (c) "Mortgage": A mortgage, deed of trust, or other security instrument, including one evidenced by electronic means authorized by law.
- (d) "Policy": Each contract of title insurance, in a form adopted by the American Land Title Association, issued or to be issued by the Company pursuant to this Commitment.
- (e) "Proposed Insured": Each person identified in Schedule A as the Proposed Insured of each Policy to be issued pursuant to this Commitment.
- (f) "Proposed Policy Amount": Each dollar amount specified in Schedule A as the Proposed Policy Amount of each Policy to be issued pursuant to this Commitment.
- (g) "Public Records": Records established under state statutes at the Commitment Date for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge.
- (h) "Title": The estate or interest described in Schedule A.

- 2. If all of the Schedule B, Part I - Requirements have not been met within the time period specified in the Commitment to Issue Policy, this Commitment terminates and the Company's liability and obligation end.
- 3. The Company's liability and obligation is limited by and this Commitment is not valid without:
  - (a) the Notice;
  - (b) the Commitment to Issue Policy;
  - (c) the Commitment Conditions;
  - (d) Schedule A;
  - (e) Schedule B, Part I - Requirements;
  - (f) Schedule B, Part II - Exceptions;
  - (g) a counter-signature by the Company or its issuing agent that may be in electronic form.

### 4. COMPANY'S RIGHT TO AMEND

The Company may amend this Commitment at any time. If the Company amends this Commitment to add a defect, lien, encumbrance, adverse claim, or other matter recorded in the Public Records prior to the Commitment Date, any liability of the Company is limited by Commitment Condition 5. The Company shall not be liable for any other amendment to this Commitment.

### 5. LIMITATIONS OF LIABILITY

- (a) The Company's liability under Commitment Condition 4 is limited to the Proposed Insured's actual expense incurred in the interval between the Company's delivery to the Proposed Insured of the Commitment and the delivery of the amended Commitment, resulting from the Proposed Insured's good faith reliance to:
  - (i) comply with the Schedule B, Part I - Requirements;
  - (ii) eliminate, with the Company's written consent, any Schedule B, Part II - Exceptions; or
  - (iii) acquire the Title or create the Mortgage covered by this Commitment.
- (b) The Company shall not be liable under Commitment Condition 5(a) if the Proposed Insured requested the amendment or had Knowledge of the matter and did not notify the Company about it in writing.
- (c) The Company will only have liability under Commitment Condition 4 if the Proposed Insured would not have incurred the expense had the Commitment included the added matter when the Commitment was first delivered to the Proposed Insured.
- (d) The Company's liability shall not exceed the lesser of the Proposed Insured's actual expense incurred in good faith and described in Commitment Conditions 5(a)(i) through 5(a)(iii) or the Proposed Policy Amount.
- (e) The Company shall not be liable for the content of the Transaction Identification Data, if any.
- (f) In no event shall the Company be obligated to issue the Policy referred to in this Commitment unless all of the Schedule B, Part I - Requirements have been met to the satisfaction of the Company.
- (g) In any event, the Company's liability is limited by the terms and provisions of the Policy.

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**6. LIABILITY OF THE COMPANY MUST BE BASED ON THIS COMMITMENT**

- (a) Only a Proposed Insured identified in Schedule A, and no other person, may make a claim under this Commitment.
- (b) Any claim must be based in contract and must be restricted solely to the terms and provisions of this Commitment.
- (c) Until the Policy is issued, this Commitment, as last revised, is the exclusive and entire agreement between the parties with respect to the subject matter of this Commitment and supersedes all prior commitment negotiations, representations, and proposals of any kind, whether written or oral, express or implied, relating to the subject matter of this Commitment.
- (d) The deletion or modification of any Schedule B, Part II - Exception does not constitute an agreement or obligation to provide coverage beyond the terms and provisions of this Commitment or the Policy.
- (e) Any amendment or endorsement to this Commitment must be in writing and authenticated by a person authorized by the Company.
- (f) When the Policy is issued, all liability and obligation under this Commitment will end and the Company's only liability will be under the Policy.

**7. IF THIS COMMITMENT HAS BEEN ISSUED BY AN ISSUING AGENT**

The issuing agent is the Company's agent only for the limited purpose of issuing title insurance commitments and policies. The issuing agent is not the Company's agent for the purpose of providing closing or settlement services.

**8. PRO-FORMA POLICY**

The Company may provide, at the request of a Proposed Insured, a pro-forma policy illustrating the coverage that the Company may provide. A pro-forma policy neither reflects the status of Title at the time that the pro-forma policy is delivered to a Proposed Insured, nor is it a commitment to insure.

**9. ARBITRATION**

The Policy contains an arbitration clause. All arbitrable matters when the Proposed Policy Amount is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Proposed Insured as the exclusive remedy of the parties. A Proposed Insured may review a copy of the arbitration rules at <http://www.alta.org/arbitration>.

## Stewart Title Guaranty Company Privacy Notice Stewart Title Companies

### WHAT DO THE STEWART TITLE COMPANIES DO WITH YOUR PERSONAL INFORMATION?

Federal and applicable state law and regulations give consumers the right to limit some but not all sharing. Federal and applicable state law regulations also require us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand how we use your personal information. This privacy notice is distributed on behalf of the Stewart Title Guaranty Company and its title affiliates (the Stewart Title Companies), pursuant to Title V of the Gramm-Leach-Bliley Act (GLBA).

The types of personal information we collect and share depend on the product or service that you have sought through us. This information can include social security numbers and driver's license number.

All financial companies, such as the Stewart Title Companies, need to share customers' personal information to run their everyday business—to process transactions and maintain customer accounts. In the section below, we list the reasons that we can share customers' personal information; the reasons that we choose to share; and whether you can limit this sharing.

Reasons we can share your personal information.	Do we share	Can you limit this sharing?
<b>For our everyday business purposes</b> - to process your transactions and maintain your account. This may include running the business and managing customer accounts, such as processing transactions, mailing, and auditing services, and responding to court orders and legal investigations.	Yes	No
<b>For our marketing purposes</b> - to offer our products and services to you.	Yes	No
<b>For joint marketing with other financial companies</b>	No	We don't share
<b>For our affiliates' everyday business purposes</b> - information about your transactions and experiences. Affiliates are companies related by common ownership or control. They can be financial and non-financial companies. <i>Our affiliates may include companies with a Stewart name; financial companies, such as Stewart Title Company</i>	Yes	No
<b>For our affiliates' everyday business purposes</b> - information about your creditworthiness.	No	We don't share
<b>For our affiliates to market to you</b> - For your convenience, Stewart has developed a means for you to opt out from its affiliates marketing even though such mechanism is not legally required.	Yes	Yes, send your first and last name, the email address used in your transaction, your Stewart file number and the Stewart office location that is handling your transaction by email to <a href="mailto:optout@stewart.com">optout@stewart.com</a> or fax to 1-800-335-9591.
<b>For non-affiliates to market to you</b> - Non-affiliates are companies not related by common ownership or control. They can be financial and non-financial companies.	No	We don't share

We may disclose your personal information to our affiliates or to non-affiliates as permitted by law. If you request a transaction with a non-affiliate, such as a third party insurance company, we will disclose your personal information to that non-affiliate. (We do not control their subsequent use of information, and suggest you refer to their privacy notices.)

### SHARING PRACTICES

<b>How often do the Stewart Title Companies notify me about their practices?</b>	We must notify you about our sharing practices when you request a transaction.
<b>How do the Stewart Title Companies protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer, file, and building safeguards.
<b>How do the Stewart Title Companies collect my personal information?</b>	We collect your personal information, for example, when you request insurance-related services provide such information to us. We also collect your personal information from others, such as the real estate agent or lender involved in your transaction, credit reporting agencies, affiliates or other companies.
<b>What sharing can I limit?</b>	Although federal and state law give you the right to limit sharing (e.g., opt out) in certain instances, we do not share your personal information in those instances.

**Contact us:** If you have any questions about this privacy notice, please contact us at: Stewart Title Guaranty Company, 1360 Post Oak Blvd., Ste. 100, Privacy Officer, Houston, Texas 77056

## Privacy Notice for California Residents

Pursuant to the California Consumer Privacy Act of 2018 ("CCPA"), Stewart Information Services Corporation and its subsidiary companies (collectively, "Stewart") are providing this **Privacy Notice for California Residents** ("CCPA Notice"). This CCPA Notice supplements the information contained in Stewart's existing privacy notice and applies solely to all visitors, users and others who reside in the State of California or are considered California Residents ("consumers" or "you"). Terms used but not defined shall have the meaning ascribed to them in the CCPA.

### Information Stewart Collects

Stewart collects information that identifies, relates to, describes, references, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer, household, or device. Most of the information that Stewart collects in the course of its regular business is already protected pursuant to the Gramm-Leach-Bliley Act (GLBA). Additionally, much of this information comes from government records or other information already in the public domain. Personal information under the CCPA does not include:

- Publicly available information from government records.
- Deidentified or aggregated consumer information.
- Certain personal information protected by other sector-specific federal or California laws, including but not limited to the Fair Credit Reporting Act (FCRA), GLBA and California Financial Information Privacy Act (FIPA).

Specifically, Stewart has collected the following categories of personal information from consumers within the last twelve (12) months:

Category	Examples	Collected?
A. Identifiers.	A real name, alias, postal address, unique personal identifier, online identifier, Internet Protocol address, email address, account name, Social Security number, driver's license number, passport number, or other similar identifiers.	YES
B. Personal information categories listed in the California Customer Records statute (Cal. Civ. Code § 1798.80(e)).	A name, signature, Social Security number, physical characteristics or description, address, telephone number, passport number, driver's license or state identification card number, insurance policy number, education, employment, employment history, bank account number, credit card number, debit card number, or any other financial information, medical information, or health insurance information. Some personal information included in this category may overlap with other categories.	YES
C. Protected classification characteristics under California or federal law.	Age (40 years or older), race, color, ancestry, national origin, citizenship, religion or creed, marital status, medical condition, physical or mental disability, sex (including gender, gender identity, gender expression, pregnancy or childbirth and related medical conditions), sexual orientation, veteran or military status, genetic information (including familial genetic information).	YES
D. Commercial information.	Records of personal property, products or services purchased, obtained, or considered, or other purchasing or consuming histories or tendencies.	YES
E. Biometric information.	Genetic, physiological, behavioral, and biological characteristics, or activity patterns used to extract a template or other identifier or identifying information, such as, fingerprints, faceprints, and voiceprints, iris or retina scans, keystroke, gait, or other physical patterns, and sleep, health, or exercise data.	YES
F. Internet or other similar network activity.	Browsing history, search history, information on a consumer's interaction with a website, application, or advertisement.	YES
G. Geolocation data.	Physical location or movements.	YES
H. Sensory data.	Audio, electronic, visual, thermal, olfactory, or similar information.	YES
I. Professional or employment-related information.	Current or past job history or performance evaluations.	YES
J. Non-public education information (per the Family Educational Rights and Privacy Act (20 U.S.C. Section 1232g, 34 C.F.R. Part 99)).	Education records directly related to a student maintained by an educational institution or party acting on its behalf, such as grades, transcripts, class lists, student schedules, student identification codes, student financial information, or student disciplinary records.	YES
K. Inferences drawn from other personal information.	Profile reflecting a person's preferences, characteristics, psychological trends, predispositions, behavior, attitudes, intelligence, abilities, and aptitudes.	YES

Stewart obtains the categories of personal information listed above from the following categories of sources:

- Directly and indirectly from customers, their designees or their agents (For example, realtors, lenders, attorneys, etc.)
- Directly and indirectly from activity on Stewart's website or other applications.
- From third-parties that interact with Stewart in connection with the services we provide.

#### Use of Personal Information

Stewart may use or disclose the personal information we collect for one or more of the following purposes:

- To fulfill or meet the reason for which the information is provided.
- To provide, support, personalize, and develop our website, products, and services.
- To create, maintain, customize, and secure your account with Stewart.
- To process your requests, purchases, transactions, and payments and prevent transactional fraud.
- To prevent and/or process claims.
- To assist third party vendors/service providers who complete transactions or perform services on Stewart's behalf.
- As necessary or appropriate to protect the rights, property or safety of Stewart, our customers or others.
- To provide you with support and to respond to your inquiries, including to investigate and address your concerns and monitor and improve our responses.
- To personalize your website experience and to deliver content and product and service offerings relevant to your interests, including targeted offers and ads through our website, third-party sites, and via email or text message (with your consent, where required by law).
- To help maintain the safety, security, and integrity of our website, products and services, databases and other technology assets, and business.
- To respond to law enforcement or regulator requests as required by applicable law, court order, or governmental regulations.
- Auditing for compliance with federal and state laws, rules and regulations.
- Performing services including maintaining or servicing accounts, providing customer service, processing or fulfilling orders and transactions, verifying customer information, processing payments, providing advertising or marketing services or other similar services.
- To evaluate or conduct a merger, divestiture, restructuring, reorganization, dissolution, or other sale or transfer of some or all of our assets, whether as a going concern or as part of bankruptcy, liquidation, or similar proceeding, in which personal information held by us is among the assets transferred.

Stewart will not collect additional categories of personal information or use the personal information we collected for materially different, unrelated, or incompatible purposes without providing you notice.

#### Disclosure of Personal Information to Affiliated Companies and Nonaffiliated Third Parties

Stewart does not sell your personal information to nonaffiliated third parties. Stewart may share your information with those you have designated as your agent in the course of your transaction (for example, a realtor or a lender). Stewart may disclose your personal information to a third party for a business purpose. Typically, when we disclose personal information for a business purpose, we enter a contract that describes the purpose and requires the recipient to both keep that personal information confidential and not use it for any purpose except performing the contract.

We share your personal information with the following categories of third parties:

- Service providers and vendors (For example, search companies, mobile notaries, and companies providing credit/debit card processing, billing, shipping, repair, customer service, auditing, marketing, etc.)
- Affiliated Companies
- Litigation parties and attorneys, as required by law.
- Financial rating organizations, rating bureaus and trade associations.
- Federal and State Regulators, law enforcement and other government entities

In the preceding twelve (12) months, Stewart has disclosed the following categories of personal information for a business purpose:

- Category A: Identifiers
- Category B: California Customer Records personal information categories
- Category C: Protected classification characteristics under California or federal law
- Category D: Commercial Information
- Category E: Biometric Information
- Category F: Internet or other similar network activity

Category G: Geolocation data  
Category H: Sensory data  
Category I: Professional or employment-related information  
Category J: Non-public education information  
Category K: Inferences

### Consumer Rights and Choices

The CCPA provides consumers (California residents) with specific rights regarding their personal information. This section describes your CCPA rights and explains how to exercise those rights.

#### **Access to Specific Information and Data Portability Rights**

You have the right to request that Stewart disclose certain information to you about our collection and use of your personal information over the past 12 months. Once we receive and confirm your verifiable consumer request, Stewart will disclose to you:

- The categories of personal information Stewart collected about you.
- The categories of sources for the personal information Stewart collected about you.
- Stewart's business or commercial purpose for collecting that personal information.
- The categories of third parties with whom Stewart shares that personal information.
- The specific pieces of personal information Stewart collected about you (also called a data portability request).
- If Stewart disclosed your personal data for a business purpose, a listing identifying the personal information categories that each category of recipient obtained.

#### **Deletion Request Rights**

You have the right to request that Stewart delete any of your personal information we collected from you and retained, subject to certain exceptions. Once we receive and confirm your verifiable consumer request, Stewart will delete (and direct our service providers to delete) your personal information from our records, unless an exception applies.

Stewart may deny your deletion request if retaining the information is necessary for us or our service providers to:

1. Complete the transaction for which we collected the personal information, provide a good or service that you requested, take actions reasonably anticipated within the context of our ongoing business relationship with you, or otherwise perform our contract with you.
2. Detect security incidents, protect against malicious, deceptive, fraudulent, or illegal activity, or prosecute those responsible for such activities.
3. Debug products to identify and repair errors that impair existing intended functionality.
4. Exercise free speech, ensure the right of another consumer to exercise their free speech rights, or exercise another right provided for by law.
5. Comply with the California Electronic Communications Privacy Act (Cal. Penal Code § 1546 *seq.*).
6. Engage in public or peer-reviewed scientific, historical, or statistical research in the public interest that adheres to all other applicable ethics and privacy laws, when the information's deletion may likely render impossible or seriously impair the research's achievement, if you previously provided informed consent.
7. Enable solely internal uses that are reasonably aligned with consumer expectations based on your relationship with us.
8. Comply with a legal obligation.
9. Make other internal and lawful uses of that information that are compatible with the context in which you provided it.

### Exercising Access, Data Portability, and Deletion Rights

To exercise the access, data portability, and deletion rights described above, please submit a verifiable consumer request to us either:

- Calling us Toll Free at 1-866-571-9270
- Emailing us at [privacyrequest@stewart.com](mailto:privacyrequest@stewart.com)
- Visiting <http://stewart.com/ccpa>

Only you, or someone legally authorized to act on your behalf, may make a verifiable consumer request related to your personal information. You may also make a verifiable consumer request on behalf of your minor child.

To designate an authorized agent, please contact Stewart through one of the methods mentioned above.

You may only make a verifiable consumer request for access or data portability twice within a 12-month period. The verifiable consumer request must:

- Provide sufficient information that allows us to reasonably verify you are the person about whom we collected personal information or an authorized representative.

- Describe your request with sufficient detail that allows us to properly understand, evaluate, and respond to it.

Stewart cannot respond to your request or provide you with personal information if we cannot verify your identity or authority to make the request and confirm the personal information relates to you.

Making a verifiable consumer request does not require you to create an account with Stewart.

#### Response Timing and Format

We endeavor to respond to a verifiable consumer request within forty-five (45) days of its receipt. If we require more time (up to an additional 45 days), we will inform you of the reason and extension period in writing.

A written response will be delivered by mail or electronically, at your option.

Any disclosures we provide will only cover the 12-month period preceding the verifiable consumer request's receipt. The response we provide will also explain the reasons we cannot comply with a request, if applicable. For data portability requests, we will select a format to provide your personal information that is readily useable and should allow you to transmit the information from one entity to another entity without hindrance.

Stewart does not charge a fee to process or respond to your verifiable consumer request unless it is excessive, repetitive, or manifestly unfounded. If we determine that the request warrants a fee, we will tell you why we made that decision and provide you with a cost estimate before completing your request.

#### Non-Discrimination

Stewart will not discriminate against you for exercising any of your CCPA rights. Unless permitted by the CCPA, we will not:

- Deny you goods or services.
- Charge you a different prices or rates for goods or services, including through granting discounts or other benefits, or imposing penalties.
- Provide you a different level or quality of goods or services.
- Suggest that you may receive a different price or rate for goods or services or a different level or quality of goods or services.

#### Changes to Our Privacy Notice

Stewart reserves the right to amend this privacy notice at our discretion and at any time. When we make changes to this privacy notice, we will post the updated notice on Stewart's website and update the notice's effective date. **Your continued use of Stewart's website following the posting of changes constitutes your acceptance of such changes.**

#### Contact Information

If you have questions or comments about this notice, the ways in which Stewart collects and uses your information described here, your choices and rights regarding such use, or wish to exercise your rights under California law, please do not hesitate to contact us at:

**Phone:** Toll Free at 1-866-571-9270

**Website:** <http://stewart.com/ccpa>

**Email:** [privacyrequest@stewart.com](mailto:privacyrequest@stewart.com)

**Postal Address:** Stewart Information Services Corporation  
Attn: Mary Thomas, Deputy Chief Compliance Officer  
1360 Post Oak Blvd., Ste. 100, MC #14-1  
Houston, TX 77056





## DEVON TITLE AGENCY

1680 Crooks Rd  
Troy MI 48084  
Phone: 248-273-4300  
Fax: 248-273-4301  
[www.devontitle.com](http://www.devontitle.com)

### PRIVACY POLICY

Property: **13550 Virgil Street, Detroit, MI 48223**

File No: **10015090**

Devon Title Agency respects the privacy of our customers' personal information. This Notice explains the ways in which we may collect and use personal information obtained during the normal course of business. The Devon Title Agency Privacy Policy applies to all of its customers, former customers and applicants.

#### The Information We Collect:

The types of information we may collect from you, your lender, attorney, real estate broker, public records or other sources include, but not limited to:

- your contact information (name, address, telephone numbers, email address, etc.)
- information about your transaction such as the address of the subject property, the purchase price, existing liens, easements, and other title information obtained from the public record
- your social security number
- driver license or other government issued identification
- information from third parties such as surveys, real estate tax information, escrow account balances, payoff amounts, etc.

#### The Way We Use and Disclose This Information:

We use the information obtained to provide you with the services, products and insurance that you, your lender, attorney, or real estate brokers have requested. We disclose information as needed to our affiliates or nonaffiliated third parties to carry out and service your real estate transaction, to protect against fraud and unauthorized transactions, to provide information to government or law enforcement agencies and as otherwise permitted by law.

#### Our Commitment To Data Security

We maintain physical, electronic, and procedural safeguards to guard your nonpublic personal information. We reinforce our privacy policy with our employees and those we contract with to provide you with the products and services requested.

If you have any questions about our privacy policy notice, please feel free to contact our corporate office at 248-273-4300 and ask for the legal department.

## THIS IS A "PROFORMA" POLICY

- NOTICE: THIS IS A PRO-FORMA POLICY FURNISHED TO OR ON BEHALF OF THE PARTY TO BE INSURED. IT NEITHER REFLECTS THE PRESENT STATUS OF TITLE, NOR IS IT INTENDED TO BE A COMMITMENT TO INSURE. THE INCLUSION OF ENDORSEMENTS AS PART OF THE PRO-FORMA POLICY IN NO WAY EVIDENCES THE WILLINGNESS OF THE COMPANY TO PROVIDE ANY AFFIRMATIVE COVERAGE SHOWN THEREIN.
- THERE ARE REQUIREMENTS WHICH MUST BE MET BEFORE A FINAL POLICY CAN BE ISSUED IN THE SAME FORM AS THIS PRO-FORMA POLICY. A COMMITMENT TO INSURE SETTING FORTH THESE REQUIREMENTS SHOULD BE OBTAINED FROM THE COMPANY.

## LOAN POLICY OF TITLE INSURANCE

*Issued By*

**Stewart Title Guaranty Company**

### SCHEDULE A

Name & Address of Title Insurance Company:

**STEWART TITLE GUARANTY COMPANY, P.O. Box 2029, Houston, TX 77252-2029**

Policy No.: **"PROFORMA"**

File No.: **10015090**

Policy Amount: **\$1,461,700.00**

Premium: **\$2,362.00**

Policy Date: **"RECORDING DATE OF THE MORTGAGE"**

Loan No.:

Street Address of the Land: **13550 Virgil Street, Detroit, MI 48223 (Wayne County)**

1. Name of Insured:

**First Merchants Bank, its successors and/or assigns, as their interest may appear**

2. The estate or interest in the Land which is encumbered by the Insured Mortgage is: **Fee Simple**

3. Title to the estate or interest in the Land is vested in:

**Detroit Leadership Academy, a Michigan nonprofit corporation**

4. The Insured Mortgage and assignments thereof, if any, are described as follows:

**Mortgage in the amount of \$1,461,700.00 executed by Detroit Leadership Academy, a Michigan nonprofit corporation, to Oxford Bank, dated November \_\_\_\_, 2022 and recorded \_\_\_\_, 2022 in Liber \_\_\_\_, Page \_\_\_\_, Wayne County Records.**

5. The Land referred to in this policy is described as follows:

**Land situated in the City of Detroit, County of Wayne, State of Michigan**

**SEE SCHEDULE C FOR COMPLETE LEGAL DESCRIPTION**

**"PROFORMA"**

**"PROFORMA"**

**LOAN POLICY OF TITLE INSURANCE**

*Issued By*

**Stewart Title Guaranty Company**

**SCHEDULE B – EXCEPTIONS FROM COVERAGE**

**PART I**

Policy No. **"PROFORMA"**

File No: **10015090**

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees, or expenses that arise by reason of:

1. Taxes and assessments not discoverable due to limited availability or closures of municipalities, and, further, those not yet due and payable at Closing date.
2. The lien, if any, of real estate taxes, assessments, and/or water and sewer charges, not discoverable due to limited availability or closures of municipalities, and, further those that are not yet due and payable or that are not shown as existing liens in the records of any taxing authority that levies taxes or assessments on real property or in the Public Records; including the lien for taxes, assessments, and/or water and sewer charges, which may be added to the tax rolls or tax bill after the Date of Closing. The Company assumes no liability for the tax increases occasioned by the retroactive revaluation or changes in the Land usage or loss of any homestead exemption status for the insured premises.
3. Oil, gas and mineral reservations of every kind and nature and all rights, privileges pertinent or incidental thereto, recorded or unrecorded.
4. Subject to any municipal regulation, including, but not limited to, water, sewer and septic which requires an inspection prior to the sale and/or transfer of the subject property.
5. Subject to all charges assessed, either currently due or retroactively imposed, in connection with the Storm Water Drainoff System (SWDS).
6. Rights and claims of parties in possession, and anyone claiming by, through or under them.
7. Any and all easements and restrictions as shown on the recorded [plat](#).
8. Terms, conditions, covenants, building and use restrictions, charges, assessments, liens and other matters but omitting any such covenant or restriction based on race, color, religion, sex, handicap, familial status or national origin as contained in [Liber 6002, Page 165](#) and in [Liber 10866, Page 563](#) as amended in [Liber 8508, Page 635](#) and in [Liber 11241, Page 317](#), Wayne County Records.
9. Terms, conditions and provisions contained in Resolution recorded in [Liber 8064, Page 5](#); [Liber 10179, Page 644](#); [Liber 10559, Page 330](#) and in [Liber 11148, Page 148](#) of Wayne County Records.
10. Terms, conditions and provisions contained in Declaration of Taking recorded in [Liber 17202, Page 655](#) of Wayne County Records.
11. Terms, conditions and provisions contained in Perpetual Easement Agreement recorded in [Liber 48632, Page 1119](#) of Wayne County Records.
12. Terms, conditions and provisions contained in Covenant Deed recorded in [Liber 56043, Page 424](#) of Wayne County Records.
13. Mortgage in the amount of \$701,800.00 executed by Detroit Leadership Academy, a Michigan nonprofit corporation, to Oxford Bank, dated November \_\_\_\_, 2022 and recorded \_\_\_\_, 2022 in Liber \_\_\_\_, Page \_\_\_\_, Wayne County Records.

14. UCC Financing Statement listing Detroit Leadership Academy, a Michigan nonprofit corporation, as Debtor, and Oxford Bank, as Secured Party, recorded \_\_\_\_\_, 2022, in Liber \_\_\_\_\_, Page \_\_\_\_\_, Wayne County Records.

**"PROFORMA"**

**LOAN POLICY OF TITLE INSURANCE**

*Issued By*

***Stewart Title Guaranty Company***

**SCHEDULE B – EXCEPTIONS FROM COVERAGE**

**PART II**

Policy No. **"PROFORMA"**

File No: **10015090**

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:

1. UCC Financing Statement listing Detroit Leadership Academy, a Michigan nonprofit corporation, as Debtor, and Oxford Bank, as Secured Party, recorded \_\_\_\_\_, 2022, in Liber \_\_\_\_\_, Page \_\_\_\_\_, Wayne County Records.

**SCHEDULE C**  
**Legal Description**

Land situated in the City of Detroit, County of Wayne, State of Michigan described as follows:

Lots 322 through 335, inclusive and Lots 378 through 391, inclusive, including the vacated alley (18 feet wide), adjoining the West line of Lots 322 through 335, inclusive, and the East line of Lots 378 through 391, inclusive, including vacated Riverdale Avenue (60 feet wide), adjoining the East line of Lots 322 through 335, inclusive, CASTLEFORD, as recorded in Liber 56, Pages 96 through 97, Wayne County Records and Lot 1 and part of Lot 2, including a vacated North-South Alley (18 feet wide) adjoining the West line of Lot 1 and the East line of Lot 2, including that portion of a vacated East-West alley (20 feet wide) adjoining the North line of Lot 1 and the North end of said vacated North-South alley which lies South of the South right of way line of the Interstate 96 Expressway, also that portion of vacated Riverdale Avenue (60 feet wide) adjoining the East line of said Lot 1 and the East end of said vacated East-West alley, which lies South of the South right of way line of the Interstate 96 Expressway, ASSESSOR'S DETROIT SCHOOLCRAFT SUPERHIGHWAY SUBDIVISION, as recorded in Liber 64, Page 44, Wayne County Records, all being located in the City of Detroit, Wayne County, Michigan, and being more particularly described as follows: beginning at the Northeast corner of Davison Avenue (60 feet wide) and Virgil Avenue (60 feet wide), said point being also the Southwest corner of Lot 378 of said CASTLEFORD, as recorded in Liber 56, Page 96 through 97, Wayne County Records and proceeding thence from said point of beginning North 00°24'00" East, along the East line of said Virgil Avenue, said line being also the West line of Lots 378 through 391, inclusive of said CASTLEFORD and part of the West line of Lot 2 of said ASSESSOR'S DETROIT SCHOOLCRAFT SUPERHIGHWAY SUBDIVISION, as recorded in Liber 64, page 44, Wayne County Records, a distance of 571.29 feet to the Southeast corner of the Interstate 96 Expressway (Schoolcraft Road) (width varies) and said Virgil Avenue; thence along the Southerly right of way line of the Interstate 96 Expressway, along the arc of a curve, concave to the South, radius 2264.82 feet, an arc distance of 291.43 feet (chord bears North 84°35'05" East, 291.23 feet) to a point of tangent in said right of way line; thence continuing along said right of way line, North 88°16'16" East, along a line tangent to the foregoing curve, a distance of 37.49 feet to the point of intersection of said right of way line with the East line of vacated Riverdale Avenue (60 feet wide); thence South 00°34'00" West, along the East line of said vacated Riverdale Avenue, a distance of 600.53 feet to a point on the North line of said Davison Avenue; thence North 89°53'33" West, along the North line of said Davison Avenue, said line being also the South end of said vacated Riverdale Avenue, the South line of Lot 335, the South end of a vacated alley (18 feet wide) and the South line of Lot 378 of said CASTLEFORD, a distance of 325.45 feet to the point of beginning.

**ALTA ENDORSEMENT 8.2-06**  
**COMMERCIAL ENVIRONMENTAL PROTECTION LIEN**

Attached to Loan Policy No. **"PROFORMA"**

*Issued by*

***Stewart Title Guaranty Company***

File: **10015090**

The Company insures against loss or damage sustained by the Insured by reason of an environmental protection lien that, at Date of Policy, is recorded in the Public Records or filed in the records of the clerk of the United States district court for the district in which the Land is located, unless the environmental protection lien is set forth as an exception in Schedule B.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

**"PROFORMA"**

**ALTA ENDORSEMENT 9-06**  
**RESTRICTIONS, ENCROACHMENTS, MINERALS - LOAN POLICY**

Attached to Loan Policy No. **"PROFORMA"**

*Issued by*

**Stewart Title Guaranty Company**

File: **10015090**

1. The insurance provided by this endorsement is subject to the exclusions in Section 5 of this endorsement; and the Exclusions from Coverage, the Exceptions from Coverage contained in Schedule B, and the Conditions in the policy.
2. For the purposes of this endorsement only.
  - a. "Covenant" means a covenant, condition, limitation or restriction in a document or instrument in effect at Date of Policy.
  - b. "Improvement" means an improvement, including any lawn, shrubbery, or trees, affixed to either the Land or adjoining land at Date of Policy that by law constitutes real property.
3. The Company insures against loss or damage sustained by the Insured by reason of:
  - a. A violation of a Covenant that:
    - i. divests, subordinates, or extinguishes the lien of the Insured Mortgage,
    - ii. results in the invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage, or
    - iii. causes a loss of the Insured's Title acquired in satisfaction or partial satisfaction of the Indebtedness;
  - b. A violation on the Land at Date of Policy of an enforceable Covenant, unless an exception in Schedule B of the policy identifies the violation;
  - c. Enforced removal of an Improvement located on the Land as a result of a violation, at Date of Policy, of a building setback line shown on a plat of subdivision recorded or filed in the Public Records, unless an exception in Schedule B of the policy identifies the violation; or
  - d. A notice of a violation, recorded in the Public Records at Date of Policy, of an enforceable Covenant relating to environmental protection describing any part of the Land and referring to that Covenant, but only to the extent of the violation of the Covenant referred to in that notice, unless an exception in Schedule B of the policy identifies the notice of the violation.
4. The Company insures against loss or damage sustained by reason of:
  - a. An encroachment of:
    - i. an Improvement located on the Land, at Date of Policy, onto adjoining land or onto that portion of the Land subject to an easement; or
    - ii. an Improvement located on adjoining land onto the Land at Date of Policyunless an exception in Schedule B of the policy identifies the encroachment otherwise insured against in Sections 4.a.i. or 4.a.ii.;
  - b. A final court order or judgment requiring the removal from any land adjoining the Land of an encroachment identified in Schedule B; or
  - c. Damage to an Improvement located on the Land, at Date of Policy:
    - i. that is located on or encroaches onto that portion of the Land subject to an easement excepted in Schedule B, which damage results from the exercise of the right to maintain the easement for the purpose for which it was granted or reserved; or
    - ii. resulting from the future exercise of a right to use the surface of the Land for the extraction or development of minerals or any other subsurface substances excepted from the description of the Land or excepted in Schedule B.



5. This endorsement does not insure against loss or damage (and the Company will not pay costs, attorneys' fees, or expenses) resulting from:
- a. any Covenant contained in an instrument creating a lease;
  - b. any Covenant relating to obligations of any type to perform maintenance, repair, or remediation on the Land;
  - c. except as provided in Section 3.d, any Covenant relating to environmental protection of any kind or nature, including hazardous or toxic matters, conditions, or substances;
  - d. contamination, explosion, fire, flooding, vibration, fracturing, earthquake or subsidence; or
  - e. negligence by a person or an Entity exercising a right to extract or develop minerals or other subsurface substances.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

**"PROFORMA"**

**ALTA ENDORSEMENT 18-06**

**SINGLE TAX PARCEL**

**Attached to Loan Policy No. "PROFORMA"**

*Issued by*

***Stewart Title Guaranty Company***

**File: 10015090**

The Company insures against loss or damage sustained by the Insured by reason of the Land being taxed as part of a larger parcel of land or failing to constitute a separate tax parcel for real estate taxes.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

**"PROFORMA"**

**ALTA ENDORSEMENT 37-06**

**ASSIGNMENT OF RENTS OR LEASES**

**Attached to Loan Policy No. "PROFORMA"**

*Issued by*

***Stewart Title Guaranty Company***

**File: 10015090**

1. The insurance provided by this endorsement is subject to the Exclusions from Coverage, the Exceptions from Coverage contained in Schedule B, and the Conditions in the policy.
2. The Company insures against loss or damage sustained by the Insured by reason of:
  - a. any defect in the execution of the **Assignment of Rents and Leases** referred to in paragraph **#1** of Part II of Schedule B; or
  - b. any assignment of the lessor's interest in any lease or leases or any assignment of rents affecting the Title and recorded in the Public Records at Date of Policy other than as set forth in any instrument referred to in Schedule B.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

**"PROFORMA"**

**ALTA ENDORSEMENT 39-06**

**POLICY AUTHENTICATION**

**Attached to Loan Policy No. "PROFORMA"**

*Issued by*

***Stewart Title Guaranty Company***

**File: 10015090**

When the policy is issued by the Company with a policy number and Date of Policy, the Company will not deny liability under the policy or any endorsements issued with the policy solely on the grounds that the policy or endorsements were issued electronically or lack signatures in accordance with the Conditions.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

**"PROFORMA"**

**ENDORSEMENT**

**DELETION OF ARBITRATION**

Attached to Loan Policy No. **"PROFORMA"**

*Issued by*

***Stewart Title Guaranty Company***

File: **10015090**

The paragraph titled **"ARBITRATION"** in the Conditions of this policy is hereby deleted.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

**"PROFORMA"**

## **CLOSING CERTIFICATE OF THE ACADEMY**

**\$1,461,700**

**DETROIT LEADERSHIP ACADEMY  
PUBLIC SCHOOL ACADEMY REVENUE BOND, SERIES 2022  
(GENERAL OBLIGATION)**

The undersigned, President of Detroit Leadership Academy, County of Wayne, State of Michigan (the “Academy”), gives this Certificate pursuant to the issuance of the \$1,461,700 Public School Academy Revenue Bond, Series 2022 (General Obligation) (the “Bonds”). The Bonds have been sold pursuant to a negotiated private placement sale to First Merchants Bank (the “Purchaser”). Capitalized terms not defined in this Certificate shall have the definition ascribed such terms in the Bonds. The undersigned hereby certifies that:

1. I am an authorized officer of the Academy with respect to the issuance of the Bonds and as such, am familiar with the books and records of the Academy.

2. The Academy is duly organized, validly existing and in good standing under the laws of the State of Michigan, with all requisite power and authority to own and operate its properties and to carry on its business as now being conducted and is duly qualified to do such business wherever such qualification is required.

3. Attached hereto as Exhibit A is a true, complete and correct copy of the Articles of Incorporation of the Academy certified by the Michigan Department of Licensing and Regulatory Affairs and dated not more than 30 days prior to the date hereof. Other than as reflected in the Articles of Incorporation, the Articles of Incorporation have not been amended, altered or repealed and are in full force and effect as of the date hereof.

4. Attached hereto as Exhibit B is a true, complete and correct copy of the Bylaws of the Academy, which are in full force and effect on the date hereof.

5. Attached hereto as Exhibit C is a true, complete and correct copy of a Certificate of Good Standing of the Academy dated not more than 30 days prior to the date hereof and certified by the Michigan Department of Licensing and Regulatory Affairs, which has not been amended or revoked and is in full force and effect as of the date hereof.

6. The Academy has duly adopted a resolution, as amended, authorizing issuance of the Bonds (the “Borrowing Resolution”) as adopted by the Academy at meetings of its Board of Directors, attached as Exhibit D. A quorum was present and acting throughout the meetings. The Borrowing Resolution is in full force and effect, constitutes the legal and binding actions of the Academy, and has not been altered, amended or repealed as of the date hereof.

7. The charter agreement (the “Charter”) with the Central Michigan University Board of Trustees (the “Authorizing Body”), except as set forth therein, has not been amended and remains in full force and effect as of the date hereof.

8. No litigation is pending or, to our knowledge, threatened, in any court in any way affecting: (a) the existence of the Academy; (b) the entitlement of its officers to their respective offices; (c) seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds or application of pledged revenues; (d) in any way contesting or affecting the validity of the Bonds, or the Borrowing Resolution; or (e) contesting the powers of the Academy or its authority with respect to the Bonds or involving any of the property or assets under control of the Academy, or wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition of the Academy, the operation of its properties or the Academy's operations at its school facility, or the transactions contemplated by the Bonds. The Academy has not received a notice of audit or inquiry from the Internal Revenue Service with respect to any prior financings and/or tax returns.

9. The Academy has taken all action and adopted all resolutions and obtained all approvals, consents or authorizations necessary to issue, sell and deliver the Bonds and execute, deliver and perform its obligations under the Bonds. However, the Academy makes no representations as to the qualification of the Bonds for offer and sale under the securities or "Blue Sky" laws of any state, including, without limitation, the State of Michigan.

10. The Academy has full legal right, power and authority: (a) to adopt the Borrowing Resolution; (b) to enter into the Bonds; (c) to issue, sell and deliver the Bonds; and (d) to carry out and consummate all other transactions contemplated by each of the aforesaid documents. The Academy has complied with the provisions of Act 451 of the Public Acts of Michigan of 1976, as amended (the "Act") pursuant to which the Bonds are issued, in all matters relating to such transactions.

11. The Academy has duly authorized the execution, delivery, and due performance of the Bonds and the taking of all such further action as may be required on the part of the Academy to give effect to and consummate the transaction contemplated by such Bonds.

12. The Bonds constitute legal, valid and binding obligations of the Academy enforceable in accordance with their terms, except as may be limited by bankruptcy, reorganization or other similar laws and equitable principles of general application relating to the enforcement of creditors' rights generally.

13. When delivered to and paid for by the Purchaser, the Bonds will have been duly authorized, executed, issued and delivered and will constitute the legal, valid and binding obligation of the Academy, issued in accordance with the Act.

14. The execution and delivery of the Bonds and other agreements contemplated by the Borrowing Resolution and the compliance by the Academy with the provisions of such documents do not conflict with or constitute on the part of the Academy a breach of or a default under any existing law, court or administrative decision, decree or order or any agreement or other instrument to which the Academy is subject or by which it is or may be bound.

15. The representations and warranties of the Academy set forth in the Bonds or otherwise made in writing in connection with the issuance of the Bonds to the Purchaser are true, correct, accurate and complete as of today's date. Each of the obligations of the Academy to be performed under the Borrowing Resolution on or prior to today's date has been performed.

16. None of the proceeds of the Bonds will be used to finance the purchase, construction, lease, or renovation of property owned, directly or indirectly, by any officer, Board member or employee of the Academy.


17. The Academy agrees, to the extent permitted by law and as provided in the Bonds, to provide the Purchaser and any subsequent owners of the Bonds with access to information and the opportunity to ask questions and receive answers concerning the terms and conditions of the Bonds and the opportunity to obtain any additional information necessary to verify the accuracy of the information obtained.

*[Remainder of Page Intentionally Left Blank]*



**EXECUTED** and delivered as of the date set forth below.

**DETROIT LEADERSHIP ACADEMY**

By:   
Daniel J. Piepszowski  
Its: President

Dated: November 14, 2022

39845796

CLOSING CERTIFICATE OF THE ACADEMY  
Detroit Leadership Academy, Series 2022 Revenue Bonds



Architects • Engineers • Planners

**Barton Malow Design**  
26500 American Drive  
Suite 451  
Southfield, MI 48034

tel 248.436.5100  
fax 248.436.5101  
bartonmalowdesign.com

ISO 9001 Certified

YMCA OF METROPOLITAN DETROIT

Detroit, Michigan 48226

Owner

DETROIT LEADERSHIP ACADEMY

13500 Virgil Street, Detroit, Michigan

Project

STATE REVIEW

4/15/2010

Issued for

BKT

Drawn By

BKT

Project Architect

DM

Project Manager

Soil

Key Plan

Area A'

Area B'

N

Building North

Drawing Title

COMPOSITE

FIRST FLOOR PLAN

10002

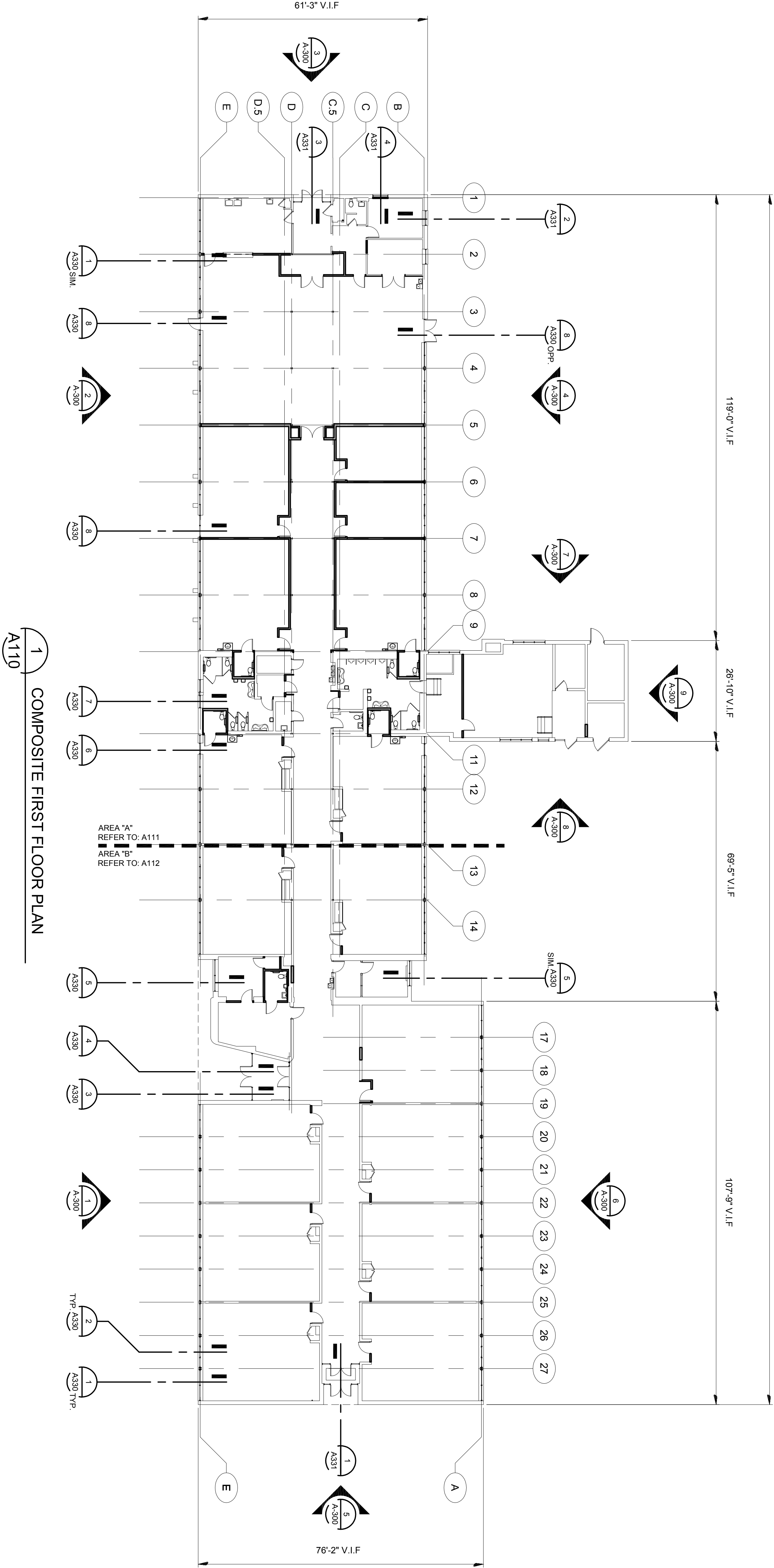
Project No.

1/1/6" = 1'-0"

Scale

A110

Drawing No.



SCALE: 3" = 1'-0"

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

SCALE: 1" = 1'-0"

SCALE: 3/4" = 1'-0"

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

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

SCALE: 1/8" = 1'-0"

SCALE: 1/16" = 1'-0"

SCALE: 1/32" = 1'-0"

F 8-10

# **CERTIFICATE OF USE AND OCCUPANCY**

## **PERMANENT**

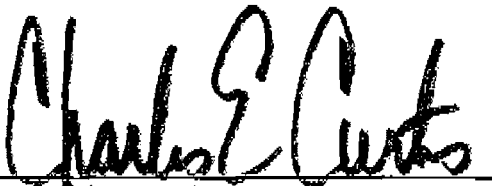
**Michigan Department of Energy, Labor & Economic Growth  
Bureau of Construction Codes/Building Division**

**P. O. Box 30254  
Lansing, MI 48909  
(517) 241-9317**

**Building Permit: B029961  
Detroit Leadership Academy  
13550 Virgil Street  
Detroit, Michigan  
Wayne 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**

**September 1, 2010**

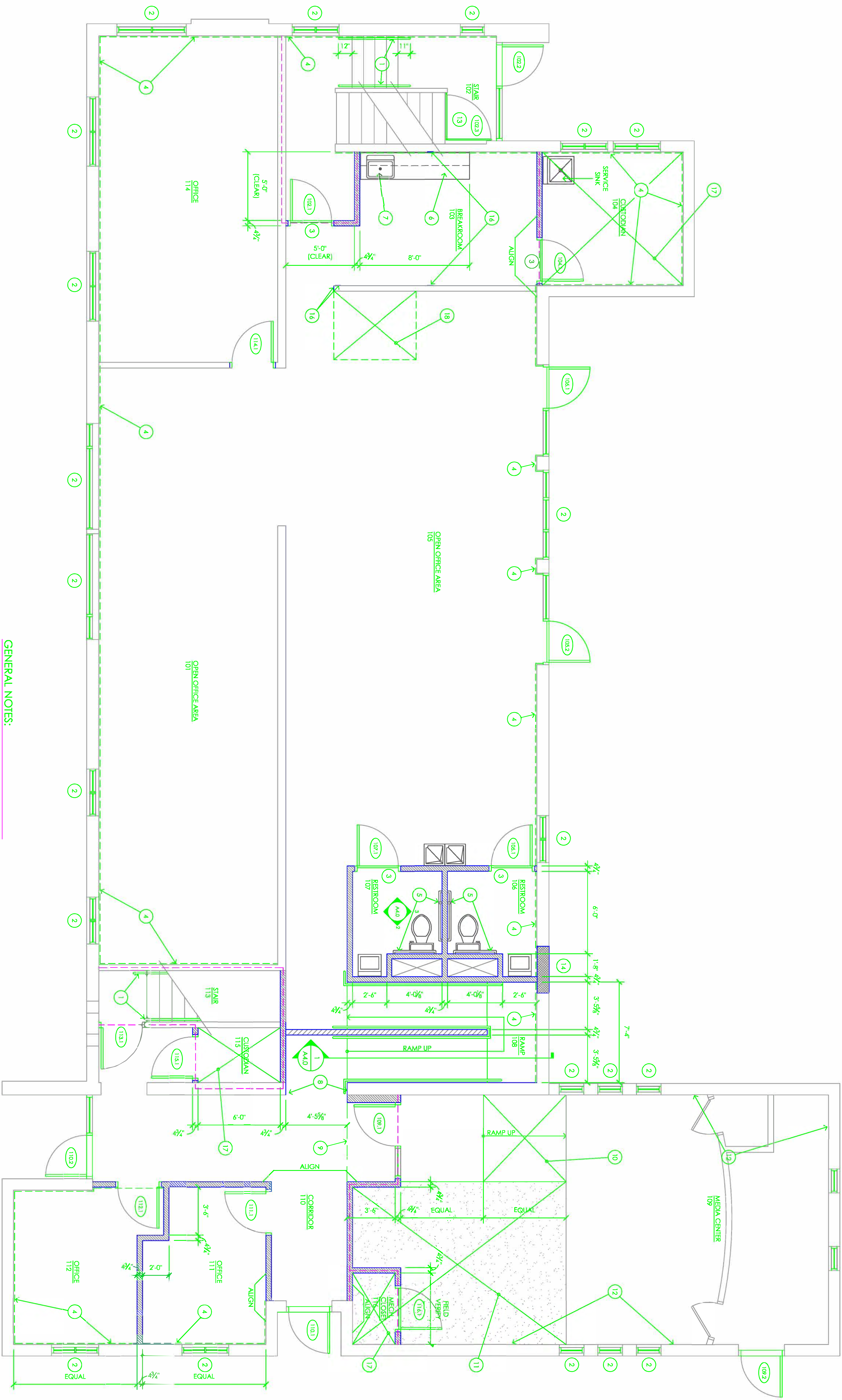


KEYNOTES FOR THIS SHEET:

1. NEW 1 1/2 INCH DIAMETER STEEL PIPE HANDRAILS (PAINT).
2. NEW WINDOWS WITH PLASTIC LAMINATE ON 3/4 INCH HIGH DENSITY PARTICLE BOARD SILL ON INTERIOR SIDE OF WINDOW SYSTEM. PERIMETER CALK INTERIOR AND EXTERIOR. REFER TO EXTERIOR ELEVATIONS FOR WINDOW TYPES.
3. TRANSITION STRIP UNDER DOOR TYPICAL AT ALL FLOOR MATERIAL TRANSITIONS.
4. DASHED LINE INDICATES NEW 5/8 INCH GYPSUM BOARD ON EXISTING WALL FRAMING. INSTALL NEW R-19 RAFT FACED BATT INSULATION IN ALL EXISTING EXTERIOR WALLS.
5. NEW GAB BAS (1) 42 INCH LONG, (1) 36 INCH LONG AND (1) 18 INCH LONG IN EACH RESTROOM. INSTALL WOOD BLOCKING BACKUP AT EACH END.
6. PLASTIC LAMINATE COUNTERTOP AND SPLASHES ON BASE CABINETS.
7. STAINLESS STEEL SINK WITH GARBAGE DISPOSAL (SEE PLUMBING DRAWINGS).
8. FINISH SIPS OF ALL EXISTING WALLS WHERE NEW OPENINGS HAVE BEEN CREATED.
9. DASHED LINE INDICATES GYPSUM BOARD SCOTT ABOVE DOOR OPENING (PAINT).
10. NEW CONCRETE RAMP ON EXISTING CONCRETE FLOOR SLAB.
11. NEW 2 X 4 TREATED WOOD WITH (2) LAYERS 3/4 INCH TONGUE AND GROOVE PLYWOOD GULED AND SCREWED FLOOR JOIST AND CONCRETE ON TOP. GAB NEW FINISHED FLOOR 3/4 INCH TONGUE AND GROOVE PLYWOOD CENTER (APPROXIMATELY 6 INCHES). INSTALL NON-FACED BATT INSULATION IN BETWEEN 2 X 4 FRAMING MEMBERS.
12. CLEAN ALL EXPOSED BRICK WALLS ON INTERIOR SIDE OF MEDIA CENTER.
13. 1 1/2 INCH DIAMETER STEEL PIPE SWINGING GATE WITH SPRING HINGES (PAINT).
14. INFILL EXISTING WINDOW OPENING WITH BRICK TO MATCH SHEATING AND 2 X 4 WOOD STUDS TO MATCH EXISTING WALL THICKNESS.
15. NEW COLUMN (SEE STRUCTURAL DRAWINGS).
16. FINISH WALL WHERE EXISTING WALL REMOVED TO MATCH ADJACENT (PAINT).
17. (2) LAYERS 5/8 INCH TYPE X FIBRECE GYPSUM BOARD CEILING SYSTEM (UL DESIGN L594) 1 HOUR FIRE RATED ASSEMBLY (PAINT).
18. FUTURE ELEVATOR LOCATION TO SECOND FLOOR.

GENERAL NOTE:

HEAVY DASHED LINE WITHIN WALL SYSTEM INDICATES A 1 HOUR FIRE RATED WALL SYSTEM. CARRY LIGHT TO DECK ABOVE AND PRESERVE TOP OF WALL TO DECK AND ALL WALL PENETRATIONS.



GENERAL NOTES:

- ALL EXISTING FLOOR DRAINS ARE NOT SCHEDULED TO BE REUSED IN NEW WORK SHALL BE REMOVED ALONG WITH ALL ASSOCIATED PIPING.
- CONTRACTOR SHALL COORDINATE ALL EXISTING BEARING WALL CONDITIONS WITH STRUCTURAL DRAWINGS PRIOR TO DEMOLITION OF ANY WALLS.
- CONTRACTOR SHALL REMOVE ALL EXISTING PARTS FROM WALLS (TWO BEAMS), CEILING AND FLOORS DOWN TO WOOD FRAMING.



FIRST FLOOR PLAN - NEW WORK  
1/4" = 1'-0"

# CERTIFICATE OF USE AND OCCUPANCY

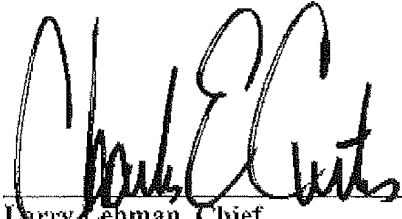
## PERMANENT

Michigan Department of Licensing and Regulatory Affairs  
Bureau of Construction Codes/Building Division  
P. O. Box 30254  
Lansing, MI 48909  
(517) 241-9317

Building Permit No. B034475  
YMCA Convent Building  
13600 Virgil  
Detroit, Michigan  
Wayne County

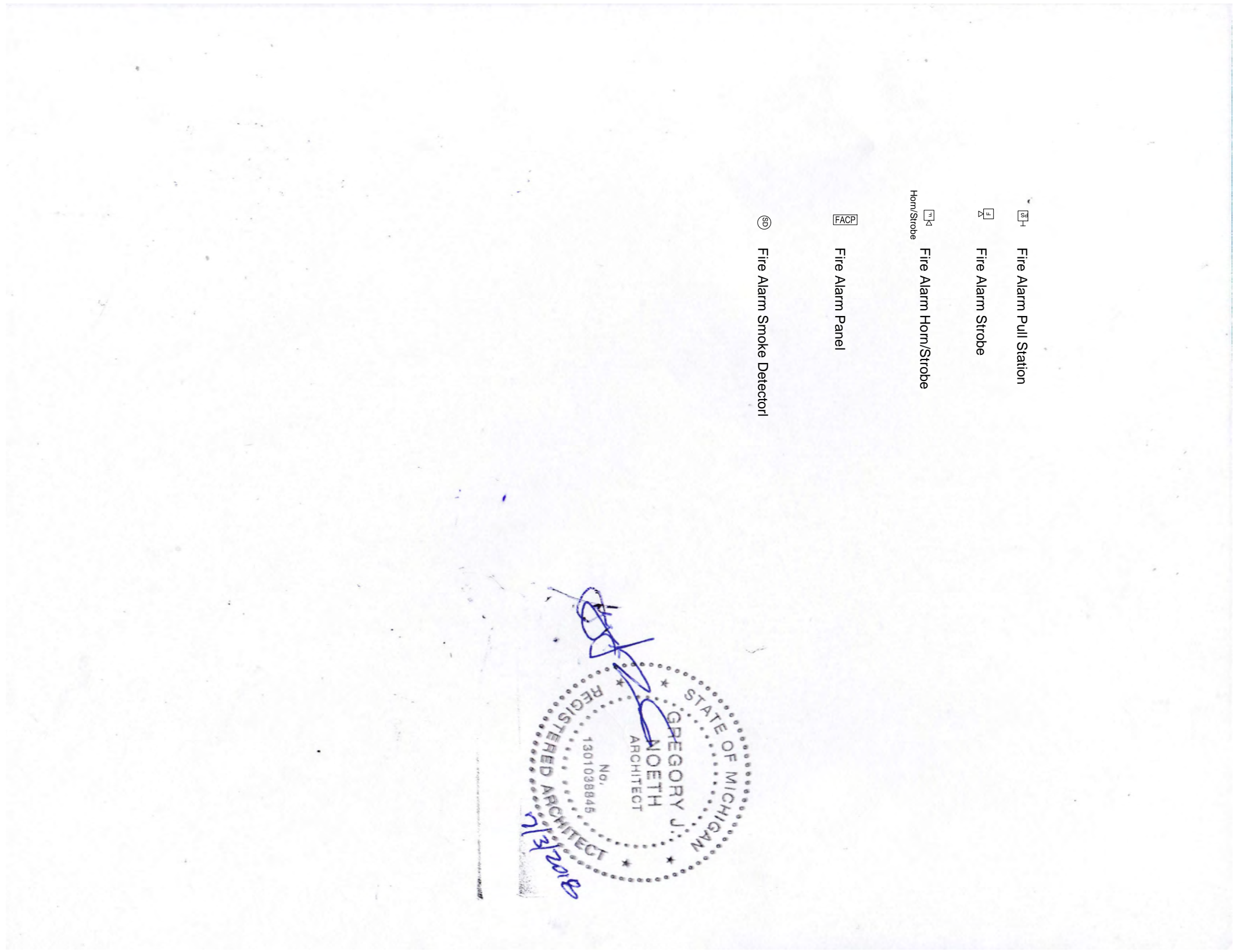
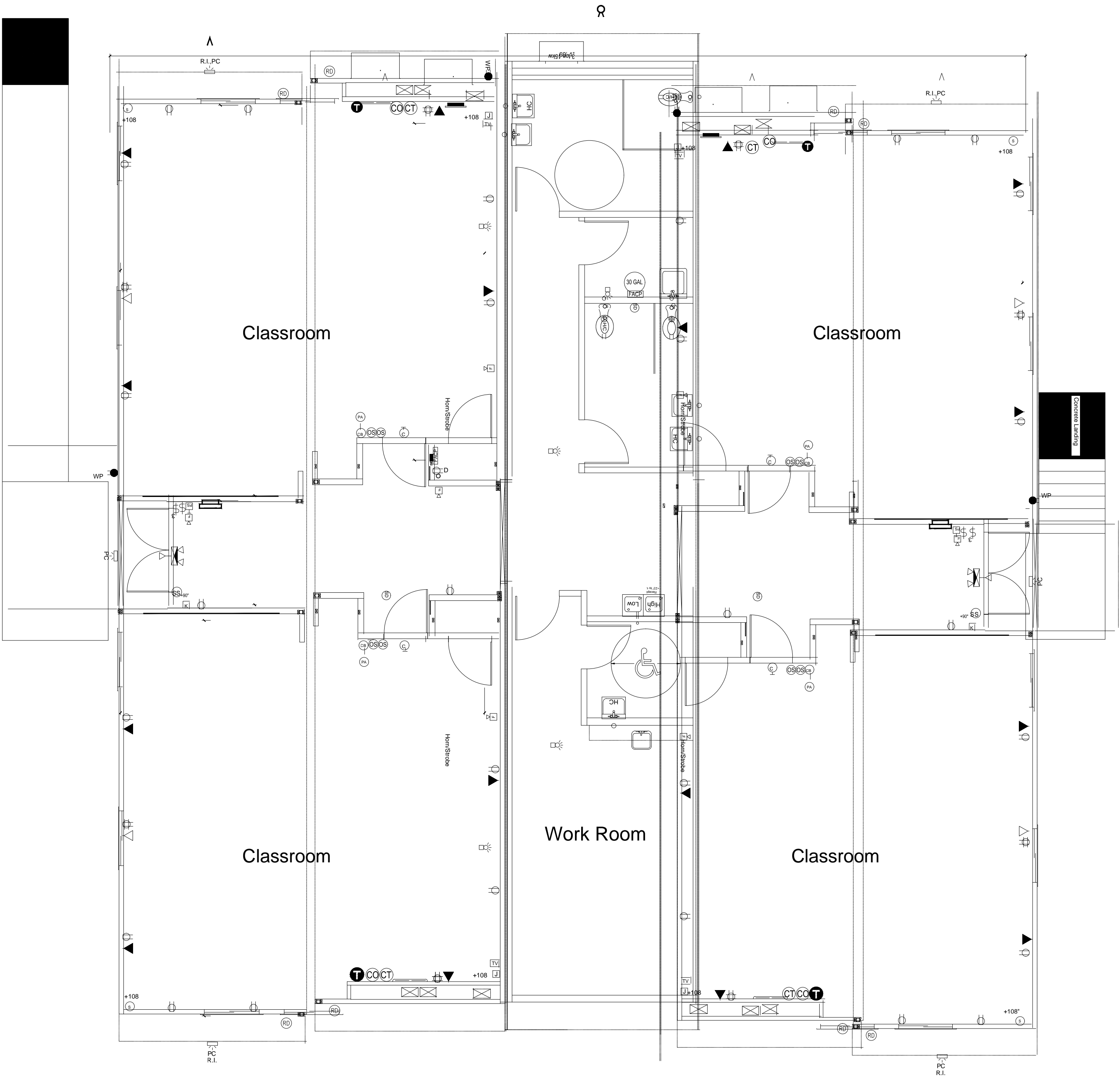
The above named building of Use Group B and Construction Type 5B is approved for use and occupancy.

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.

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

July 9, 2013





**CERTIFICATE OF USE AND OCCUPANCY**  
**PERMANENT**

**Michigan Department of Licensing and Regulatory Affairs**

Bureau of Construction Codes/Building Division

P.O. Box 30254

Lansing, MI 48909

Authority: 1972 PA 230

(517) 241-9317

**Building Permit No:** BLDG18-01219

13550 VIRGIL ST

Detroit, MI 48223

COUNTY: Wayne

The above named building of Use Group E, Education and Construction Type 5B is approved for use and occupancy.

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

Print Date: 11/15/2018







**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:** BLDG19-00885

13550 Virgil Street ST

Detroit, MI 48223

COUNTY: Wayne

The above named building of Use Group E, Education and Construction Type 5B is approved for use and occupancy.

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

Print Date: 11/05/2019



**CERTIFICATE OF USE AND OCCUPANCY**  
**PERMANENT**

**Michigan Department of Licensing and Regulatory Affairs**

Bureau of Construction Codes/Building Division

P.O. Box 30254

Lansing, MI 48909

Authority: 1972 PA 230

(517) 241-9317

**Building Permit No:** BLDG22-00129

13550 VIRGIL ST

DETROIT, MI 48223

COUNTY: WAYNE

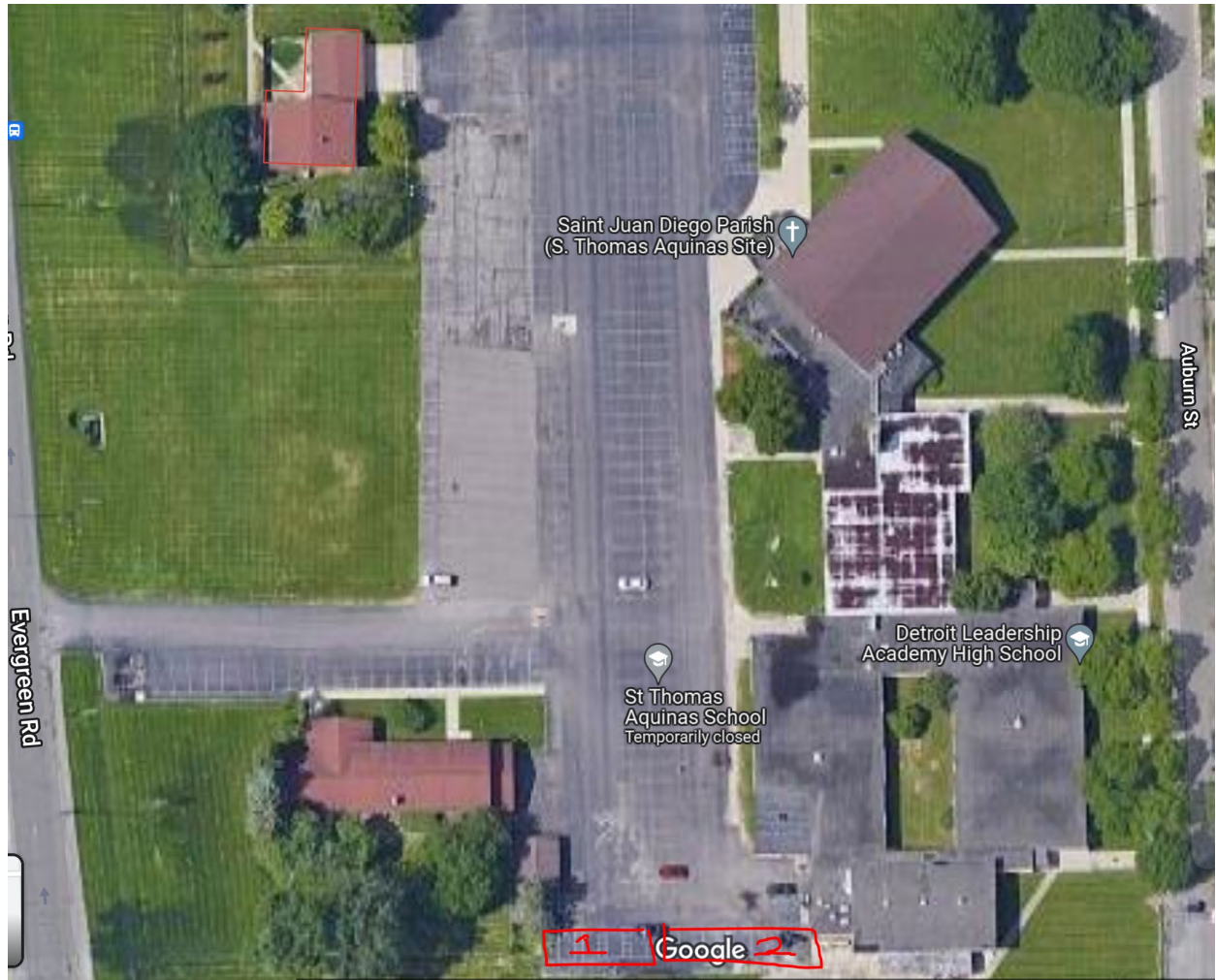
The above named building of Use Group E, Education and Construction Type 2B is approved for use and occupancy.

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: 09/26/2022

## **Auburn Site**





Detroit Leadership Academy  
5845 Auburn  
Detroit, MI 48228

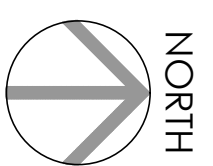
YMCA LEADERSHIP ACADEMY  
AUBURN CAMPUS  
10th GRADE CLASSROOM  
WING IMPROVEMENTS  
DETROIT, MICHIGAN

YMCA LEADERSHIP ACADEMY  
AUBURN CAMPUS  
10th GRADE CLASSROOM

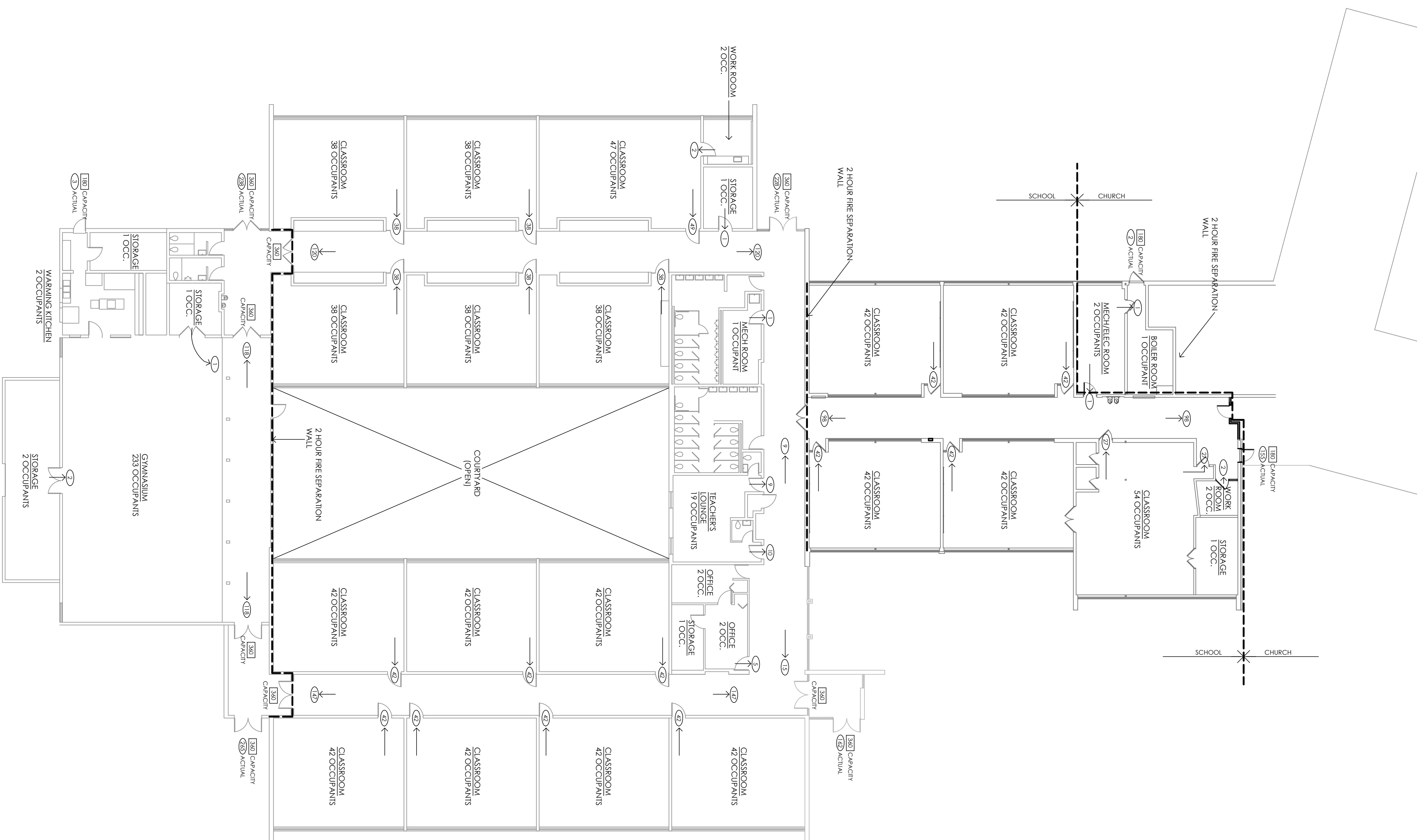
13.086

HEET NAME

A1.0



LIFE SAFETY PLAN  
1/16" = 1'-0"



## **LEASE AGREEMENT**

This Lease Agreement (hereinafter called the “Agreement”), effective as of the 1st day of July, 2023, by and between ALLEN H. VIGNERON, ROMAN CATHOLIC ARCHBISHOP OF THE ARCHDIOCESE OF DETROIT, whose address is 12 State Street, Detroit Michigan, 48226 (herein called “Lessor”), and DETROIT LEADERSHIP ACADEMY, a Michigan public school academy, whose address is 13600 Virgil Street, Detroit, Michigan 48223 (herein called “Lessee”).

### **WITNESSETH:**

#### **THE LEASED PREMISES**

The Lessor hereby does let and lease to Lessee certain portions of the Parish Campus (as defined herein) totaling 30,400 square feet, including the school building, the gymnasium and kitchen, the parking lot, and baseball fields located at 5845 Auburn Street, Detroit, Michigan, 48228 (herein called the “Leased Premises”), as more particularly depicted on the attached Exhibit A.

#### **OCCUPANCY**

Except as set forth in this paragraph below, Lessee is to have full and exclusive occupancy of the School Building at all times.

Lessor and Lessee shall have shared use of the parking lot, baseball fields and gymnasium; provided, however, the Lessor hereby reserves the right to (i) designate a reasonable number of parking spaces as “for parish use only,” and (ii) reserves the right to use the baseball fields and gymnasium upon three (3) days written notice to Lessee. The schedule for the baseball fields and gymnasium shall otherwise be determined by the designee of St. Thomas Aquinas Parish (“Parish Designee”) and designee of the Academy’s management company (“DLA Designee”). The DLA Designee shall initially be Josh Stewart and Michelle Roper-Few of Champion Education Network, but the DLA Designee may be changed from time to time with written notice to the Lessor. The Parish Designee shall initially be Dottie Leszczynski, but the Parish Designee may be changed from time to time with written notice to the Lessee.

The Lessor reserves the right to use the Leased Premises for St. Juan Diego’s religious education program one evening per week from 6:00 p.m. to 10:00 p.m., as determined by the Parish Designee in accordance with Exhibit D of this Agreement.

In addition, the Lessor reserves the right to use the Leased Premises for other parish purposes by providing three (3) days written notice of such use to the director of the school; provided, however, Lessor shall not be able to use the Leased Premises if such use would unreasonably interfere with Lessee’s use of the Leased Premises from 7:00 a.m. to 3:30 p.m., Monday through Friday from September 1 through June 30 of each year. Lessee hereby acknowledges and agrees that Lessor’s use shall include two consecutive weeks in the summer for vacation bible school which will be mutually agreed upon by the parties and reasonably satisfactory to the Parish Designee.

If any conflict arises as to schedules, the same shall be resolved by the Parish Designee and the DLA Designee. Both parties understand that the Lessee operates a middle/high school with a number of extra-curricular activities, some of which must comply with national and state chapters including the Michigan High School Athletic Association. As such, in some instances, the Lessee will be unable to alter its schedule in the event a conflict arises regarding the use of the facility.

The Parish Designee shall be provided keys for the Leased Premises by the Lessee and shall have the right to enter upon the Leased Premises at all reasonable hours for the purpose of inspecting same in accordance with Exhibit D to this Agreement.

#### **UTILITIES / MAINTENANCE**

Lessee shall pay all charges for utilities servicing the Leased Premises, including, but not limited to gas, water, sewer, electricity, and heating. Lessee hereby acknowledges and agrees that certain utility meters servicing the Leased Premises also service other improvements on the parish campus not part of the Leased Premises. Lessor shall pay all invoices for meters servicing property which service land in addition to the Leased Premises. Lessee hereby agrees to reimburse Lessor for 80% of each utility invoice paid by Lessor. Lessee shall pay directly all invoices for utilities which solely service the Leased Premises. Commencing on the date of this Agreement, Lessee shall pay its share of the monthly utility charges in twelve equal monthly installments based on the aggregate prior year's usage with Lessee's rent payment on the timeline specified in Section 1(a). Lessor shall continue to send copies of current utility bills to Lessee and the parties shall reconcile the amount paid versus the actual amount billed once every six months for the periods ending December 31 and June 30, such reconciliation to be completed within thirty (30) days after the end of each such period. As the result of such reconciliation, should the Lessee owe additional monies, such monies shall be paid within thirty (30) days of the date the parties complete such reconciliation. Should the reconciled amount be less than the amount paid by Lessee the difference shall roll over and be discounted from the next month's payment.

Lessee shall be responsible for maintenance of the Leased Premises, including custodial services, supplies, trash removal, a dumpster and disposal.

Lessor shall be responsible for contracting for maintenance of the lawn and landscaping of the Leased Premises and for snow and ice removal from the pavement, driveways, walkways and parking lots of the Leased Premises; which contract for snow and ice removal is to require that such services be accomplished prior to 7:30 am on any day which the school operated on the Leased Premises is in session, but in no event shall Lessor be responsible for the contractor's failure to timely remove the ice and snow. Lessee hereby agrees to reimburse Lessor for 80% of the cost for lawn and landscaping maintenance and snow and ice removal. Lessee shall pay its share of lawn and landscaping maintenance and snow and ice removal within fourteen (14) days of receipt of written notice of the amount due (including copies of invoices therefore) from the Lessor.

#### **TERM**



The term of this Agreement begins on the date first set forth above, and ends June 30, 2026, subject to extension as provided for in this Agreement (as it may be extended pursuant to the terms of this Agreement, the "Term"). 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 of the Code, MCL 380.507; or (ii) to undergo a reconstitution pursuant to Section 507 of the Code, MCL 380.507, and the Contract, and such closure of an Academy site or reconstitution causes an amendment to or termination of this Agreement, the parties agree that this Agreement shall be amended or terminated to implement the Academy site closure or reconstitution, with no cost or penalty to the Lessee, and the Lessor shall have no recourse against the Lessee or the University Board. This provision is not intended to limit any recourse the Lessor may have against the Lessee as it relates to Lessee's obligations to keep the Leased Premises and its contents in any particular condition as described in this Agreement or as to any rent due and unpaid on or before the date of closure/reconstitution.

#### **TERMINATION OF CHARTER CONTRACT**

Lessee is a party to a Charter School Contract with Central Michigan University for, inter alia, the operation of a school in the Leased Premises (the "Charter School Contract"). If for any reason whatsoever the Lessee's Charter School Contract is revoked, terminated, or is not renewed or extended, prior to the expiration of the Term hereof, then this Agreement shall terminate simultaneously with such termination, non-renewal or non-extension, as the case may be, without penalty for early termination and neither party shall have any right or cause of action against the other by reason of such termination except what is provided for in writing within this Agreement.

#### **USE**

The Leased Premises are to be used and occupied solely for as a public school academy as defined in Part 6A of the Michigan Revised School Code, MCL 380.501 *et seq.* (as amended) and for no other purpose.

#### **1. Lessee's Obligations**

The Lessee hereby hires the Leased Premises for the Term aforesaid, and covenants:

##### **a. Rent**

To pay the Lessor, as rental for the Leased Premises, without demand, offset or deduction (except as expressly provided for in this Agreement), a monthly payment equal to the sum of (A) one/ twelfth (1/12th) of ten percent (10%) of the per pupil enrollment/state student aid grant amount (based on the Michigan Department of Education counts whenever they may be taken) received by Lessee for any eligible student attending the school operated in the school building on the Leased Premises and (B) one one/ twelfth (1/12th) of five percent (5%) of the per pupil enrollment/state student aid grant amount (based on the Michigan Department of Education counts whenever they may be taken) received by Lessee for any eligible student attending the school operated in the Modular Units (as defined below), if any. Lessee shall, to the extent permitted by law, provide, or cause to be provided to, Lessor copies of applicable

monthly State Aid Reports and the forms submitted to the State of Michigan (insofar as they relate to students attending the school operated on the Leased Premises) regarding pertinent student count days and supplemental count days within fifteen (15) days after such information is provided to Lessee and/or submitted to the State of Michigan. The Lessee will apprise the Pastor in writing regarding reported student enrollment twice yearly; the fall count in October, and the spring supplemental count in February. Based on the results of these student counts, as audited or approved by the State of Michigan, and further based upon the applicable per-pupil allocation of State Aid approved by the Michigan Legislature, the monthly rental shall be increased or decreased retroactively to the beginning of the month of the current count day to comport with actual unrestricted State Aid payments received by Lessee's subtenant. Anything in this Agreement to the contrary notwithstanding, monthly rent shall not be less than \$23,667.

Rent payments, additional rent, and all other payments required to be made by Lessee to Lessor under the terms of this Agreement are due on the first day of each and every month (except as otherwise expressly set forth herein), in advance. If any payment of the monthly rental amount reserved under this Section or any other payment required to be made by Lessee to Lessor is more than five (5) days past due, Lessee shall pay Lessor a late fee in the amount of ten percent (10%) of the amount past due. In the event that Lessee has more than two instances in which a payment of monthly rental or any other payment required to be made by Lessee to Lessor is more than five (5) days past due during the Term of this Agreement, the amount of the late fee shall automatically increase to fifteen percent (15%) of the amount of any subsequently past due payments for the entire remainder of the Term. The parties agree that such a late fee represents a fair and reasonable estimate of the costs Lessor will incur by reason of a late payment. In the event that monthly rental payment is more than ten (10) days past due, in addition to the late fee, Lessee shall pay Lessor interest on the unpaid amount at the rate of ten percent (10%) per annum commencing on the tenth (10th) day after such payment was due, until such payment is made. Acceptance of the late fee or interest under this Section shall in no event constitute a waiver of Lessee's default with respect to the overdue amount, nor prevent Lessor from exercising any of his rights and remedies.

All checks shall be payable to "St. Juan Diego Parish," and shall be mailed to:

St. Juan Diego Parish  
5845 Auburn Street  
Detroit, Michigan 48228

- b.** To use and occupy the Leased Premises only for the purposes for which they are let to it.
- c.** To comply promptly with all lawful laws, orders, regulations, and ordinances of all municipal, county, state and federal authorities affecting the Leased Premises and the cleanliness, safety, occupation, and use of same, including without limitation the Americans with Disabilities Act of 1990 42U.S.C. 12101-12213 (1991), as amended.

- d. To observe all reasonable regulations and requirements of underwriters concerning the use and condition of the Leased Premises tending to reduce fire hazards and insurance rates, and not permit nor allow any rubbish, waste material or products to accumulate on the Leased Premises. In addition, Lessee shall not do or permit anything to be done in or about the Leased Premises that will in any way obstruct or interfere with the rights of other tenants, if any, or use or allow the Leased Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Lessee cause, maintain or permit any nuisance in, on or about the Leased Premises.
- e. Except for the express obligations of Lessor set forth in this Agreement (“Lessor’s Obligations”), during the entire Term of this Agreement, including any extension period, Lessee agrees, at its sole cost and expense, to maintain the entire Leased Premises and fixtures in good order, condition and repair (including any replacements thereof if necessary in the event such item or component of the Leased Premises or fixture cannot be repaired) at all times, including, but not limited to, the interior and exterior, structural and nonstructural components (including by way of example only and not as a limitation, doors, door frames, window glass, casings, and frames, or any appliances, equipment, hardware and furnishings of the Leased Premises) and boiler. Lessee shall keep the Leased Premises in a clean, sanitary, and safe condition at all times. Lessee hereby acknowledges and agrees that, except for Lessor’s Obligations, it is the intent of the parties that Lessor shall have no obligation whatsoever to repair, maintain or replace any portion of the Leased Premises.
- f. If the nature of the Lessee’s business requires licensure, Lessee shall keep in effect a valid license to operate the Leased Premises for that purpose and provide Lessor with a current copy of the required license.

2. **Lessor’s Obligations**

The Lessor covenants that:

- a. The Lessee, on payment of the rental at the time and in the manner aforesaid and performing all the foregoing covenants, shall and may peacefully and quietly have, hold, and enjoy the Leased Premises for the Term aforesaid.
- b. The Lessor, after receiving notice from the Lessee, agrees to keep in good order and repair the roof and four outer walls of the Leased Premises (excluding by way of example only and not as a limitation, doors, door frames, window glass, casings, and frames, fixtures or any appliances, equipment, hardware and furnishings of the Leased Premises) except the repair of outer walls which have been defaced or damaged by Lessee or anyone Lessee permits to use the Leased Premises (other than Lessor and its invitees), which shall be the obligation of the Lessee. Lessor agrees to and has engaged a contractor to complete the repair of the roof of the Leased Premises before December 31, 2023.
- c. In the event the boiler servicing the Leased Premises needs to be replaced at any time

during the Term of this Agreement, as determined by an engineering consultant selected by Lessee and reasonably approved by Lessor, Lessee shall be responsible for the replacement of the boiler and Lessor shall reimburse Lessee for the Boiler Reimbursement Amount within thirty (30) days of receipt of notice of boiler replacement by Lessee. The "Boiler Reimbursement Amount" shall be determined by dividing the actual cost to replace the boiler by the useful life of such new boiler ("Per Year Reimbursement Amount"), times the number of years such useful life exceeds the remaining on the current Term of this Agreement (whether the initial Term or any option term rounded to the nearest half year). In addition, in the event Lessee intends to exercise any option to renew provided for in this Agreement, if any, after the boiler is repaired or replaced by Lessee pursuant to this Section 2.c. Lessee shall be required to pay to Lessor concurrent with the notice to extend any such term, and as a condition precedent to the effectiveness of such notice, an amount equal to the number of years of such option term times the Per Year Reimbursement Amount.

In the event Lessor fails to reimburse Lessee within thirty (30) days after receipt of Lessee's demand for reimbursement of the Boiler Reimbursement Amount paid by Lessee, Lessee shall be entitled to credit and offset such amount to its rent obligations due hereunder until such amount is fully credited.

### 3. **Insurance**

#### a. **Indemnification/Liability:**

- (i) To the extent permitted by law, Lessee shall indemnify, defend (using counsel satisfactory to Lessor in its sole discretion) and hold harmless Lessor, the Archdiocese of Detroit, the Archbishop of Detroit, St. Thomas Aquinas Parish, the pastor of St. Thomas Aquinas Parish, Owner (as later defined) and their employees, managers, partners, officers, directors, contractors and agents from and against all claims, demands, liabilities, obligations, damages, penalties, causes of action, suits, judgments, and expenses (including attorneys' fees) arising from or related to (i) the occupancy, condition, operation or use of the Leased Premises, (ii) any accident, occurrence, injury to or death of persons, or loss of or damage to property occurring on or about the Leased Premises except to the extent caused by the negligence of Lessor arising in connection with Lessor's use of the Leased Premises or Parish Campus, (iii) use or misuse of any portions of the Leased Premises by a Lessee or any of Lessee's respective agents, contractors, employees, visitors, and invitees, or (iv) Lessee's failure to perform its obligations under this Agreement. The obligations of Lessee under this paragraph arising by reason of any occurrence taking place during the Term of this Agreement shall survive any termination of this Agreement.

- (ii) The Lessee will procure and keep in effect during the Term hereof commercial general liability insurance on an occurrence basis with limits of at least Two Million Dollars (\$2,000,000.00) per occurrence, with a Two Million Dollar (\$2,000,000.00) annual general aggregate. Such policy shall include coverage for bodily injury, property damage, premises and operations, personal and advertising injury and contractual liability insurance that covers the indemnification obligations of this Agreement. Not more frequently than every three (3) years, if, in the reasonable opinion of Lessor, the amount of liability insurance required hereunder is not adequate, Lessee shall promptly increase said insurance coverage as reasonably required by Lessor.

In addition, such policy shall name the Lessor, the Archdiocese of Detroit, the Archbishop of Detroit, St. Thomas Aquinas Parish, Owner and the Pastor as additional named insureds on a primary and noncontributory basis and shall contain a provision that it may not be canceled without at least thirty (30) days prior written notice being given by the insurer to Lessor. Lessee agrees to deliver certificates of all insurance required under this paragraph to Lessor prior to any entry upon the Leased Premises, and not less than thirty (30) days before the expiration of any such policy. Further, Lessee agrees to provide complete copies of all policies to the Lessor upon receipt of the same; provided, however, the receipt by Lessor of such policies shall not be deemed by Lessor to be an acceptance of such coverage to the extent it conflicts with the requirements of this Agreement.

Upon Lessee's failure to deliver a Certificate of Insurance, the Lessor may, at his option, immediately cancel this Agreement upon written notice to Lessee.

b. **Fire:**

Lessor shall provide for such standard form fire insurance on the building in which the Leased Premises are located as Lessor shall deem advisable, which insurance is solely for the benefit of the Lessor and is not available for the benefit of the Lessee. In no event shall Lessor have any obligation to insure any Modular Units (as later defined).

c. **Contents/Lessee Improvements:**

Lessee shall be responsible for securing any insurance it deems advisable on contents and Lessee improvements, including, but not limited to, any Modular Units, or for business interruption and Lessor shall have no liability with respect to any loss which might have been covered by such insurance.

4. **Alterations**

Lessee may make no alterations, additions, or improvements to the Leased Premises without the Lessor's prior written consent. All such alterations, additions and

improvements shall be at the expense of the Lessee and to the extent permitted by law Lessee hereby indemnifies and holds Lessor harmless from all costs, liability and loss of any kind and all claims of loss or liability, in any way arising out of or by reason of any such alterations, additions or improvements. Upon vacation of the Leased Premises, said improvements, additions and alterations shall, at Lessor's option, become the property of the Lessor. Lessee shall promptly remove all such alterations, additions and improvements required by Lessor to be removed and Lessee shall restore the premises after such removal to substantially their condition prior to the time such alteration, addition or improvement was made. All furnishings and equipment which are not attached or affixed to the Leased Premises made or placed by Lessee upon the Leased Premises shall be the property of the Lessee, and the Lessee shall be permitted to remove the same at the end of the Term of this Agreement, but only if such removal causes no molestation or injury to the Leased Premises or the building in which the Leased Premises are located.

5. **Modular Units.**

Lessee, at Lessee's option, may add portable/modular classroom units to the Leased Premises in accordance with this section which will be owned or leased by Lessee.

- a. **Installation of Units.** Subject to the terms and conditions of this Agreement, Lessor hereby agrees that Lessee may install portable/modular classroom units (hereinafter "Modular Units"). The Modular Units, the real property on which they are located, and the real property adjacent to the Modular Units which is used by Lessee to use, operate, and maintain the Modular Units shall be deemed to be included as part of the "Leased Premises" under this Agreement. The location of the Modular Units must be approved by Lessor in its reasonable discretion. Lessee hereby acknowledges that the installation of the Modular Units shall be in accordance with the Work requirements set forth in Section 4 of this Agreement, including—but not limited to—installation of skirting around each Modular Unit. In addition, Lessee hereby agrees to control all foot traffic to and from the Modular Units in a reasonable manner.
- b. **Maintenance.** Anything in this Agreement to the contrary notwithstanding, Lessee shall be solely responsible to maintain the Modular Units in good order, condition, and repair (including any replacements thereof if necessary in the event such item or component of the Modular Units cannot be repaired) including—but not limited to—the interior and exterior, structural, and nonstructural components of the Modular Units. Lessee shall keep the Modular Units and the property surrounding the Modular Units in a clean, sanitary, and safe condition at all times. Lessee hereby acknowledges and agrees that it is the intent of the parties that Lessor shall have not obligation whatsoever to repair, maintain, or replace any portion of the Modular Units. Anything in this Agreement to the contrary notwithstanding, in the event Lessor intends on using chemicals to maintain that portion of the Leased Premises that the Lessor is obligated to maintain pursuant to the terms of this Agreement, the Lessor shall provide Lessee with five (5) days written notice before applying such

chemicals.

- c. **Removal of Modular Units.** Anything in this Agreement to the contrary notwithstanding, within thirty (30) days after the expiration or termination of this Agreement, whether by expiration of the Term, abandonment or surrender by Lessee, process of law, or otherwise, Lessee shall, at its sole cost and expense, remove the Modular Units, including any pylon/piers located on the Leased Premises, and shall restore the Leased Premises and/or surrounding land to their condition prior to installation of the Modular Units, including—but not limited to—the following: (a) the Modular Units and signage shall be removed; (b) all utility services shall be removed to the point of service origination; (c) all structural support (concrete et al) shall be removed in its entirety; (d) boreholes will be backfilled with sand and tamped to ninety-five percent (95%) modified proctor density; (e) site will be graded for positive drainage and restored to its condition prior to installation and seeded; (f) debris will be legally disposed of in an approved landfill; and (g) Lessor will approve all Work prior to return of security deposit to Lessee.

In addition, if at any time during the Term of this Agreement Lessor determines that any tree located within ten (10) feet of the center of any ditch or trench dug by Lessee for utilities to the Modular Units is dead or dying, Lessee agrees to remove and replace such tree within thirty (30) days after receipt of written notice from Lessor of such dead or dying tree, at Lessee's sole cost and expense (such replacement tree to be approved by Lessor in its reasonable discretion).

In the event Lessee fails to remove any of the Modular Units (including all other items to be removed as set forth above) within sixty (60) days after the expiration or termination of this Agreement, whether by expiration of the Term, abandonment or surrender by the Lessee, process of law, or otherwise, the Modular Units and the personal property within each Modular Unit (hereinafter "Modular Property"), shall be deemed abandoned by Lessee and may, at Lessor's option (without the obligation to do so), be appropriated, sold, destroyed, stored, or otherwise disposed of by Lessor without further notice to Lessee, at Lessee's sole cost and expense, and without any obligation to account for said Modular Property. In the event Lessee leases such Modular Units from the manufacturer or other owner ("Leased Modular Units"), Lessee shall promptly notify Lessor thereof. In the event Lessee grants a security interest in or lien on any Modular Units, Lessee shall promptly notify Lessor thereof ("Financed Modular Units"). With respect to any Financed Modular Units or Leased Modular Units, Lessee shall provide Lessor with a security deposit in an amount equal to the estimated cost to remove such Modular Units, as reasonably determined by Lessor. If Lessee fails to remove the Modular Units in accordance with this section, the Lessor may apply the said security deposit to remove the Modular Units and repair the Leased Premises. The said sum, if not applied toward removal of the Modular Units, is to be returned to the Lessee upon removal of the Modular Units in accordance with this section. Lessor shall deposit any security deposit that it receives by Lessee in a segregated account and shall not commingle the security deposit with any other parish/archdiocese funds except that it may be commingled with other security deposits for

other properties in said account.

All additional costs and expenses incurred by Lessor in connection with repairing or restoring the Leased Premises and/or surrounding land to the condition called for herein, together with the costs, if any, of removing the Modular Property shall be invoiced to Lessee and shall be immediately due from and payable by Lessee.

Lessee shall maintain all insurance with respect to the Modular Units.

If Lessor consents to Lessee's performance of any alteration or addition to the Leased Premises ("Work"), Lessee shall ensure that the Work shall be made in accordance with the Plans and Drawings (as defined below) and all applicable laws, regulations and building codes, in a good and workmanlike manner and in quality satisfactory to Lessor. In addition, prior to commencement of any Work, Lessee must submit to Lessor for approval, which approval shall not be unreasonably withheld, conditioned, or delayed:

- (i) a complete set of plans and specifications ("Plans") prepared and sealed by a registered architect or engineer,
- (ii) a complete set of drawings and specifications for mechanical, electrical and plumbing systems ("Drawings"); and
- (iii) a list of the contractors and subcontractors ("Contractors") who will perform the Work, together with proof of insurance and performance and labor bonds, in such amounts and with such carriers or sureties as Lessor may require in its sole and absolute discretion.

Lessor's approval of the Plans and Drawings for Lessee's alterations shall create no responsibility or liability on the part of Lessor for their completeness, design sufficiency or compliance with all laws, rules and regulations of governmental agencies or authorities.

No person shall be entitled to any lien on the Leased Premises because of any labor or material furnished to Lessee in connection with any alterations or improvements by Lessee, and nothing in this Agreement shall be construed to constitute a consent by Lessor to the creation of any lien. If any lien is filed against the Leased Premises as a result of a claim against Lessee for labor or material furnished to Lessee, Lessee shall cause the lien to be discharged of record within fifteen days after filing. If Lessee fails to cause the lien to be discharged within such time, Lessor may, without the obligation to do so, payoff the lien and Lessee shall reimburse Lessor for all costs and expenses incurred by Lessor to pay and discharge such lien, including, but not limited to, reasonable attorney fees ("Lien Expense"). To the extent permitted by law, Lessee shall indemnify Lessor and Owner from any costs, including, but not limited to, reasonable attorney fees, in connection with any such lien.

In the event Lessee fails to reimburse Lessor within thirty (30) days after receipt of Lessor's demand for reimbursement for any Lien Expense incurred by Lessor with respect to any lien, such delinquency shall be subject to the late fee and interest set forth in Section 1(a) of this Agreement.



6. **Eminent Domain**

In the event of a taking of the Leased Premises during the Term of this Agreement by a proceeding in eminent domain which results in the eviction of the Lessee, this Agreement shall terminate upon the date of such eviction. All awards shall be the sole property of Lessor, except for Lessee's award for relocation expense or loss of business, if any.

7. **Taxes**

Any real property taxes assessed against the Leased Premises or any property of which they are a part, at any time, shall be paid by the Lessee where such taxes have resulted because of rental of the Leased Premises by Lessee.

Payment of all such taxes, assessments and charges shall be made on or before the last day when payment may be made without interest or penalty. Lessee may, when permitted by appropriate governmental authority, pay any tax, assessment, or charge over a period of time.

Lessee agrees to exhibit to Lessor on demand any time following such date for payment of taxes, assessments or charges, receipts evidencing payments of all such taxes, assessments, or charges so payable.

8. **Assignment and Subletting**

Lessee covenants that it will not assign, sell, mortgage or in any manner transfer or encumber this Agreement or any interest herein, or sublet the Leased Premises or any part or parts thereof or grant any concession or license or otherwise permit occupancy of all or any part thereof by others without in each case first obtaining the prior written consent of Lessor. The consent by Lessor to an assignment or subletting shall not in any way be construed to release Lessee from obtaining the express consent of the Lessor to any further assignment or subletting of any part of the Leased Premises nor shall the collection of rent by Lessor from any assignee, sub-lessee or other occupant be deemed a waiver of this covenant or the acceptance of the assignee, sub-lessee or occupant as a lessee hereunder or a release of Lessee from the further performance by Lessee of the covenants in this Agreement on Lessee's part to be performed. If Lessee is a corporation or a partnership, the sale or transfer of fifty percent (50%) or more of such corporation's voting shares or of such partnership's general partnership interests, as the case may be, shall be deemed to be an assignment of this Agreement. If Lessee is a nonprofit corporation, then the occurrence of any of the following events also shall be deemed to be an assignment of this Agreement: (i) during any twelve (12) month period, the change of thirty-five percent (35%) or more of the members of the Board of Directors; or (ii) a change in the name of Lessee or the nature of its business, generally, or in its affiliations or in its use of the Leased Premises, any of which, in the sole discretion of Lessor, is substantial; or (iii) in the event that the Lessee is currently affiliated with the Roman Catholic Church or any group or organization identified with, approved by or affiliated with the Roman Catholic Church, any event which

causes Lessee to lose such affiliation.

9. **Default**

The occurrence of any one or more of the following events (hereinafter referred to as “Events of Default”) shall constitute a breach of this Agreement by Lessee:

- a. if Lessee shall fail to pay rent or any other sum within five (5) days of when and as the same becomes due and payable;
- b. if Lessee shall fail to perform or observe any other term hereof to be performed or observed by Lessee under this Agreement which is not cured within fifteen (15) days after receipt of written notice of such failure;
- c. if Lessee shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due or shall file a petition in bankruptcy, or shall be adjudicated as insolvent or shall file a petition in any proceeding seeking any reorganization, arrangements, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, or shall file an answer admitting or fail timely to contest or acquiesce in the appointment of any trustee, receiver or liquidator of Lessee or any material part of its properties;
- d. if this Agreement or any estate of Lessee hereunder shall be levied upon under any attachment or execution and such attachment or execution is not vacated within ten (10) days;
- e. if Lessee vacates, abandons or deserts the Leased Premises or Lessee fails to occupy the Leased Premises for more than ninety (90) consecutive days; or
- f. if there is a revocation, termination or other invalidation of any permit, license or authorization with respect to Lessee’s use and/or occupancy of the Leased Premises, including, but not limited to, certificates of occupancy, business licenses or charters.

10. **Remedies**

Upon the occurrence of an Event of Default, in addition to any other remedies which may be available to Lessor, Lessor may, at his option, after providing to Lessee any notice required under Michigan Law, do one or more of the following:

- a. Terminate this Agreement and, upon such termination, this Agreement shall come to an end and expire upon Lessor’s termination, but Lessee shall remain liable for any damages Lessor may incur by reason of any default of the Lessee to comply with the terms and conditions of this Agreement; or

- b. Either with or without terminating this Agreement, Lessor may immediately or at any time after the Event of Default or after the date upon which this Agreement shall expire, reenter the Leased Premises or any part thereof, without notice, either by summary proceedings or by any other applicable action or proceeding, (without being liable to indictment, prosecution or damages therefore), and may repossess the Leased Premises and remove any and all of Lessee's property and effects from the Leased Premises; or
- c. Either with or without terminating this Agreement, Lessor may relet the whole or any part of the Leased Premises from time to time, either in the name of Lessor or otherwise, to such tenant or tenants, for such term or terms ending before, on or after the expiration of this Agreement, at such rental or rentals and upon such other conditions, which may include concessions and free rent periods, as Lessor, in its sole discretion, may determine. In the event of any such reletting, Lessor shall not be liable for the failure to collect any rental due upon any such reletting, and no such failure shall operate to relieve Lessee of any liability under this Agreement or otherwise to affect any such liability; and Lessor may make such repairs, replacements, alterations, additions, improvements, decorations and other physical changes in and to the Leased Premises as Lessor, in its sole discretion, considers advisable or necessary in connection with any such reletting or proposed reletting, without relieving Lessee of any liability under this Agreement or otherwise affecting such liability; or
- d. Except in instances when the charter contract is terminated, revoked, or expires without a new charter contract being issued, accelerate all rental due for the balance of the Term of this Agreement and declare the same to be immediately due and payable; or
- e. Lessor shall have the right to recover all amounts payable by Lessee hereunder as they become due and all other damages incurred by Lessor as a result of an Event of Default including, without limitation, attorney's fees and costs.

11. **Controlling Law; No Other Agreement or Representatives**

This Agreement shall be governed by the laws of the State of Michigan. There are no understandings, agreements, representations, or warranties, expressed or implied, other than those set forth in a written addendum or supplement executed simultaneously herewith, or as herein set forth fully or incorporated by specific reference, respecting this Agreement or any real or personal property leased hereunder.

12. **Non-Waiver; Modifications**

No waiver of any provision of this Agreement, or a breach thereof, shall be construed as a continuing waiver, nor shall it constitute a waiver of any other provision or breach. The acceptance of part (but not all) of a rent installment(s) due Lessor hereunder shall not constitute a waiver of default hereunder for nonpayment of rent. The acceptance of all or

part of a rent installment(s) due Lessor hereunder shall not constitute a waiver of any other type of default hereunder. No modification, alteration and/or amendment of this Agreement shall be binding upon the other party hereto, unless the same shall be reduced to writing and signed by the party against whom it is sought to be enforced.

13. **Notices**

Whenever under this Agreement provision is made for notice of any kind, unless otherwise expressly herein provided, it shall be in writing and shall be served personally, sent by registered or certified mail, with postage prepaid, or sent by Federal Express or other similar next business day air courier. Notice shall be deemed given upon personal delivery or one (1) business day following deposit with an air courier. to the address of Lessor or Lessee, as the case may be, as stated below, or such other address as either of the parties may subsequently designate in writing by notice to the other party in the manner required herein:

To the Lessor at:

Pastor, St. Juan Diego  
5845 Auburn Street  
Detroit, Michigan 48228

and

Allen H. Vigneron, Roman Catholic Archbishop of the Archdiocese of Detroit  
12 State Street  
Detroit, Michigan 48226  
Attention: Director of Properties

To the Lessee at:

Detroit Leadership Academy  
c/o Champion Education Network  
13600 Virgil Street  
Detroit, MI 48223

With a copy to:  
Shifman & Carlson, P.C.  
Attn: Sean P. Murphy, Esq.  
34705 W. Twelve Mile Road, Suite 160  
Farmington Hills, MI 48331

14. **Surrender**

The Lessee shall return said Leased Premises peaceably and promptly to the Lessor at the end of the Term of this Agreement, or at any earlier termination thereof, in as good condition as the same are now in or may hereafter to be put in, except for ordinary wear and tear. Upon termination of this Agreement, whether by expiration of the term,

abandonment or surrender by Lessee, process of law or otherwise, any personal property belonging to Lessee and left on the Leased Premises shall be deemed to be abandoned and may be removed and disposed of by Lessor at Lessee's expense.

15. **Right to Terminate**

- a. If the Leased Premises shall be totally destroyed through damage or destruction, this Agreement shall terminate as of the date of such damage or destruction.
- b. If the Leased Premises are partially destroyed through damage or destruction, then the damage to the Leased Premises shall be promptly repaired by Lessor, unless Lessor shall elect not to rebuild as hereinafter provided, and the monthly rent shall be abated in proportion to the amount of the Leased Premises rendered untenable until so repaired. In no event shall Lessor be required to repair or replace Lessee's merchandise, trade fixtures, furnishings or equipment. If more than fifty percent (50%) of the floor area of the building in which the Leased Premises are located shall be damaged or destroyed by fire or other casualty or if during the last one (1) years of the Term more than twenty-five percent (25%) of the Leased Premises or of the floor area of the building in which the Leased Premises are located shall be damaged or destroyed by fire or other casualty then either party may either elect terminate this Agreement by providing the other party with written notice of its election to so terminate, such notice to be given within ninety (90) days after the occurrence of such damage or destruction. If Lessor is required or elects to repair or rebuild or requires the Lessee to repair or rebuild the Leased Premises as herein provided. Lessee shall repair or replace its merchandise, trade fixtures, furnishings and equipment in a manner and to at least a condition equal to that prior to its damage or destruction.
- c. In case the Leased Premises and/or the entrance(s), passageways, hallways and/or lavatories shall be sufficiently damaged so as to unreasonably impede Lessee's use of the Leased Premises for a period likely to exceed sixty (60) days, Lessee may, at its option, terminate this Agreement forthwith by written notice to the Lessor, in which event any unabsorbed advance rental forthwith upon Lessee's surrendering the Leased Premises shall be repaid to Lessee.
- d. Anything in this Agreement to the contrary notwithstanding, subject to Lessee's rights under Section 34 below, this Agreement may be terminated at any time by Lessor upon one hundred twenty (120) days written notice to Lessee ("Termination Notice") in the event Lessor makes the determination to close the Parish Campus (as defined below), which termination shall be effective as of the end of the current school year as of the date the notice is provided it being understood by the parties that a school year runs from July 1 to the following June 30; provided, however, in the event the Termination Notice is delivered by Lessor to Lessee after April 1 of any year, the termination shall be effective as of the end of the next full school year.

16. **Successors and Assigns**

This Agreement and each of the covenants, conditions, and agreements contained herein shall be binding upon each of the parties and upon their respective successors, representatives and assigns, and the benefits shall inure to each of the parties and to their respective permitted successors, representatives and assigns.

17. **No Representations**

Lessee acknowledges that no representation, verbal or written, has been made by any broker, agent or employee of Lessor regarding the condition of the improvements on the premises. This Agreement is not made in reliance upon any representation whatsoever.

18. **Hold Over**

It is hereby agreed that in the event the Lessee herein holds over after the termination of this Agreement, that thereafter the tenancy will be from month-to-month in the absence of a written agreement to the contrary. All terms of the previous Agreement will remain the same, except that the rent amount shall be increased to 150% of the previous rent amount.

19. **Option to Extend**

Provided an Event of Default has not occurred, Lessee shall have the option to extend the Term of this Agreement for an additional amount of time equal to the amount of years the Academy is reauthorized, up to five (5) years. Lessee shall exercise this option by giving Lessor written notice of the intention to extend, no later than six (6) months prior to the expiration of the original term or the current option term. The terms and conditions of any extension term shall be the same terms and conditions of the original Term of this Agreement.

20. **Headings**

The headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of any provisions of this Agreement.

21. **Hazardous Materials**

a. Lessee shall be fully responsible, at its own expense, for compliance with all laws and/or regulations governing the handling of Hazardous Materials or other substances used or stored on the Premises in connection with Lessee's business conducted therein. All hazardous or potentially Hazardous Materials shall be stored in proper containers and shall be further protected against spills by secondary containment facilities. Lessee shall not spill, introduce, discharge or bury any Hazardous Materials, substance or contaminant of any kind in, on, or under the Premises or any portion thereof or any adjacent premises or into the ambient air. Lessee shall not permit the discharge of any Hazardous Materials into the sanitary or storm sewer or water system serving the Premises or any adjacent premises or into any municipal or other governmental water system or storm

and/or sanitary sewer system. Lessee shall employ all appropriate safeguards and procedures necessary or appropriate to protect such systems from contamination. Lessee shall undertake, at its expense, any necessary and/or appropriate cleanup process in connection with any breach of the foregoing covenants, and without limiting Lessee's other indemnity or insurance obligations under this Agreement. To the extent permitted by law, Lessee shall indemnify and hold harmless Lessor from and against all liability whether direct, indirect, consequential or otherwise, arising from any incident or occurrence on or about the Premises or any adjacent premises pertaining to Hazardous Materials which results from the acts or omissions of Lessee, its agents, employees or invitees, during the Term hereof. The obligations of Lessee under this section shall survive the termination of this Agreement.

b. Lessor represents and warrants that (i) to the best of its knowledge, no Hazardous Materials are present on the Parish Campus in violation of Environmental Laws, and (ii) it will not cause or permit any Hazardous Materials to be introduced onto, used, or stored on the Parish Campus in violation of Environmental Laws. For the purposes of this Agreement, "to the best of its knowledge" and words of similar import shall mean the actual knowledge of Michael Moran, the Director of Properties of the Archdiocese of Detroit, without any duty of inquiry or investigation.

c. "Hazardous Materials" shall include, without limitation, any chemical or other material which is or may become injurious to the public health, safety or welfare, or to the environment, flammable explosives, petroleum fractions, pesticides, radioactive materials, Hazardous Materials, regulated substances, hazardous or toxic substances, contaminating pollutants or related or similar materials, including by way of example, substances or materials defined by any federal, state or local environmental law, ordinance, rule or regulation, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Hazardous Materials Transportation Act, the Resource Conservation and Recovery Act, the Federal Insecticide, Fungicide, and Rodenticide Act or the Michigan Environmental Response Act, and the regulations adopted and publications promulgated pursuant thereto, all as amended.

## 22. **Asbestos**

Lessee understands and agrees that it is Lessee's obligation, at Lessee's sole cost and expense, to comply with Michigan's Asbestos in Educational Facilities Act ("AEFA"), the Federal Asbestos Hazard Emergency Response Act ("AHERA"), the Federal Occupational Safety and Health Act ("OSHA") and the Michigan Occupational Safety and Health Act ("MIOSHA"), including any and all regulations promulgated thereunder regulating asbestos-containing materials in any fashion whatsoever (collectively, the "Asbestos Regulations") with respect to the Leased Premises. Under no circumstances shall the Lessor be considered to: a) have undertaken any duties or obligations with respect to the Asbestos Regulations; b) have retained any duties or obligations with respect to the Asbestos Regulations; or c) have been nominated as, undertake any duty with respect to or be acting in any capacity as a Local Education Agency for the purpose of compliance with any of the Asbestos Regulations. All obligations of Lessee under the Asbestos Regulations

shall be performed by asbestos abatement contractors or such other persons as are trained and licensed to inspect, evaluate and abate asbestos-containing materials, or those materials that are suspected or presumed to contain asbestos. To the extent permitted by law, Lessee hereby indemnifies, defends and holds Lessor harmless from all costs, liability and loss of any kind and all claims of loss or liability, in any way arising out of or by reason of Lessee's failure to comply with this Section and/or the Asbestos Regulations.

23. **Signs**

Lessee has permission to erect an exterior sign on the property of the Leased Premises advertising the Lessee's intended use. The size, type, design, legend, and location must be in compliance with all applicable laws, including but not limited to, all applicable City of Detroit ordinances and must be approved by the Pastor which approval shall not be unreasonably withheld, conditioned or delayed. Lessee hereby acknowledges and agrees to maintain, at Lessee's sole cost and expense, any sign erected by Lessee pursuant to this paragraph in good repair and working order at all times. In addition, to the extent permitted by law, Lessee hereby agrees to indemnify, defend and hold Lessor harmless (using counsel of Lessor's choice) from and against any cost, expense, claim or liability, including reasonable attorneys' fees, arising from or related to any sign erected by Lessee on the Leased Premises or the maintenance thereof.

At the expiration or termination of this Agreement, the Lessee shall promptly remove the sign and shall restore the Leased Premises and/or surrounding land to substantially their condition prior to installation of the sign. If the sign is not so removed within thirty (30) days after the termination or expiration of this Agreement, then the sign shall, at Lessor's option, be deemed to have been abandoned by Lessee and may be appropriated, sold, stored, destroyed, or otherwise disposed of by Lessor without notice to Lessee and without any obligation to account for such sign. All costs and expenses incurred by Lessor in connection with repairing or restoring the Leased Premises and/or surrounding land to the condition called for herein, together with the costs, if any, of removing the sign shall be invoiced to Lessee and shall be immediately due from and payable by Lessee.

24. **Lessor's Cure**

All covenants, terms and conditions to be performed by Lessee under any of the terms of this Agreement shall be at its sole cost and expense and without any abatement of rental. If Lessee shall fail to pay any sum of money, other than the payment of rent, required to be paid by it hereunder or shall fail to perform any other act on its part to be performed hereunder, Lessor may, but shall not be obligated so to do, and without waiving or releasing Lessee from any obligations of Lessee, make any such payment or perform any such other act on Lessee's part to be made or performed as in this Agreement provided. Lessee shall reimburse all sums so paid by Lessor and all necessary incidental costs related thereto ("Reimbursable Expenses") within fifteen (15) days of receipt of written notice from Lessor ("Reimbursable Delinquency Date") of the amount due. In the event Lessee fails to reimburse Lessor for Reimbursable Expenses by the Reimbursable Delinquency Date, such Reimbursable Expenses shall be subject to the late fees and interest set forth in Section



1(a) of this Agreement.

All Reimbursable Expenses shall be deemed additional rental, and Lessor shall have (in addition to any other right or remedy of Lessor) the same rights and remedies in the event of the nonpayment thereof by Lessee as in the case of default by Lessee in the payment of rent.

25. **Lessor's Rights and Non-liability**

- Lessor shall have the right from time to time, without notice to Lessee, to inspect the Leased Premises to confirm Lessee's compliance with this Agreement.
- Lessor shall not be responsible or liable to Lessee for:
  - any loss or damage that may be occasioned by or through the acts or omissions of persons occupying adjoining areas or any part of the area adjacent to or connected with the Leased Premises or any part of the structures or improvements on the Leased Premises; or
  - any loss or damage resulting to Lessee or his property from theft or a failure of the security systems, if any, in the structures or improvements on the Leased Premises; or
  - any damage or loss of property within the Leased Premises from any cause other than solely by reason of the willful act of Lessor, and no such occurrence shall be deemed to be an actual or constructive eviction from the Leased Premises or result in an abatement of rents.

If Lessor shall fail to perform any covenant, term or condition of this Agreement upon Lessor's part to be performed, and, if as a consequence of such default, Lessee shall recover a money judgment against Lessor, such judgment shall be satisfied only against the right, title and interest of Lessor in the Leased Premises and out of rents or other income from the Leased Premises by Lessor, or out of the consideration received by Lessor from the sale or other disposition of all or any part of Lessor's right, title and interest in the Leased Premises, and Lessor shall not be liable for any deficiency.

26. **"AS IS"; No Representations**

Lessee accepts the Leased Premises in its condition on the date of this Agreement, "AS IS" and without any representations or warranties of any kind, express or implied, by Lessor. Lessee acknowledges that no representation, verbal or written, has been made by any broker, agent or employee of Lessor regarding the condition of the improvements on the Leased Premises. This Agreement is not made in reliance upon any representation whatsoever.

Notwithstanding anything to the contrary, Lessee shall have the right to cover or remove religious symbols, artwork, images or notices throughout the Leased Premises in such manner as is reasonably agreed to by Lessor, so that they are not prominently visible to public school students using the Leased Premises.

27. **Transfer of Leased Premises by Lessor**

Lessor reserves the right to sell, assign or otherwise transfer its interest in the Leased Premises without Lessee's consent. Prior to any such sale, assignment, or transfer, Lessee shall have a Right of First Refusal as provided for in Section 32 of this Agreement. In the event of any such sale, assignment, or transfer, the transferor shall automatically be relieved of any obligations or liabilities on the part of Lessor accruing from and after the date of such transfer and Lessee covenants and agrees to recognize such transferee as the Lessor under this Agreement.

28. **Subordination**

This Agreement and the rights of the Lessee hereunder are hereby made subject to and subordinate to all mortgages now or hereafter placed upon the Leased Premises. Lessee covenants and agrees to execute and deliver on demand an instrument or instruments subordinating this Agreement to the lien of any such mortgage or mortgages and hereby irrevocably appoints Lessor the attorney-in-fact of Lessee to execute and deliver any such instrument or instruments in the name of Lessee. In addition, Lessee agrees that, upon the request of Lessor or any mortgagee of Lessor, Lessee shall execute an estoppel certificate in form satisfactory to Lessor or any mortgagee of Lessor.

29. **Attorneys' Fees**

If Lessor or Lessee commences a court proceeding in connection with any breach or default in the performance of any of the provisions of this Agreement, to recover damages, or to terminate this Agreement, the prevailing party shall be entitled to a reasonable award of attorney fees and expenses from the non-prevailing party.

30. **Additional Rent**

All taxes, insurance, utility charges, costs and expenses that the Lessee assumes or agrees to pay under this Agreement, together with all interest and late charges that may accrue thereon in the event of failure of Lessee to pay these items, and all other damages that Lessor may incur by reason of any default of the Lessee to comply with the terms and conditions of this Agreement shall be deemed additional rent, and in the event of non-payment, Lessor shall have all the rights as herein provided for failure to pay rent.

31. **Jury Waiver**

**LESSOR AND LESSEE ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED. EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT, WAIVES ANY RIGHT**

**TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO THIS AGREEMENT.**

32. **Right of First Refusal**

Provided Lessee is in possession of the Leased Premises and not in default of this Agreement, if at any time during the Term of this Agreement Lessor receives from any third party a bona fide offer to purchase the Parish Campus (as defined below) or any part thereof of which the Leased Premises are a part at a price and on terms acceptable to Lessor, Lessor shall give written notice of the offer to Lessee. Within fifteen (15) days after Lessor gives Lessee written notice of the third-party offer, Lessee shall have the right to purchase the Parish Campus at the same price and on the same terms and conditions as set forth in the third-party offer. To exercise its right, Lessee must, within the same fifteen (15) day period, give Lessor written notice of the same. In the event Lessee fails to exercise the right to purchase in accordance with the provisions of this Section, Lessor may sell the Parish Campus (including the Leased Premises) to the third party making the offer on the same terms and conditions set forth in that offer. If for any reason the Parish Campus is not sold to the third party making the offer, Lessor shall give Lessee the same right to purchase the Parish Campus on receiving any subsequent offer from any third party that is acceptable to Lessor. Lessee hereby acknowledges that the Leased Premises is not a single tax parcel and is part of tax parcel entirely owned by Lessor, as more particularly described on the attached Exhibit C ("Parish Campus").

33. **Option(s) to Purchase.**

Owner grants to Lessee an option to purchase ("Option") the Parish Campus on the terms and conditions of this Paragraph. The Option shall be effective only on the date Lessor provides written notice to Lessee that Lessor intends on closing the Parish Campus and shall expire on the Option Expiration Date (as defined below). The terms and conditions of the Option are set forth in the attached Exhibit B. Lessee may exercise the Option at any time and from time to time during the term of the Option by providing Lessor written notice of its election to exercise the Option ("Election Notice") prior to the Option Expiration Date. As used herein, the "Option Expiration Date" means the termination of this Agreement.

If, at any time after Lessee has delivered the Election Notice, Lessee terminates the Option pursuant to the terms thereof, such termination shall also serve as termination of this Agreement and Lessee shall have thirty (30) days from the date of such termination to surrender possession of the Leased Premises in accordance with the terms of this Agreement. In the event Lessee purchases the Leased Premises pursuant to the terms of the Option, this Agreement shall automatically be deemed terminated and neither party shall have any further obligation to the other except for Lessee's obligations which expressly survive termination of this Agreement.

In addition, the Lessor, Owner, and Lessee agree to further negotiate in good faith an

additional option to purchase the Parish Campus (“Additional Option”) outside the context of a closing of the Parish Campus. A representative of Lessor agrees to be available monthly for meetings as might be necessary to come to an agreement with respect to the terms and conditions of the Additional Option.

Lessor and Lessee shall have no obligation to negotiate in good faith with respect to the Additional Option after December 31, 2025 (regardless of whether or not Lessee exercises its termination right set forth above).

For purposes of this section, it is not a breach of Lessee’s obligation to negotiate an option to purchase in good faith if Lessee conducts facilities planning, discuss facilities options with third-parties, and negotiate/enter into agreements for the acquisition of alternate facilities. Under no circumstances should the good faith negotiations between the Parties be interpreted as providing Lessor with a right of first refusal.

34. **Use Agreement.**

Lessor has the right to exclusive use and occupancy of the Leased Premises under a use agreement between the fee title holder of the Leased Premises, Mooney Real Estate Holdings, a Michigan nonprofit corporation (together with its successors in title, the “Owner”) and Lessor effective as of April 2, 2023 (as it may be amended from time to time, the “Use Agreement”). This Agreement, as it may be amended, renewed or extended from time to time, is subject and subordinate to the Use Agreement, provided that if the Use Agreement is terminated for any reason, Lessee’s rights under this Agreement, as it may be amended, renewed or extended from time to time, with respect to the Leased Premises shall not be disturbed or interfered with by Owner and Owner will not join Lessee as a party defendant in any action or proceeding for the purpose of terminating Lessee’s interest under this Agreement, as it may be amended, renewed or extended from time to time, because of a termination of the Use Agreement. Rather, this Agreement, as it may be amended, renewed or extended from time to time, shall automatically continue as a direct lease between the Owner, as landlord, and Lessee, as tenant, with the same force and effect as if the Owner, as landlord, and Lessee, as tenant, had entered into a lease as of the date of the termination of the Use Agreement, containing the same terms, covenants and conditions as those contained in this Agreement, as it may be amended, renewed or extended from time to time, for a term equal to the unexpired Term of this Agreement, as it may be amended, renewed or extended from time to time, plus all remaining renewal terms (if any) existing as of said date. In the event of a termination of the Use Agreement, at Owner’s request, Lessee shall enter into a separate lease directly with Owner consistent with the terms of this Agreement, as it may be further amended, renewed or extended from time to time (although the failure to enter into a separate lease shall not modify or limit the operation or effect of the provisions hereof). Lessor represents and warrants to Lessee that Lessor has the right under the Use Agreement to enter into this Lease and to grant Lessee the rights in and to the Leased Premises granted hereunder, and that the Use Agreement provides for the continuation of this Agreement, as it may be amended, renewed or extended from time to time, after termination of the Use Agreement as provided above. The provisions of this Section shall survive the termination, rejection or disaffirmance of the Use Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

In witness whereof, the parties hereto have executed this Agreement the day and year first written above.

**IN THE PRESENCE OF:**

Moni Wilko

Patricia Valenti

**IN THE PRESENCE OF:**


**LESSOR:**

Allen H. Vigneron

Allen H. Vigneron, Roman Catholic Archbishop  
of the Archdiocese of Detroit

**LESSEE:**

Detroit Leadership Academy, a Michigan  
Public School Academy

By:   
Daniel Piepszowski (Jul 27, 2023 09:27 EDT)

Dan Piepszowski

Its: Board President

\_\_\_\_\_

## **EXHIBIT B**

The terms and conditions of the Option shall be as follows, capitalized terms not defined in this Exhibit B shall have the meaning ascribed to them in the Agreement:

1. Sale and Conveyance. Owner ("Seller") shall sell, warrant and convey to Lessee ("Purchaser"), and Purchaser agrees to buy from Seller, the Parish Campus ("Property"), subject to (a) all existing building and use restrictions and easements, (b) exceptions to title set forth in the Title Commitment (as later defined), (c) standard preprinted exceptions set forth in the binder to the Title Commitment, (d) matters which an accurate survey of the Property or inspection would disclose; (e) zoning ordinances; (f) rights of the public and of any governmental unit in any part thereof taken, used or deeded for street, road or highway purposes; (g) taxes and assessments, whether general or special, and any lien arising therefrom, which are not due and payable as of closing; (h) the Restrictive Covenants (as defined below); and (i) liens, taxes, assessments, charges, encumbrances or any other matter as may have accrued or attached through acts or omissions of parties other than Seller after the date of the Agreement.

2. Restrictive Covenant. Purchaser hereby acknowledges and agrees that the conveyance of the Property by Seller to Purchaser shall be subject to the following express covenants (the "Restrictive Covenants"), which shall run with the land:

(a) Purchaser, its successors and/or assigns, hereby covenant and agree that any church or religious organization on the Property shall not be called and/or referred to as St. Thomas Aquinas. Purchaser, its successors and/or assigns, further covenant and agree that Purchaser shall not operate, advertise, publicize, represent or in any way reference an affiliation to any Roman Catholic church, the Archdiocese of Detroit or any Archdiocese of Detroit church or school, regardless of whether such Archdiocese of Detroit church or school currently is in existence or has been closed; and

(b) Purchaser, its successors and/or assigns, hereby covenant and agree they shall not use the Property (i) for certain medical uses such as assisted suicide or any similar type of activity; abortions or any similar type of activity; artificial fertilization/insemination or any similar type of activity; and genetic cloning or any similar type of activity; or (ii) as an adult cabaret, adult personal service establishment, adult physical cultural establishment, adult theater, or adult supply store all as defined in Detroit City Ordinance 32.0007 as in effect as of the date of this Agreement, or (iii) any other use that is contrary to the teachings of the Roman Catholic Church.

It is expressly understood and agreed that the Restrictive Covenants contained herein shall attach to and run with the land and bind the Purchaser and its successors and assigns in perpetuity, except as expressly set forth herein. It shall be lawful for Seller, its successors and/or assigns, to institute and prosecute any proceedings at law or in equity against any person violating or threatening to violate the Restrictive Covenants. Any conveyance of the Property shall include the Restrictive Covenants and be subject to the terms, condition, covenants, restrictions and agreements set forth herein. In the event Seller, its successors and/or assigns institutes legal proceedings against the Purchaser, or its successors and/or assigns, for breach of or to enforce any

of the Restrictive Covenants, or any of its rights under this Paragraph, the party against whom a judgment is entered shall pay all costs and expenses relative thereto, including reasonable attorneys' fees, of the prevailing party.

3. Purchase Price. The purchase price ("Purchase Price") for the Property shall be the average of the two Appraisals (as defined below), as adjusted for the Closing prorations and other adjustments described in this Option. Within five (5) days after Seller's receipt of the Election Notice, each party shall order an appraisal from a third-party licensed appraiser (collectively, the "Appraisals"). At Closing, the security deposit held by Seller pursuant to terms of the Agreement shall be credited towards the Purchase Price. Purchaser hereby acknowledges and agrees that any rental payments or additional rent paid by Purchaser to Seller under the terms of the Agreement shall not be credited towards the Purchase Price. Payment of the Purchase Price at Closing shall be as follows:

Twenty Percent (20%) of the Purchase Price, plus or minus Closing prorations and other adjustments described in this Option, shall be paid to Seller at Closing.

The balance of the Purchase Price ("Balance Due") shall be due and payable by Purchaser to Seller in accordance with the terms of a promissory note to be executed by Purchaser and delivered to Seller at Closing substantially in the form as attached hereto as Exhibit B-1 ("Purchase Money Note"). Payments of principal in an amount which will fully amortize the Balance Due over a ten (10) year period plus interest shall be due and payable on the first day of each month commencing on the first day of the month after Closing as more particularly set forth in the Purchase Money Note. All outstanding principal and interest due under the Purchase Money Note shall be due and payable two (2) years after Closing. The unpaid principal balance outstanding from time to time under the Purchase Money Note shall bear interest calculated on a basis of a 360-day year for the actual number of days elapsed at a per annum rate of interest equal to eight percent (8%) per annum until maturity, or until a default under the Purchase Money Note, and after that at a default rate equal to eleven percent (11%) per annum (but in no event in excess of the maximum rate permitted by law). A late installment charge equal to two percent (2%) of each late installment may be charged on any installment payment not received by Seller within five (5) calendar days after the installment due date. Purchaser may prepay the Purchase Money Note in whole or in part at any time without penalty. The Purchase Money Note will be secured by a purchase money mortgage, in substantially the form as attached hereto as Exhibit B-2, encumbering the Property.

4. Title.

(a) Within ten (10) days after the Seller's receipt of the Election Notice, Seller shall provide a commitment for an owner's policy of title insurance, committing the Title Source, Inc. ("Title Company"), to issue such policy at Closing at Seller's expense, in an amount equal to the full amount of the Purchase Price with standard exceptions (the "Title Commitment"). If Purchaser so desires, it may, at its sole expense, increase the insurance for its improved value or to obtain additional endorsements beyond the standard policy coverage afforded. If the Title Commitment shall contain any encumbrances or exceptions which, in the sole discretion of the Purchaser, render title unmarketable, Purchaser shall notify Seller of such exceptions in writing within five (5) days



of the date on which Purchaser has received the Title Commitment and copies of all recorded documents requested in writing by Purchaser's counsel which constitute encumbrances against the Property or exceptions to the Seller's title. Seller shall have thirty (30) days from receipt of any notice from Purchaser to cure the defect or obtain the Title Company's agreement to affirmatively insure over such defect, although Seller shall have no obligation to cure or obtain insurance over such defects. If Seller does not cure or obtain insurance over any defect within said thirty (30) day period or if Seller notifies Purchaser that it will not attempt to cure or obtain such insurance, Purchaser shall have the option upon notice to Seller not later than ten (10) days after the expiration of said thirty (30) day period or such notice from Seller, whichever occurs first, either to (a) terminate this Option, whereupon this Option shall terminate, and, subject to such obligations of Purchaser hereunder which expressly survive termination of this Option, neither party shall have any further obligation to the other, or (b) accept title as it then is without any reduction in the Purchase Price. If Purchaser does not notify Seller of its election within said ten (10) day period, Purchaser shall be deemed to have elected option (b).

The Title Commitment shall commit the Title Company, at Seller's expense, to insure the gap between the effective date of the commitment and to delete the preprinted or so-called "standard" exceptions, and Seller shall deliver to the Title Company such instruments, documents, indemnities and releases as the Title Company shall reasonably require to obtain the deletions of those preprinted exceptions; provided, however, Seller shall not be required to remove any exceptions which would be removed by obtaining a survey acceptable to the Title Company, if the survey obtained by Purchaser is not deemed satisfactory by the Title Company to remove such exceptions.

(b) Purchaser, at its sole cost and expense, may, but shall be under no obligation to, obtain a survey of the Property ("Survey").

5. Closing. Subject to the conditions of this Option, the closing of the purchase and sale (the "Closing") shall take place ten (10) days after the expiration of the Title Commitment review period described in Paragraph 4, above, at 1:00 p.m. at the office of the Title Company, or at such other date, time and place as the parties may agree in writing. All closing documents, (except the warranty deed which shall be prepared by Seller's counsel), shall be prepared by the Title Company and shall be consistent with this Option and otherwise mutually satisfactory to Purchaser and Seller. At Closing, Purchaser shall furnish Seller with copies of appropriate documents demonstrating that Purchaser is duly authorized, validly existing and in good standing in the State of Michigan and has the requisite authority to consummate the transactions contemplated hereby, together with such other documents as the Title Company may require. Seller shall deliver to Purchaser exclusive possession of the Property at Closing.

6. Prorations, Adjustments, Expenses. Seller shall pay all real property taxes and assessments which are due and payable with respect to the Property as of the date of Closing. Current real property taxes and assessments shall be prorated on a due date basis as of the date of Closing as if paid in advance. In addition, the current monthly rent paid by Purchaser to Seller pursuant to the Agreement shall be pro-rated as of Closing. Seller shall also be responsible for state and county transfer taxes, the title premium for the Owner's Policy, one-half of the cost of the Title Company to prepare the closing documents, and its own attorneys' fees. Purchaser shall

be responsible for all other fees, taxes, costs and expenses arising from the purchase and sale under this Option, including without limitation, recording fees, fees for any endorsements to the Title Policy, fees, and costs, including survey costs, appraisal fees and environmental audit fees, fees of any lender of Purchaser, all fees in connection with Purchaser obtaining a mortgage, if any, one-half of the costs of the Title Company to prepare the closing documents and Purchaser's attorneys' fees.

7. **"AS IS" ACQUISITION.** EXCEPT AS EXPRESSLY SET FORTH HEREIN, SELLER IS NOT MAKING AND SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY OR ANY PART THEREOF, INCLUDING WITHOUT LIMITATION, AS THE CASE MAY BE, REPRESENTATIONS OR WARRANTIES AS TO TITLE, ZONING, TAX CONSEQUENCES, PHYSICAL CONDITIONS, AVAILABILITY OF ACCESS, INGRESS OR EGRESS, OPERATING HISTORY OR PROJECTIONS, VALUATION, GOVERNMENTAL APPROVALS OR REGULATIONS OR ANY OTHER MATTER OR THING RELATING TO OR AFFECTING THE PROPERTY. PURCHASER IS RELYING SOLELY ON ITS OWN EXPERTISE AND ITS FAMILIARITY WITH THE PROPERTY ON THE EXPERTISE OF PURCHASER'S INSPECTORS AND CONSULTANTS, AND THE PURCHASER'S AND SUCH INSPECTOR'S AND CONSULTANT'S INSPECTIONS OF THE PROPERTY. UPON CLOSING, PURCHASER AGREES TO ASSUME THE RISK THAT ADVERSE MATTERS MAY NOT HAVE BEEN REVEALED BY THE INSPECTIONS. UPON CLOSING, SELLER SHALL SELL AND CONVEY TO PURCHASER AND PURCHASER SHALL ACCEPT THE PROPERTY "AS IS," AND "WHERE IS," WITH ALL FAULTS, AND WITH NO ADJUSTMENTS FOR PHYSICAL, FUNCTIONAL, ECONOMIC CONDITIONS, AND THERE ARE NO ORAL AGREEMENTS, REPRESENTATIONS OR WARRANTIES RELATED OR COLLATERAL TO OR AFFECTING THE PROPERTY BY SELLER. THE TERMS AND CONDITIONS OF THIS PARAGRAPH SHALL SURVIVE THE CLOSING AND THE CONVEYANCE OF THE PROPERTY.

8. Brokers. Seller and Purchaser each represent and covenant to the other that they have not utilized and will not utilize the services of any broker or finder in connection with this transaction. To the extent permitted by law, Purchaser shall defend, indemnify and hold Seller harmless from all liability for brokerage commissions, finders fees or the like arising in connection with the sale of the Property as may be claimed by any other party alleging to have been retained by Purchaser. Seller shall defend, indemnify and hold Purchaser harmless from all liability for brokerage commissions, finders fees or the like arising in connection with the sale of the Property as may be claimed by any other party alleging to have been retained by Seller.

9. Risk of Loss.

(a) If, after Seller's receipt of the Election Notice, the Property shall be subjected to a taking, either total or partial, by eminent domain, inverse condemnation, or otherwise, for any public or quasi-public use, or if any notice of intent of taking is received by Seller or Purchaser, the parties shall nevertheless proceed to Closing and Purchaser shall be entitled

to participate in any such condemnation or eminent domain proceeding and to receive all of the proceeds attributable to any portion of the Property. Seller and Purchaser each agree to promptly forward to the other any notice of intent received pertaining to a taking of all or any portion of the Property.

(b) In the event of any casualty to the Property after Seller's receipt of the Election Notice, Purchaser shall take the Property subject to the effect and consequences of that casualty, and Seller shall, in its sole and absolute discretion, either (i) pay over any insurance proceeds actually collected or received by Seller accruing to Seller's benefit with respect to that casualty, or (ii) reduce the Purchase Price by the reasonable cost to repair the damage to the improvements on the Property caused by the casualty as determined by Seller (in which event Seller shall retain the right to collect any insurance proceeds); provided, however, if the improvements on the Property shall be so damaged or destroyed by fire or other casualty as to require an estimated expenditure (as determined by Seller) of more than \$100,000 to repair or restore such improvements to the same condition as existed immediately prior to the casualty, Seller may terminate this Option and the Agreement upon written notice to Purchaser within thirty (30) days after such casualty.

10. General Provisions.

(a) Whenever this Option requires that something be done within a period of days, such period shall (i) not include the day from which such period commences, (ii) include the day upon which such period expires, (iii) expire at 5:00 p.m. eastern standard time on the date by which such thing is to be done, and (iv) be construed to mean calendar days; provided that if the final day of such period falls on a Saturday, Sunday or legal holiday in the State of Michigan, such period shall extend to the first business day thereafter.

(b) Time is of the essence with respect to the performance of the parties' obligations hereunder.

(c) Purchaser shall not assign this Option without Seller's prior written consent.

**Exhibit C**

LAND IN THE CITY OF DETROIT, CTY OF WAYNE, STATE OF MI, TO-WIT:

LAND IN THE S W CORNER OF S W FRACTIONAL 1/4 OF SECT 11, T 2 S, R 10 E, DESCRIBED AS: COMMENCING AT AN IRON PIPE AT THE PT OF INTERSECTION OF THE N LINE OF FORD RD OF 150 FT WIDTH AND THE E LINE OF EVERGREEN RD OF 120 FT WIDTH, AND RUNNING N 01 DEG 28 MIN 40 SEC W, 782.49 FT TO AN IRON PIPE AT THE PT OF INTERSECTION OF THE S LINE OF KIRKWOOD AVE OF 60 FT WIDTH AND THE E LINE OF EVERGREEN RD OF 120 FT WIDTH; THENCE N 88 DEG 45 MIN 20 SEC E, 583.81 FT TO AN IRON PIPE AT THE S LINE OF KIRKWOOD AVE OF 60 FT WIDTH AND THE W LINE OF AUBURN AVE OF 49.15 WIDTH; THENCE S 01 DEG 23 MIN 00 SEC E, 512.51 FT TO AN IRON PIPE AT THE PT OF INTERSECTION OF THE W LINE OF AUBURN AVE OF 48.58 FT WIDTH AND THE S BOUNDARY LINE OF THE CITY OF DETROIT; THENCE S 62 DEG 09 MIN 20 SEC W 610.47 FT TO THE PT OF INTERSECTION OF THE S BOUNDARY LINE OF THE CITY OF DETROIT AND THE N LINE OF FORD RD 150 FT WIDE; THENCE W 36.16 FT ALONG THE ACTUAL ARC OF A CURVE TO THE LEFT OF 1568.66 FT RADIUS TO THE PT OF COMMENCEMENT SAID PT BEARING N 85 DEG 54 MIN 30 SEC W, 36.16 FT FROM THE PREVIOUS PT.

PLUS

LAND IN PC 317 AND 318 DESCRIBED AS COMMENCING AT AN IRON PIPE AT THE INTERSECTION OF THE N LINE OF FORD RD, 150 FT WIDE AND THE W LINE OF AUBURN RD EXTENDED, AND RUNNING N 81 DEG 55 MIN 00 SEC W, 450.07 FT TO AN IRON PIPE AT A PT OF CURVATURE OF A CURVE TO THE LEFT OF 1568.66 FT RADIUS; THENCE ALONG THE ACTUAL ARC OF SAID CURVE TO THE LEFT 103.49 FT TO A PT OF INTERSECTION OF THE N LINE OF FORD RD OF 150 FT WIDTH AND THE N BOUNDARY LINE OF THE CITY OF DEARBORN, SAID PT BEARING N 83 DEG 50 MIN 30 SEC W, 103.47 FT FROM THE PT OF CURVATURE; THENCE N 62 DEG 09 MIN 20 SEC E, 610.47 FT TO AN IRON PIPE AT THE INTERSECTION OF THE W LINE OF AUBURN AVE OF 48.58 FT WIDTH AND THE N BOUNDARY LINE OF THE CITY OF DEARBORN, THENCE S 01 DEG 23 MIN 00 SEC E, 359.70 FT TO THE PT OF COMMENCEMENT.

MINUS

A PARCEL OF LAND BEING A PART OF THE S E 1/4 OF FRACTIONAL SECT 11, T 2 S, R 10 E, CITY OF DETROIT, WAYNE CTY, LYING S OF AND ADJOINING THE S LINE OF KIRKWOOD AVE, 60 FT WIDE AS NOW ESTABLISHED, N OF AND ADJOINING THE DETROIT-DEARBORN LINE, WEST OF AND ADJOINING THE W LINE OF FLORENCE PARK SUB AS RECORDED IN L 48, PG 82 OF PLATS AND E OF AND ADJOINING A LINE WHICH IS 60 FT W OF AND PARALLEL TO THE E LINE OF AUBURN AS PLATTED IN SAID FLORENCE PARK SUB.

ALSO MINUS

COMMENCING AT THE INTERSECTION OF THE BOUNDARY LINE BETWEEN THE CITY OF DETROIT AND THE CITY OF DEARBORN WITH THE BOUNDARY LINE BETWEEN THE CITY OF DETROIT AND THE CITY OF DEARBORN HGTS; THENCE N 00 DEG 07 MIN 00 SEC W, ALONG THE BOUNDARY LINE BETWEEN THE CITY OF DETROIT AND THE CITY OF DEARBORN HGTS, 464.79 FT; THENCE N 89 DEG 53 MIN 00 SEC E, 60 FT TO THE EXISTING E R O W LINE OF EVERGREEN RD AND THE PT OF BEG OF THIS DESCRIBED R O W LINE; THENCE CONTINUING N 89 DEG 53 MIN 00 SEC E, 21.56 FT; THENCE S 05 DEG 22 MIN 34 SEC E, 354.31 FT; THENCE S 29 DEG 58 MIN 22 SEC E, 90.77 FT TO A PT OF ENDING

## **Exhibit D**

St. Juan Diego may use the Leased Premises, including the gymnasium and kitchen one night per week for religious education classes from 6:00 p.m. to 10:00 p.m., as determined by the Parish Designee in accordance with the following parameters.

- The Parish Designee must alert the DLA Designee on or before June 30 of the parish desire to use the space for religious education classes.
- The Parish Designee shall provide the DLA Designee with the schedule of religious education classes on or before August 10 of each year.
- No later than two (2) weeks prior to the commencement date of religious education classes, the Parish Designee and DLA Designee shall discuss and agree upon which classrooms shall be used for religious education purposes, the Parish Designee shall provide the contact information for the individual who oversees the religious education classes if other than the Parish Designee, the Parish and DLA Designee shall also coordinate other logistics such as who is responsible for setting the alarm system, who is responsible for clean-up, etc.
- Any changes to the schedule for religious education classes shall be provided to the DLA Designee at least one (1) week in advance. The Lessor understands that a change in schedule may result in a scheduling conflict which would prohibit the Lessor from using the Premises during that respective week.
- Lessor shall be limited to using only the space agreed upon between the Parish Designee and DLA Designee. Should space be used by Lessor without prior approval of the DLA Designee, Lessee may restrict Lessor's use of facility until the parties can schedule a meeting or phone conference to determine whether the classroom use list needs to be modified.
- Lessor shall not disturb any teacher or student belongings in any classroom, shall return classroom furniture to its original positions, and shall leave classrooms clear of any waste following Lessor's use. Lessee may restrict Lessor's use of the facility should Lessor fail to return classrooms to the same setup under which they are taken.
- Lessor shall not enter the Premises between the hours of 7:30 a.m.-3:30 p.m. for any reason related to religious education during the school year. Should Lessor want to view the Premises to view classrooms, etc., the Parish Designee shall make an appointment with the DLA Designee at least forty-eight (48) hours in advance.

# scan\_jacobson.nicole\_2023-07-06-09-37-10

Final Audit Report

2023-07-27

Created:	2023-07-27
By:	Sean Murphy (sean@murphy.law)
Status:	Signed
Transaction ID:	CBJCHBCAABAAsSQZ2wnMMY91Ucl0aCx9-S1fuj_dgQ67

## "scan\_jacobson.nicole\_2023-07-06-09-37-10" History

 Document created by Sean Murphy (sean@murphy.law)

2023-07-27 - 1:19:48 PM GMT- IP address: 104.59.13.153

 Document emailed to pepper1761@comcast.net for signature

2023-07-27 - 1:20:31 PM GMT

 Email viewed by pepper1761@comcast.net

2023-07-27 - 1:22:10 PM GMT- IP address: 104.28.57.250

 Signer pepper1761@comcast.net entered name at signing as Daniel Piepszowski

2023-07-27 - 1:27:12 PM GMT- IP address: 107.77.195.131

 Document e-signed by Daniel Piepszowski (pepper1761@comcast.net)

Signature Date: 2023-07-27 - 1:27:14 PM GMT - Time Source: server- IP address: 107.77.195.131

 Agreement completed.

2023-07-27 - 1:27:14 PM GMT

# **CERTIFICATE OF USE AND OCCUPANCY**

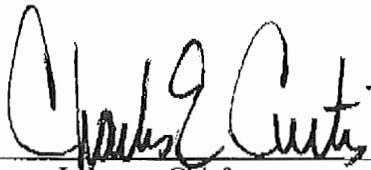
## **PERMANENT**

**Michigan Department of Licensing and Regulatory Affairs  
Bureau of Construction Codes/Building Division  
P. O. Box 30254  
Lansing, MI 48909  
(517) 241-9317**

**Safety Inspection  
Detroit Leadership Academy  
5845 Auburn  
Detroit, Michigan  
Wayne County**

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

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



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

**August 13, 2012**



# **CERTIFICATE OF USE AND OCCUPANCY**

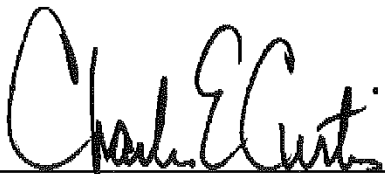
## **PERMANENT**

**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. B035279  
Detroit Leadership Academy  
5845 Auburn  
Detroit, Michigan  
Wayne County**

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

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



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

**October 3, 2013**

# **CERTIFICATE OF USE AND OCCUPANCY**

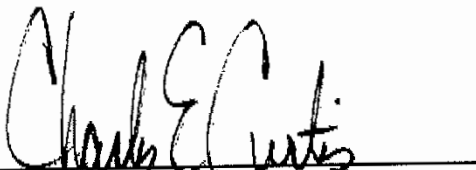
## **PERMANENT**

**Michigan Department of Licensing and Regulatory Affairs  
Bureau of Construction Codes/Building Division  
P. O. Box 30254  
Lansing, MI 48909  
(517) 241-9317**

**Building Permit No. B036530  
YMCA of Metropolitan Detroit  
5845 Auburn Street  
Detroit, Michigan  
Wayne County**

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

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

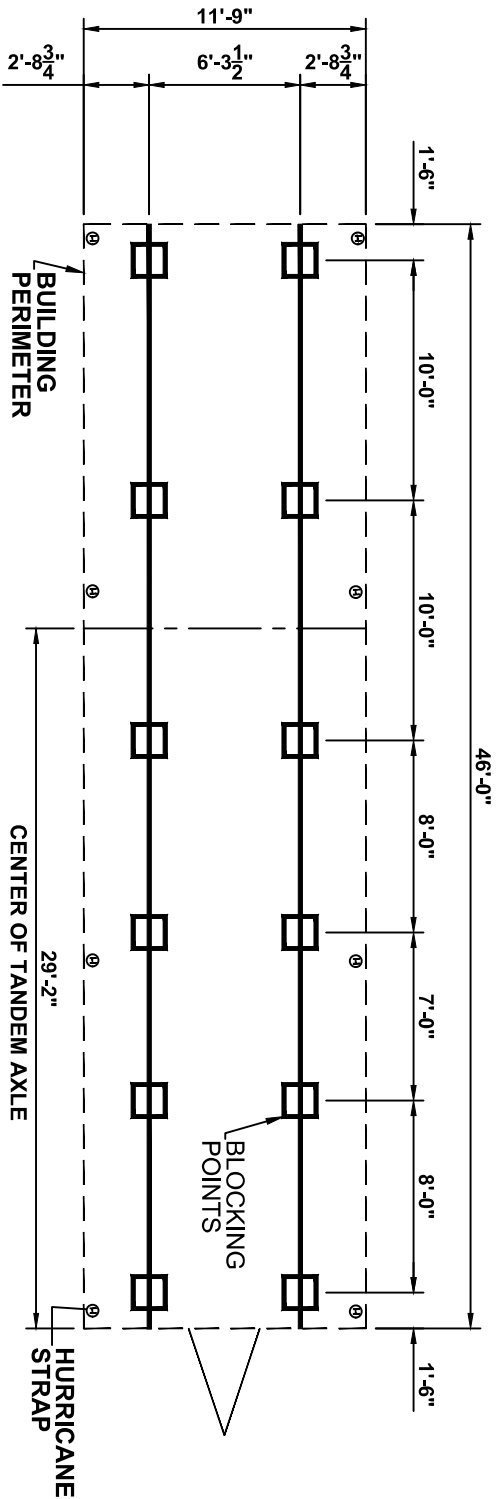


**Todd Y. Cordill, NCARB**

**Chief**

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

**August 21, 2014**



VERIFY MAIN BEAM SPACING AND AXLE LOCATION BEFORE SETTING PIERS OR FOOTINGS  
PIERS/FOOTINGS MUST BE MOVED TO ACCOMMODATE AXLE LOCATIONS AS REQUIRED



**Williams Scotsman, Inc.**  
8122 Park Place  
Brighton MI 48116-8522

**Your WillScot Representative**  
Kristopher Shotwell, Sales Representative  
**Phone:** 7344616010  
**Email:** kristopher.shotwell@willscot.com  
**Toll Free:** 800-782-1500

**Contract Number:** 1632493  
**Revision:** 4  
**Date:** April 14, 2022

## Lease Agreement

**Lessee: 0010512147**  
Detroit Leadership Academy  
13600 Virgil St,  
Detroit, Michigan 48223

**Contact:**  
KERRI SMITH  
13600 Virgil St,  
Detroit, MI 48223  
Phone: (248) 767-8639  
Email: kerri@cannonprofit.org

**Ship To Address:**  
5845 Auburn Street  
DETROIT, MI 48223 US  
**Delivery Date (on or about): 07/01/2022**

Rental Pricing Per Billing Cycle	Quantity	Price	Extended
50x12 Mobile Office (46x12 Box)	1		\$670.00
Bas. Entrance-Steps T2	2	\$65.00	\$130.00
Window/Door Security Bundle - 40+	1	\$55.00	\$55.00
Data Hub Rental T2	1	\$75.00	\$75.00
Bas. Office Package T2	5	\$55.00	\$275.00
General Liability - Allen Insurance	1	\$26.40	\$26.40
Property Damage Waiver (11/12)	1	\$106.80	\$106.80
Minimum Lease Billing Period: 26	Total Recurring Building Charges:		\$670.00
Billing Cycle: 28 Days	Subtotal of Other Recurring Charges:		\$668.20
	<b>Total Recurring Charges Per Billing Cycle:</b>		<b>\$1,338.20</b>

Delivery & Installation			
Fuel Surcharge Delivery	1	\$198.45	\$198.45
Fuel Surcharge Return	1	\$198.45	\$198.45
Essentials Material Handling	1	\$400.00	\$400.00
Tiedown-Concrete Removal	8	\$37.00	\$296.00
Delivery Freight	1	\$735.00	\$735.00
Return Freight	1	\$735.00	\$735.00
Tiedowns into concrete	8	\$90.00	\$720.00
Block and Level	1	\$545.00	\$545.00
Teardown	1	\$300.00	\$300.00
	<b>Total Delivery &amp; Installation Charges:</b>		<b>\$4,127.90</b>

Final Return Charges*		
	<b>Due On Final Invoice*:</b>	\$0.00
<b>Total Including Recurring Billing Charges, Delivery, Installation &amp; Return**:</b>		<b>\$38,921.10</b>

Summary of Charges		
Model: MO5012	Quantity: 1	Total Charges for(1) Building(s): \$38,921.10



**Williams Scotsman, Inc.**  
8122 Park Place  
Brighton MI 48116-8522

**Your WillScot Representative**  
Kristopher Shotwell, Sales Representative  
**Phone:** 7344616010  
**Email:** kristopher.shotwell@willscot.com  
**Toll Free:** 800-782-1500

**Contract Number:** 1632493  
**Revision:** 4  
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## Lease Agreement

**Lessee: 0010512147**  
Detroit Leadership Academy  
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Detroit, Michigan 48223

**Contact:**  
KERRI SMITH  
13600 Virgil St,  
Detroit, MI 48223  
Phone: (248) 767-8639  
Email: kerri@cennonprofit.org

**Ship To Address:**  
5845 Auburn Street  
DETROIT, MI 48223 US  
**Delivery Date (on or about): 07/01/2022**

Rental Pricing Per Billing Cycle	Quantity	Price	Extended
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General Liability - Allen Insurance	1	\$26.40	\$26.40
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Fuel Surcharge Delivery	1	\$198.45	\$198.45
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	<b>Total Delivery &amp; Installation Charges:</b>		<b>\$4,127.90</b>

Final Return Charges*	
	Due On Final Invoice*: \$0.00
Total Including Recurring Billing Charges, Delivery, Installation & Return**: \$38,921.10	

Summary of Charges		
Model: MO5012	Quantity: 1	Total Charges for(1) Building(s): \$38,921.10



**Williams Scotsman, Inc.**  
8122 Park Place  
Brighton MI 48116-8522

**Your WillScot Representative**  
Kristopher Shotwell, Sales Representative  
**Phone:** 7344616010  
**Email:** kristopher.shotwell@willscot.com  
**Toll Free:** 800-782-1500

**Contract Number:** 1632493  
**Revision:** 4  
**Date:** April 14, 2022

### Insurance Requirements Addendum

QTY	PRODUCT	EQUIPMENT VALUE/BUILDING	DEDUCTIBLE PER UNIT
2	MO5012	\$25710.00	\$3000.00

#### Lessee: Detroit Leadership Academy

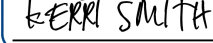
Pursuant to the Williams Scotsman Lease Agreement and its Terms and Conditions ("Agreement"), a Lessee is obligated to provide insurance to Williams Scotsman, Inc. ("Lessor") with the following insurance coverage:

- Commercial General Liability Insurance:** policy of combined bodily injury and property damage insurance insuring Lessee and Lessor against any liability arising out of the use, maintenance, or possession of the Equipment. Such insurance shall be in an amount not less than \$1,000,000 per occurrence, naming the Lessor as Additional Insured and Loss Payee.
- Commercial Property Insurance:** covering all losses or damage, in an amount equal to 100% of the Equipment Value set forth in the Lease providing protection against perils included within the classification and special extended perils (all "risk" insurance), naming the Lessor as Additional Insured and Loss Payee.

By signing below, the Lessee agrees to the terms and conditions stated herein. All other general Terms and Conditions of the Agreement shall remain the same and in full force and effect. Each party is hereby authorized to accept and rely upon a facsimile or electronic signature of the other party on this Addendum. Any such signature shall be treated as an original signature for all purposes.

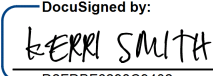
#### Commercial General Liability Insurance

Lessee elects to participate in the Commercial General Liability Insurance Program, whereby Lessee will receive insurance coverage through American Southern Insurance Company ("Insurer") and administered by Allen Insurance Group ("Agent"). The Lessee acknowledges and agrees that the policy issued by the Insurer is a third party liability policy that covers those amounts that Lessee is legally obligated to pay due to bodily injury and property damage arising from the proper use and occupancy of Equipment leased from Williams Scotsman up to the policy limits. Coverage is subject to underwriting and specific terms and conditions set forth in the policy. An outline of cover is available upon request. By signing below, Lessee understands and agrees that the Lessor is not providing the insurance coverage and serves only as a billing agent for the Insurer and its Agent; and, accordingly, it assumes no liability therefore.

Signature of Lessee:  Print Name: KERRI SMITH Date: 05-31-2022  
D2FDBF6298C9402...

#### Damage Waiver Program

Lessee elects to participate in the Lessor's Damage Waiver Program. Lessee understands and agrees that under this program, the Lessor waives, for a fee, Lessee's obligation to carry Commercial Property Insurance and Lessee's liability to Lessor for repair or replacement of the modular units leased from Williams Scotsman resulting from loss or damage as specified in the Lease Agreement. Lessee remains liable to Williams Scotsman for the amount of the damage deductible per unit of equipment noted above. Please refer to the Agreement for specific details on coverage, exclusions and restrictions on coverage. The Property Damage Waiver is not and shall not constitute a contract for insurance.

DocuSigned by:  
Signature of Lessee:  Print Name: KERRI SMITH Date: 05-31-2022  
D2FDBF6298C9402...

Please return this signed document with the signed lease agreement.



**Williams Scotsman, Inc.**  
8122 Park Place  
Brighton MI 48116-8522

**Your WillScot Representative**  
Kristopher Shotwell, Sales Representative  
**Phone:** 7344616010  
**Email:** kristopher.shotwell@willscot.com  
**Toll Free:** 800-782-1500

**Contract Number:** 1632493  
**Revision:** 4  
**Date:** April 14, 2022

## Clarifications

**\*Final Return Charges are estimated and will be charged at Lessor's prevailing rate at time of return. \*\*All prices exclude applicable taxes. All Lessees and Leases are subject to credit review.** In addition to the stated prices, customer shall pay any local, state or provincial, federal and/or personal property tax or fees related to the equipment identified above ("Equipment"), its value or its use. Lessee acknowledges that upon delivery of the Equipment, this Agreement may be updated with the actual serial number(s), delivery date(s), lock serial number(s), etc, if necessary and Lessee will be supplied a copy of the updated information. Prices exclude taxes, licenses, permit fees, utility connection charges, site preparation and permitting which is the sole responsibility of Lessee, unless otherwise expressly agreed by Lessor in writing. Lessee is responsible for locating and marking underground utilities prior to delivery and compliance with all applicable code requirements unless otherwise expressly agreed by the Lessor in writing. Price assumes a level site with clear access. Lessee must notify Lessor prior to delivery or return of any potentially hazardous conditions or other site conditions that may otherwise affect delivery, installation, dismantling or return of any Equipment. Failure to notify Lessor of such conditions will result in additional charges, as applicable. Physical Damage & Commercial Liability insurance coverage is required beginning on the date of delivery. Lessor is not responsible for changes required by code or building inspectors. **Pricing is valid for thirty (30) days.**

Please note the following important billing terms:

- In addition to the first billing period rental and initial charges, last billing period rent for building and other recurring rentals/services (excluding General Liability Insurance and Property Damage Waivers), will be billed on the initial invoice. Any amounts prepaid to Williams Scotsman will be credited on the final invoice.
- Invoices are due on receipt, with a twenty (20) day grace period. Interest will be applied to all past due amounts.
- Invoices are due on receipt, with a twenty (20) day grace period. Late fees will be applied to all past due amounts.
- Williams Scotsman preferred method of payment is ACH. Payments made by check are subject to a Paper Check Fee, charged on the next invoice following payment by check.
- Williams Scotsman preferred method of invoicing is via electronic transmission. Customers are encouraged to provide an email address or use MMConnect. Invoices sent standard mail are subject to a paper invoice fee, charged on the following invoice.

Lessor hereby agrees to lease to Lessee and Lessee hereby agrees to lease from Lessor Modular Equipment and Value Added Products (as such items are defined in Lessor's General Terms & Conditions) selected by Lessee as set forth in this Agreement. All such items leased by the Lessee for purposes of this Lease shall be referred to collectively as the "Equipment". By its signature below, Lessee hereby acknowledges that it has read and agrees to be bound by the Lessor's General Terms & Conditions (11-22-21) located on Lessor's internet site (<https://www.willscot.com/About/terms-conditions>) in their entirety, which are incorporated herein by reference and agrees to lease the Equipment from Lessor subject to the terms therein. Although Lessor will provide Lessee with a copy of the General Terms & Conditions upon written request, Lessee should print copies of this Agreement and General Terms & Conditions for recordkeeping purposes. Each party is authorized to accept and rely upon a facsimile signature, digital, or electronic signatures of the other party on this Agreement. Any such signature will be treated as an original signature for all purposes and shall be fully binding. The undersigned represent that they have the express authority of the respective party they represent to enter into and execute this Agreement and bind the respective party thereby.

## Invoicing Options (select one)

### ☐ Paperless Invoicing Option

Williams Scotsman prefers electronic invoicing, an efficient, convenient and environmentally friendly process. To avoid fees, provide us with the proper email address for your invoices

Corrected Email Address: \_\_\_\_\_

### ☐ Standard Mail Option

Customer prefers to receive paper invoice via mail. Fees may apply. Invoices will be mailed to:

13600 Virgil Detroit MI 48223

Enter a new billing address: \_\_\_\_\_

## Signatures

**Lessee:** **Detroit Leadership Academy**

DocuSigned by:  
**KERRI SMITH**  
D2FDBF6298C9402...

Print Name: **KERRI SMITH**

Title: **CEO + President**

Date: **05-31-2022**

PO#:

**Lessor:** **Williams Scotsman, Inc.**

DocuSigned by:  
**Stephen Radinsky**  
BF1346E5E94C414...

Print Name: **Stephen Radinsky**

Title: **Customer Success Specialist**

Date: **07-11-2022**

**PLEASE RETURN SIGNED AGREEMENT TO: DETLeases@willscot.com**

# CERTIFICATE OF USE AND OCCUPANCY

## PERMANENT

### **Michigan Department of Licensing and Regulatory Affairs**

Bureau of Construction Codes/Building Division

P.O. Box 30254

Lansing, MI 48909

Authority: 1972 PA 230

(517) 241-9317

**Building Permit No:** BLDG22-01373

5845 AUBURN ST

DETROIT, MI 48228

COUNTY: WAYNE

The above named building of Use Group S-2, Storage 2 (Low Hazard) and Construction Type 1A is approved for use and occupancy.

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

Print Date: 03/12/2024



**CONTRACT SCHEDULE 7**

**REQUIRED INFORMATION FOR  
A PUBLIC SCHOOL ACADEMY**

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

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

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

**SECTION A**

**GOVERNANCE STRUCTURE**

## **GOVERNANCE STRUCTURE**

The People of Michigan through their Constitution have provided that schools and the means of education shall forever be encouraged and have authorized the Legislature to maintain and support a system of free public elementary and secondary schools. All public schools are subject to the leadership and general supervision of the State Board of Education and the Legislature has authorized an alternative form of public school designated a "public school academy" to be created to serve the educational needs of pupils and has provided that pupils attending these schools shall be eligible for support from the State School Aid Fund. The Legislature has delegated to the governing boards of state public universities, community college boards, intermediate school district boards and local school district boards, the responsibility for authorizing the establishment of public school academies. The University Board has approved the issuance of a contract conferring certain rights, franchises, privileges, and obligations of a public school academy to the Academy Board.

The Academy is incorporated as a Michigan nonprofit corporation, organized on a non-stock, directorship basis for the purpose of operating as a Michigan public school academy. The Academy shall conduct its affairs as a governmental entity exempt from federal income taxes under Section 115 of the United States Internal Revenue Code or any successor law. The Academy is a body corporate and is not a division or part of Central Michigan University. The relationship between the Academy and the University Board is based solely on the applicable provisions of the Code and the terms of this Contract.

The Academy Board shall have at least five (5), but no more than nine (9) members, as determined by the University Board. Academy Board members shall be appointed according to the terms of the Method of Selection, Appointment and Removal Resolution adopted by the University Board. The Academy Board has all the powers and duties permitted by law to manage the business, property and affairs of the Academy and for adopting policies by which the Academy shall be governed. The Academy Board is responsible for assuring that the Academy operates according to the Terms and Conditions of this Contract and Applicable Law. Contract Schedule 2: Amended Bylaws, set forth a further description of the Academy Board's governance structure.

Academy Board members shall serve in their individual capacity, and not as a representative or designee of any other person or entity. The Academy Board shall ensure compliance with Applicable Law relating to conflicts of interest and prohibited familial relationships, including Article IV, Sections 4.4 and 4.5 of the Terms and Conditions of this Contract.

Pursuant to applicable law and the Terms and Conditions of this Contract, including Article III, Section 3.6, the Academy Board may employ or contract for personnel according to the position information outlined in Schedule 5. Before entering into an agreement with an Educational Service Provider or an employee leasing company to provide services or to provide personnel to perform services or work at the Academy, the Academy Board must first comply with the Educational Service Provider Policies issued by the Center.

**SECTION B**

**EDUCATIONAL GOAL AND RELATED MEASURES**

## EDUCATIONAL GOAL AND RELATED MEASURES

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

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

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

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

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

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

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

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

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

<sup>2</sup> Grade level national norms are updated periodically by NWEA following comprehensive norming studies. The Center will use the most updated national norms published by NWEA and will inform the Academy when 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 3-8 at the Academy will be assessed using the following measures and targets:

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

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**Measure 3: Post-Secondary Readiness: Grades 9-11**

The ‘on-track’ towards college readiness rates of all students in grades 9-11 will be assessed using the following measures and targets.

Sub Indicator	Measure	Metric	Target
Against a Standard:	The percentage of students meeting or surpassing the current grade-level college readiness benchmarks on the PSAT (grades 9 and 10) and SAT (grade 11) in Evidence-Based Reading and Writing (EBRW) and Math.	For EBRW, distribution (which will be in the form of percentages): Exceeds $\geq 70.0\%$ Meets $\geq 60.0\%$ Approaching $\geq 50.0\%$ Does not meet $< 50.0\%$  For Math, distribution (which will be in the form of percentages): Exceeds $\geq 50.0\%$ Meets $\geq 40.0\%$ Approaching $\geq 30.0\%$ Does not meet $< 30.0\%$	<b>PSAT 9</b> EBRW: 60% Math: 40%
			<b>PSAT 10</b> EBRW: 60% Math: 40%
			<b>SAT 11</b> EBRW: 60% Math: 40%
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 the current grade-level college readiness benchmarks on the PSAT (grades 9 and 10) and SAT (grade 11) 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 meeting or surpassing the current grade-level college readiness benchmarks on the SAT (grade 11) will surpass the school’s Composite Resident District percentage.	Portfolio Distribution (which will be in the form of $-x$ to $+x$ ): Exceeds $\geq 10.0\%$ Meets $\geq 5.0\%$ Approaching $\geq 0.0\%$ Does not meet $< 0.0\%$	5.0%



**SECTION C**

**EDUCATIONAL PROGRAMS**

## EDUCATIONAL PROGRAMS

Pursuant to Applicable Law and 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

Detroit Leadership Academy (“Academy”) students will use their college degrees and careers to redefine what is possible by empowering future students and inspiring communities to become sustainable centers of educational excellence and innovation.

### Vision

The Academy’s vision is to be a remarkable neighborhood school, providing a highly challenging, stimulating and supportive environment that unlocks the potential of all children and adults as leaders, pioneering the way to equity and excellence.

### Values

It is the Academy’s core belief that creating and sustaining excellent schools for all children is the most critical social issue of our time and that equitable, high-quality education is the primary way to positively impact the life trajectory for kids. The Academy is relentless in this pursuit and strives to carry out the work through our Ways of Being, which encompasses adult values and shared habits of mind.

## Who We Are: CEN Ways of Being



BE CHILD CENTERED

Honor every child’s lived experience in order to protect their holistic wellness. Advocate for and prioritize student success by putting their needs first.



BE CARING

Seek to learn from others by building genuine relationships. Create brave and empathetic spaces for feedback and candor, in the best interest of students.



BE TRANSFORMATIVE

Work to create schools that reflect an equitable society. Close skill and will gaps, so that all students can thrive.



BE ACCOUNTABLE

Hold self and teammates to sustained impactful practices. Commit to delivering life-altering outcomes our students deserve.



BE ANTI RACIST

Identify, challenge, and reform oppressive systems and biases to ensure a culturally responsive, equitable education for the students we serve.

### SHOW UP

*Be present + prepared*

### OPT-IN

*Engage in collaboration + communication*

### WORK HARD

*Productively struggle + persevere*

### FINISH STRONG

*Meaningfully produce + complete the task*

### REFLECT

*Fail forward + seek to be better*

## Instruction

The Academy is driven to ensure all students are provided with equitable, high-quality instruction every day that allows them to meet and exceed grade-level learning expectations, but even more importantly, equips students with the academic and intellectual skills and habits needed to access the life they choose. The Academy accepts the challenge of meeting students' academic needs with privilege, gravity and urgency. The Academy stands firm in the belief that every student brings valuable lived experience to our classrooms and that it is our responsibility to make learning meaningful, sticky and transferable. The Academy is committed to doing whatever it takes to ensure teachers have the tools and professional learning necessary to achieve ambitious academic outcomes for all students. The Academy relies on the implementation of Champion Education Network's ("CEN") Academic Model Tenets and Core Systems to distinguish the way in which our vision of equitable, high-quality instruction takes form.

The most impactful educators know that not all instruction is created equal; as John Hattie showcases throughout his work in *Visible Learning: A Synthesis of Over 800 Meta-Analyses Relating to Achievement* (2008), effective learning is conditional upon the type of instruction students receive, which is dependent upon the intended purpose for learning, depth of content, student experience, and a host of other important factors.

Hattie has conducted one of the most comprehensive meta-analyses in education. His research unpacks the relative effectiveness of almost every educational intervention known and provides an absolute effect size. Through his work, Hattie was able to identify a "hinge point" or an effect size of .40. According to his research, anything greater than a .40 effect size has more than the typical year of academic growth schools expect. An effect size of 1.0 or higher is equivalent to improving the student's achievement level by approximately one full grade. The Academy focuses on the strategic implementation of these research- and field-based best practices that are proven to significantly impact student achievement, as are described in the CEN Teaching + Learning Rubric.

CEN's Teaching + Learning Rubric outlines expectations regarding high-quality instruction for all students, inclusive of all grade levels and content areas. The primary function of this tool is to provide a clear picture of instructional best practice and serve as the focal point of teacher coaching and support. While the rubric does outline teacher practices considered in formal evaluation, ongoing coaching and continual growth are the key drivers of improvement this tool is geared towards supporting. In addition to Hattie, CEN Teaching + Learning Rubric is heavily influenced by the works of Robert Marzano (2001, 2003, 2007), Douglas Fisher and Nancy Frey (2012, 2016), Douglas Lemov (2015), Zaretta Hammond (2015), and Kristyn Klei Borerro (2019).

Furthermore, the Academy is committed to anti-racist practices; this includes ensuring that students have the opportunity to learn, grapple with, and examine their own histories and the lived experiences of others who have been systemically oppressed. With CEN's leadership, the Academy continues to examine curriculum resources through this lens to ensure the materials we put in front of students are not just academically rigorous, but also center non-dominant populations, and provide windows and mirrors for our students.

To be culturally responsive, however, learning must hold relevancy. When the brain encounters information, especially during the act of reading and learning, it's searching for and making connections to what is personally relevant and meaningful. What is relevant and meaningful to an individual is based on his or her cultural frame of reference. Relevancy increases engagement and positive sense of self, builds a students' sense of connectedness and trust with the adult(s) providing the relevancy, and taps into cultural funds of knowledge that allow a student to bring their whole self into the learning.

## **Curriculum**

The Academy is committed to providing a rigorous curriculum with challenging standards for all students. According to research, "exposure to a rigorous curriculum is a better predictor of academic success in college than such variables as the education level of parents, test scores, class rank, GPA or family background" (Jobs for the Future). To this end, the Academy works to utilize curriculum that supports students' deep learning of rigorous and vital standards along with literacy across the disciplines.

The Academy currently uses a combination of standardized and course-specific curriculum to meet the needs of all students while also ensuring alignment to the Michigan Academic Standards ("MAS"). Therefore, the curriculum created for each grade level includes content standards, skills and assessments aligned to all Michigan and national requirements. Standardized curriculum includes: Core Knowledge Language Arts™ ("CKLA™") for grades K-2 English language arts ("ELA"), Lavinia Insight Humanities and Lavinia Middle Grades (for ELA grades 3-8), Expeditionary Learning (for ELA grades 9-12); Eureka Math™ (K-12); Phenomenal Science (K-2) and Full Option Science System™ ("FOSS") in grades 3-8; Exemplary Physical Education Curriculum™ ("EPEC™") for physical education and Michigan Model for Health™ for grades K-12. Elective courses and intervention are appropriately vetted, selected, and implemented following teacher training and ongoing intellectual planning support provided by instructional coaches or content leaders.

## **Adaptations and Modifications**

The Academy is committed to the success of all students and therefore utilizes a variety of adaptations and modifications to meet students' unique learning needs.

### *Effective Intervention*

Students who enter and continue to perform below grade level receive additional support through a variety of activities including embedded tiered literacy instruction and specially designed interventions delivered by qualified instructional staff as a result of moving through the Multi-Tiered System of Supports ("MTSS") process.

### *Special Education*

When making educational placement decisions for students with disabilities, the Academy will ensure that parents are contributing members of the Individualized Educational Program ("IEP") team, and together the team will make decisions that are subject to requirements regarding provision of the least-restrictive environment. When determining how services will be delivered to students with disabilities, the Academy will follow all Special Education Rules as issued by the MDE. If a child with a current IEP enrolls in the Academy, the Academy will implement the

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

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

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

The Academy employs a “least restrictive environment” approach and makes use of a special education resource room and/or IEP-based alternative programming as a way to support the individual needs of each student requiring special education services. Further, the Academy participates in all programs and support services provided by the Intermediate School District (“ISD”), including those for which it may obtain additional funding to support special education services to students.

#### *English Language Learners (“ELL”)*

During the registration process, the Academy’s ELL coordinator will ask the family to complete the State Board of Education approved Home Language Survey. This survey will determine if students need to be screened. A student will be screened if a parent/guardian responds affirmatively to:

1. Is your child’s native tongue a language other than English? and/or
2. Is the primary language used in your child’s home or environment a language other than English?

From there, a designated staff member will conduct an informal interview of each student identified as a potential ELL. If the interview confirms that a student speaks a language other than English, [within 30 days] the student will be given the W-APT™ to determine his or her English proficiency.

If the student scores proficient (at the state required level), this is designated as not requiring ELL services, and the screening process will stop. If the student scores at any lower level, the student is classified as an ELL student and provided with the program supports listed below:

- In the general classroom, Sheltered Instruction and Use of the Sheltered Instruction Observation Protocol (“SIOP”) will be used as the vehicle for ELL students to acquire grade-level content.
- Students requiring English language acquisition instruction may be pulled out to receive English as a second language support or may receive support within the general education classroom by an EL teacher.

Each year, the Academy administers the WIDA™ ACCESS test to measure students' progress learning English. The Academy uses the results combined with teacher observation and input to determine services to be provided through the ELL program for the coming school year. Students who meet the 4.8 Overall score threshold on WIDA ACCESS for ELLs or P2 on the WIDA Alternate ACCESS for ELLs will exit the program.

### *High Achievers*

The adaptations and modifications provided for students with higher achieving capacity vary by teacher and consist of a variety of activities including independent projects of study which are supported by MAS integration with individualized interest based projects, software programs which address concepts up to the high school level, small group instruction, and use of individualized instruction, for example students may work on advanced concepts during a math rotation or be part of a higher reading group.

### **Assessments**

The Academy focuses on embedding a balanced assessment system that effectively prepares students for demonstrations of knowledge and skills, whether on standardized, high stakes state/national assessments or on authentic assessments. Utilizing a combination of formative and summative measures, student learning is assessed through both growth and proficiency measures throughout the school year. A snapshot of the student assessment experience is shown below:

	Growth Assessments	Proficiency Assessments
K-2	mCLASS/DIBELS®	Module Assessments within Curriculum
3-8	Northwest Evaluation Association™ (“NWEA™”) Reading + Math (3x/year)	Interim Assessments M-STEP
9-12	Academic Approach (Practice PSAT™/SAT®) (2x/year)	PSAT/SAT, M-STEP Module Assessments within Curriculum

The data collected from each of the above assessments informs instruction through cycles of data analysis and short cycle coaching. Current practice indicates that the balanced assessment system provides teachers and Academy leaders with significant data points to chart and monitor progress in order to implement a plan to improve student achievement.

### **Educational Development Plan (“EDP”) and Post-Secondary Planning**

Students at the Academy develop an EDP as early as 8<sup>th</sup> grade or any year of high school in which the student enrolls at the Academy. This plan assists students in identifying both career goals and a plan of action to achieve the goals. In this manner, students are provided with an ongoing record of career planning to assist and guide in the selection of careers that align with personal aptitude, interests and strengths.

The EDP is a living portfolio of students' interests and skill sets, career interests, and once in high school, used repeatedly each year as subsequent steps are taken moving students through post-secondary options and selection.

### **Graduation Requirements**

To receive a diploma and graduate, a student must meet the Academy's requirements for basic course work and earn the total number of minimum credits as stated by the Michigan Department of Education.

A student must earn at least 25 credits, inclusive of the following:

- (4) English:
  - English I
  - English II
  - English III
  - English IV
- (4) Math:
  - Algebra I
  - Geometry
  - Algebra II
  - Financial Literacy
- (4) Science:
  - Integrated Physics
  - Biology
  - Earth Science
  - Chemistry or Physics
- (3) Social Studies:
  - US History
  - World History
  - Civics (.5 credit)
  - Economics (.5 credit)
- (2) World Language:
  - 2 years of the same language
- (1) Physical Education / Health
  - .5 credit each
- (1) Visual, Performing or Applied Arts:
  - 1 credit
- (6) Electives:
  - Students entering the Academy in their 9th grade year should earn a total of six elective credits over the high school career. Approved dual-enrollment courses qualify for elective credit.

## Student Wellness

The overall approach to school culture and student wellness at the Academy is well-represented in our common Take Care Community Expectations:

- Take care of yourself
- Take care of others
- Take care of this place

At the Academy, student wellness is not separate from that of academic learning, but instead is embedded throughout a student's educational journey. The Academy's approach to student wellness is about supporting the whole child; this means meeting students where they are, honoring their lived experiences as assets, and rejecting deficit and disempowering mindsets. Instead of focusing on compliance and consequences, the Academy approaches student wellness through the lens of any and all factors that may be impacting learning for that child. Rooted in the understanding of ACEs (adverse childhood experiences), staff operate from a solution-focused approach where understanding brain science and building life-altering relationships are prioritized in order to fully meet the academic needs of our students.

Relationships are at the heart of supporting our students' wellness and are paramount to operating in a way that is culturally responsive. In regards to relationships, neuroscience has proven that "the brain seeks to minimize social threats and maximize opportunities to connect with others in community."<sup>1</sup> This means relationships and environmental safety are quite literally the "first thing" on every person's mind. This is also why the Academy believes that effective teaching requires meaningful, caring relationships with students. The Academy must not only care about students but care for our students, putting their needs first and in a way that builds life-long transferable skills. Caring leads to trust and trust is central to all meaningful relationships. The Academy expects all adults to own the responsibility of ensuring the nature of our relationships with students is one that is trust- and equity-centered.

The Academy uses intentional practices inside classrooms and throughout the school experience that allow students to rely on a socially and emotionally safe school environment and trusting relationships. This minimizes the effects of trauma and affords students more cognitive space to devote to rigorous and joyful learning.

In addition, the Academy creates intentional opportunities for students to engage in explicit social-emotional learning, including Morning Meeting and Advisory, and provides staff with professional learning as well as safe spaces to process or grow their own social-emotional needs. The Academy's Social Emotional Learning work is based on the CASEL 5 Core Competencies: Self-Awareness, Self-Management, Social Awareness, Relationship Skills, and Responsible Decision Making, all grounded in an equity lens. It is through these areas of development that students and staff alike gain a level of self-discovery and understanding that positively impacts themselves as well as the contributions they can make to the learning community. When adults explore their own

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<sup>1</sup> Hammond, Z. (2015). *Culturally Responsive Teaching and the Brain: Promoting Authentic Engagement and Rigor Among Culturally and Linguistically Diverse Students*. Thousand Oaks, CA: Corwin



social emotional ways of being, it allows for a deeper understanding and heightened ability to be a support in the social-emotional learning of others.

Finally, the Academy believes in holding students and staff accountable in a way that helps them understand the impact of their words or actions and how to repair damage done to self or others. These strategies are referred to as restorative practices and are embedded whenever needed in order to strengthen trust and relationships between and amongst students and adults.

Cumulatively, the Academy's discipline policies are guided by equity-centered and brain-based principles. Rooted in a restorative, solution-centered approach, the Academy operates as anti-suspension (in school/out of school), instead emphasizing effective communication, problem solving and accountability. Through this approach, self-awareness, relationship skills, and responsible decision making allow students to continue to gain skills related to self-discovery as opposed to punitive consequences that criminalize children and foster behavioral digression, broken relationships, and negative associations with self and school, all of which can lead to academic struggle and long-term oppression.

### **Early Childhood Education**

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

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

### **Program Evaluation**

Evaluations of the Educational Program are conducted at intentional intervals throughout the year using a variety of metrics to examine progress. Through the lenses of the mission, vision and values, the Academy reviews the implementation, delivery and support of the aforementioned programming in a number of ongoing ways including but not limited to:

Macro (School-level)	Micro (Classroom level)	Quantitative Data	Qualitative Data
- Scheduled and unscheduled building walkthroughs conducted by Principals and CEN leadership to identify building-level trends and needs to inform ongoing professional learning	- Scheduled and unscheduled classroom observations conducted by Principals and CEN leadership to inform ongoing professional learning, using the CEN Teaching + Learning Rubric  - Cycles of teacher coaching	- Formative, summative, and state assessment data  - Student wellness referrals  - Teacher coaching progress	- Student SEL self-reflections  - Stakeholder input and/or feedback surveys (students, families, staff, strategic partners)

Cumulatively, the Academy engages in the Michigan Integrated Continuous Improvement Process (“MICIP”) as a centralized way in which all elements of program evaluation come together for ongoing progress monitoring, analysis, reflection, and revision of programming.

**SECTION D**  
**CURRICULUM**

## CURRICULUM

Pursuant to Applicable Law and the Terms and Conditions of this Contract, including Article VI, Section 6.4, the Academy shall implement, deliver, and support the curriculum identified in this schedule.

The Academy has adopted Academy adapted curriculum, Core Knowledge Language Arts® (“CKLA™”) for grades K-2 English language arts (“ELA”); Lavinia Group™ Insight Humanities™ for grades 3-5 and Insight Middle Courses™ for grades 6-8; Expeditionary Learning via Engage NY for grades 9-12 ELA; Great Minds® Eureka Math™ for grades K-12; Next Gen Personal Finance (“NGPF”); Phenomenal Science for grades K-2; Full Option Science System™ (“FOSS”) modules for grades 3- 8 science; School Specialty® Curiosity Place (“CPO Science”) Physics First for grade 9; Model Based Biology; New Visions for Public Schools (“NVPS”) Earth science and chemistry; GIANTS and Michigan Open Book Project for K-8 social studies; high school social studies from NVPS, World History for Us All, Oakland Schools, and Learning for Justice; Michigan Association of Intermediate School Administrators (“MAISA”) Units for high school Spanish; Technology by TechnoKids® as a curriculum for grades 9-12; Exemplary Physical Education Curriculum™ (“EPEC™”) and Michigan Model for Health™ via Oakland Schools. Virtual programming is available through the Edgenuity® online platform. The curriculum for all core subjects has been received, reviewed and approved by the Center.

- |                             |   |
|-----------------------------|---|
| • CKLA                      | <a href="https://www.mclasshome.com/">https://www.mclasshome.com/</a>   |
| • Lavinia ELA               | <a href="https://laviniaigroup.org/curriculum/">https://laviniaigroup.org/curriculum/</a>   |
| • Engage NY                 | <a href="https://lessons.unbounded.org/explore_curriculum">https://lessons.unbounded.org/explore_curriculum</a>                     |
| • Eureka Math               | <a href="https://greatminds.org/resources/login">https://greatminds.org/resources/login</a>   |
| • NGPF                      | <a href="https://www.hsfpp.org/instructors/instructor-overview.aspx">https://www.hsfpp.org/instructors/instructor-overview.aspx</a> |
| • Phenomenal Science        | <a href="http://phenomscience.weebly.com/">http://phenomscience.weebly.com/</a>   |
| • FOSS                      | <a href="https://www.fossweb.com/foss-modules">https://www.fossweb.com/foss-modules</a>   |
| • CPO Science               | <a href="http://curiosityplace.schoolspecialty.com/homelinks">http://curiosityplace.schoolspecialty.com/homelinks</a>               |
| • Model Based Biology       | <a href="https://www.modelbasedbiology.com/">https://www.modelbasedbiology.com/</a>   |
| • NVPS                      | <a href="https://curriculum.newvisions.org/science">https://curriculum.newvisions.org/science</a>                                   |
| • GIANTS                    | <a href="http://www.misocialstudies.org/giantshome.html#">http://www.misocialstudies.org/giantshome.html#</a>                       |
| • MI Open Book              | <a href="http://textbooks.wmisd.org/">http://textbooks.wmisd.org/</a>   |
| • MAISA Units               | <a href="https://oaklandk12-public.rubiconatlas.org/Atlas/">https://oaklandk12-public.rubiconatlas.org/Atlas/</a>                   |
| • Michigan Model for Health | <a href="https://oaklandk12-public.rubiconatlas.org/">https://oaklandk12-public.rubiconatlas.org/</a>                               |
| • EPEC                      | <a href="http://www.michiganfitness.org/epec/">http://www.michiganfitness.org/epec/</a>   |
| • Edgenuity                 | <a href="https://auth.edgenuity.com/Login/Login/Educator">https://auth.edgenuity.com/Login/Login/Educator</a>                       |

### **Elementary**

The following subjects/courses are offered at the Academy.

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

## Secondary

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

Course Name	Grade**
English ( <i>minimum 4</i> )	
English Language Arts 9	9
English Language Arts 10	10
English Language Arts 11	11
English Language Arts 12	12
English Language Arts Intensive	9
Mathematics ( <i>minimum 4</i> )	
Algebra I	9
Geometry	10
Algebra II	11
Pre-Calculus	12
Math for the Trades	9
Financial Planning	Any
Science ( <i>minimum 3</i> )	
Integrated Physics	9
Biology	10
Earth Science	11
Chemistry	12
Social Studies ( <i>minimum 3</i> )	
US History	9
World History	10
Civics / Economics	11
World Issues	12
Physical Education & Health ( <i>minimum .5 each</i> )	
Physical Education	Any
Health	Any

Course Name	Grade**
World Language ( <i>minimum 2</i> )	
Spanish I	Any
Spanish II	Any
Visual, Performing & Applied Arts ( <i>minimum 1</i> )	
Art	Any
21 <sup>st</sup> Century Skills (Technology)	Any
Other	
Personal Wellness	Any
Writing	Any
Social Emotional Learning	Any
Virtual Courses***	
<i>See courses listed below</i>	
Off Campus Courses ( <i>Dual-Enrollment at Lawrence Tech</i> )	
Introductory Psychology	11-12
Principles of Management	11-12
Principles of Marketing	11-12
Speech	

Virtual Courses***		
Course Name in PowerSchool SIS	Course Name in <i>Edgenuity</i> Online Platform	Grade(s) Offered
VL - ELA I	Common Core ELA 9 - ELA3009 A-CR Common Core ELA 9 - ELA3009 B-CR	9
VL - ELA II	Common Core ELA 10 - ELA3010 A-CR Common Core ELA 10 - ELA3010 B-CR	10
VL - ELA III	Common Core ELA 11 - ELA3011 A-CR Common Core ELA 11 - ELA3011 B-CR	11

Virtual Courses***		
VL - ELA IV	Common Core ELA 12 - ELA3012 A-CR Common Core ELA 12 - ELA3012 B-CR	12
VL - Algebra I	Common Core Algebra I - MA3109 A-CR Common Core Algebra I - MA3109 B-CR	9
VL - Geometry	Common Core Geometry - MA3110 A-CR Common Core Geometry - MA3110 B-CR	10
VL - Algebra II	Common Core Algebra II - MA3111 A-CR Common Core Algebra II - MA3111 B-CR	11
VL - Financial Literacy	Financial Math - MA2007 CR Personal Finance - EL3403	12
VL - US History	MI-US History A-CR MI-US History B-CR	9
VL - World History	MI-World History A-CR MI-World History B-CR	10
VL - Civics	MI-Government/Civics CR	11
VL - Economics	MI-Economics CR	11
VL - World Issues	Modern World History - SS3316 A-CR Modern World History - SS3316 B-CR	12
VL - Physical Education	Lifetime Fitness - EL2083	9-12
VL - Health	MI-Contemporary Health CR Healthy Living - EL2081	9-12
VL - Biology	MI-Biology A-CR MI-Biology B-CR	10
VL - Earth and Space Science	MI-Earth and Space Science A-CR MI-Earth and Space Science B-CR	9, 11
VL - Chemistry	MI-Chemistry A-CR MI-Chemistry B-CR	12
VL - Personal Wellness	Foundations of Personal Wellness - EL2082 A Foundations of Personal Wellness - EL2082 B	11-12
VL - Art	Introduction to Art - EL1086	9-12
VL - 21st Century Skills	Career Planning and Development - EL4222 A-CR Career Planning and Development - EL4222 B-CR	9-12
VL - Entrepreneurship	Small Business Entrepreneurship A Small Business Entrepreneurship B	12
VL - Business	Introduction to Business - EL3501 A Introduction to Business - EL3501 B	11-12
VL - Environmental Science	Environmental Science - SC2028 A-CR Environmental Science - SC2028 B-CR	11-12
VL - Communication and Speech	Introduction to Communications and Speech - LA1097 A Introduction to Communications and Speech - LA1097 B	11-12

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

\*\*If students are not required to take a course at a specific grade level, “any” is used for the grade indication.

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

## **SECTION E**

### **METHODS OF PUPIL ASSESSMENT**

## **METHODS OF PUPIL ASSESSMENT**

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

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

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

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



**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 twelfth grade. The maximum enrollment shall be 850 students across the two sites identified in Schedule 6 of the Contract. Enrollment will be distributed over the sites as follows:

- Virgil Site: No more than 500 students may be served at this Site.
- Auburn Site: No more than 350 students may be served at this Site.

At no time may the combined enrollment of the two sites exceed 850 students.

The Academy Board will annually adopt maximum enrollment figures prior to its application and enrollment period

### **Requirements**

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

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

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

- A sibling of a pupil enrolled in the Academy.
- A pupil who transfers to the Academy from another public school pursuant to a matriculation agreement between the Academy and other public school that provides for this enrollment priority, if all of the following requirements are met:
  1. Each public school that enters into the matriculation agreement remains a separate and independent public school.

2. The Academy shall select at least 5% of its pupils for enrollment using a random selection process.
  3. The matriculation agreement allows any pupil who was enrolled at any time during elementary school in a public school that is party to the matriculation agreement and who was not expelled from the public school to enroll in the public school academy giving enrollment priority under the matriculation agreement.
- A child, including an adopted child or legal ward, of a person who is employed by or at the Academy or who is on the Academy Board.

### **Matriculation Agreement**

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

### **Application Process**

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

### **Legal Notice or Advertisement**

- The Academy shall provide legal notice or advertisement of the application and enrollment process in a local newspaper of general circulation. A copy of the legal notice or advertisement shall be forwarded to the Center.
- At a minimum, the legal notice or advertisement must include:
  1. The process and/or location(s) for requesting and submitting applications.
  2. The beginning date and the ending date of the application period.

3. The date, time, and place the random selection drawing(s) will be held, if needed.
- The legal notice or advertisement of the application period shall be designed to inform individuals that are most likely to be interested in attending the Academy.
  - The Academy, being an equal opportunity educational institution, shall be committed to good-faith affirmative action efforts to seek out, create and serve a diverse student body.

### **Re-enrolling Students**

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

### **Random Selection Drawing**

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

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

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

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

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

**SECTION G**

**SCHOOL CALENDAR AND SCHOOL DAY SCHEDULE**

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

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

### **School Calendar**

The Academy's school calendar shall comply with Sections 1175, 1284, and, if applicable, 1284a and 1284b, of the Code. The Academy's school calendar shall also comply with the minimum requirements set forth in Section 101 of the School Aid Act of 1979 (MCL 388.1701). The Academy Board must submit a copy of the Academy's school calendar to the Center in accordance with the Master Calendar.

### **School Day Schedule**

The Academy Board must structure the Academy's school day schedule to meet the required number of instructional days and hours. The Academy Board must submit the school day schedule to the Center prior to the commencement of each academic year.

**SECTION H**

**AGE OR GRADE RANGE OF PUPILS**



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

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

The Academy will enroll students in kindergarten through twelfth grade.

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, 2023 Contract to Charter  
A Public School Academy and Related Documents

Issued To

DETROIT LEADERSHIP ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)

CONTRACT AMENDMENT NO. 1

DETROIT LEADERSHIP ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the "Contract"), dated July 1, 2023, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the "University Board") to DETROIT LEADERSHIP ACADEMY (the "Academy"), the parties agree to amend the Contract as follows:

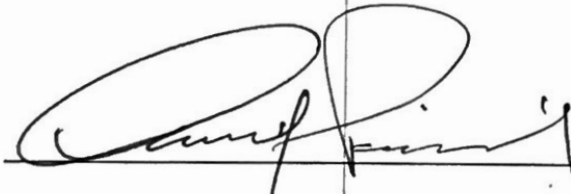
- 1.) Amend the Terms and Conditions of Contract by replacing the language contained within Article X, Section 10.4. Grounds and Procedures for Academy Termination of Contract and Section 10.5. Grounds and Procedures for University Termination of Contract, with the corresponding language attached as 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.
- 3.) Amend Schedule 7, Section b: Educational Goal and Related Measures, by replacing the materials contained therein with the materials attached as Tab 3.

This entire amendment is hereby approved by the University Board and the Academy Board through their authorized designees, and shall have an effective date of July 1, 2024.



Dated: 06/04/2024

By: Corey R. Northrop, Executive Director  
The Governor John Engler Center for Charter Schools  
Designee of the University Board



Dated: May 22, 2024

By: Dan Piepszowski  
Detroit Leadership Academy  
Designee of the Academy Board

Detroit Leadership 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.

Detroit Leadership 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.

Detroit Leadership Academy

Contract Amendment No. 1

# Tab 3

## EDUCATIONAL GOAL AND RELATED MEASURES

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

### Educational Goal to be Achieved

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

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

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

#### Measure 1: Student Achievement

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

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

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

<sup>2</sup> Grade level national norms are updated periodically by NWEA following comprehensive norming studies. The Center will use the most updated national norms published by NWEA and will inform the Academy when 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 3-8 at the Academy will be assessed using the following measures and targets:

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

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**Measure 3: Post-Secondary Readiness: Grades 9-11**

The ‘on-track’ towards college readiness rates of all students in grades 9-11 will be assessed using the following measures and targets.

Indicator	Measure	Metric	Target
<b>Career and College Readiness (CCR) Standard:</b>	The percentage of full academic year students meeting or surpassing the current career and college readiness benchmarks on the SAT (grade 11) in Evidence-Based Reading and Writing (EBRW) and Math.	For Math & EBRW, distribution (which will be in the form of percentages):  Exceeds: % CCR > state average by 20% or more Meets: School % CCR – State Average $\geq 0\% \leq 20\%$ Approaching: School % CCR – State Average $< 0\% \geq -20\%$ Does Not Meet: School % CCR – State Average $< -20\%$	EBRW: Current State Average Math: Current State Average
<b>In the event that performance against the standard falls below these required expectations, “measurable progress towards the achievement of this goal” will be defined using the following measures and targets:</b>			
<b>Trend Over-Time:</b>	The percentage of full academic year students meeting or surpassing the current career and college readiness benchmarks on the SAT (grade 11) in EBRW and Math over time (CY-AVG(PY1+PY2+PY3)) .	Trend score (which will be in the form of –x to +x):  Exceeds $\geq 6.0\%$ Meets $\geq 3.0\%$ Approaching $\geq 1.0\%$ Does not meet $< 1.0\%$	3.0%
<b>High School Growth:</b>	The percentage of students meeting or surpassing the expected growth between College Board (PSAT/SAT) assessments from spring to spring.	For Math & EBRW, 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%
<b>Comparative Career &amp; College Readiness:</b>	The percentage of students meeting or surpassing the current career & college readiness benchmarks on the SAT (grade 11) will surpass the school’s Composite Resident District percentage.	Portfolio Distribution (which will be in the form of –x to +x):  Exceeds $\geq 10.0\%$ Meets $\geq 5.0\%$ Approaching $\geq 0.0\%$ Does not meet $< 0.0\%$	+5%
<b>Comparative Graduation Rate:</b>	The 4-year graduation rate for students at the academy will meet or surpass the school’s Composite Resident District’s 4-year graduation rate.	Portfolio Distribution (which will be in the form of –x to +x):  Exceeds $\geq 10.0\%$ Meets $\geq 0.0\%$ Does not meet $< 0.0\%$	0%