



CONTRACT TO CHARTER A PUBLIC SCHOOL ACADEMY  
AND RELATED DOCUMENTS

ISSUED TO

OLD REDFORD 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

### Old Redford 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 Old Redford 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 Old Redford Academy.
4. The university president or designee has recommended the reissuance of a contract to charter as a public school academy to Old Redford 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 Old Redford 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 Old Redford 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 Old Redford Academy is able to comply with all terms and conditions of the contract.

CMU BDT APPROVED

Date: April 20, 2023  
Signature: Mary Jane Flanagan





BOARD OF TRUSTEES

PROPOSAL FOR BOARD ACTION: CONSENT AGENDA

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

**Project Description:**

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

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

**Proposed by:** Provost Gealt

PROPOSED RESOLUTION: CONSENT AGENDA

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

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

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

CMU BDT APPROVED

Date: 2/15/18

Signature: My Hangan

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

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

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

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

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

Date: 2/15/18

Signature: my Hanagar

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

### **Length of Term**

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

### **Removal and Suspension**

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

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

### **Number of Directors**

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

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

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

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

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**

**OLD REDFORD 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 Old Redford 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 Old Redford 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 Old Redford 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 April 20, 2023, 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 Old Redford 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 Old Redford Academy 22122 W. McNichols Detroit, MI 48219

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.

OLD REDFORD ACADEMY

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

Date: June 27, 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  
Isaiah M. Oliver, Chair

Date: 6.23.23

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.

OLD REDFORD ACADEMY

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

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

## **CONTRACT SCHEDULES**

### **Schedules**

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**CONTRACT SCHEDULE 1**

**RESTATED ARTICLES OF INCORPORATION**



S11 \$110<sup>00</sup>

Rec 11/21/17

1711 2124 1581 19

ADJUSTED PURSUANT TO <sup>#2</sup> PER <sup>Ann</sup>  
TELEPHONE AUTHORIZATION

E4 03

**LARA** Corporations  
Online Filing System  
Department of Licensing and Regulatory Affairs

Form Revision Date 07/2016

**RESTATED ARTICLES OF INCORPORATION**  
For use by DOMESTIC NONPROFIT CORPORATION

Pursuant to the provisions of Act 162, Public Acts of 1982, the undersigned corporation executes the following Restated Articles:

The identification number assigned by the Bureau is	800845958
The present name of the corporation is.	Old Redford Academy
All former names of the corporation are	
The date of filing the original Articles of Incorporation was	6/17/1999

**ARTICLE I**

The name of the corporation is

OLD REDFORD ACADEMY.

**FILED**  
NOV 21 2017  
ADMINISTRATOR  
CORPORATIONS DIVISION

**ARTICLE II**

The purpose or purposes for which the corporation is formed for.\*

- 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 provisions 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 formed upon ☒ Non Stock ☐ basis

If formed on a stock basis, the total number of shares the corporation has authority to issue is

If formed on a nonstock basis, 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 formed on a ☒ Directorship ☐ basis.

**ARTICLE IV**

The street address of the registered office of the corporation and the name of the resident agent at the registered office (P.O. Boxes are not acceptable):

1 Agent Name ANN VANDERLAAN  
2. Street Address 151 S OLD WOODWARD  
Apt/Suite/Other SUITE 200  
City BIRMINGHAM  
State: MI

Zip Code 48009

3 Registered Office Mailing Address

P O Box or Street  
Address  
Apt/Suite/Other  
City  
State

Zip Code

Use the space below for additional Articles or for continuation of previous Articles. Please identify any Article being continued or added

ARTICLE V

THE CORPORATION IS A GOVERNMENTAL ENTITY. THE AUTHORIZING BODY FOR THE CORPORATION IS CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES.

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 PROVISIONS 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 GOVERNMENT JOHN ENGLER CENTER FOR CHARTER SCHOOLS' ("THE CENTER") EXECUTIVE DIRECTOR THE REVIEW AND APPROVAL OF CHANGES OR AMENDMENTS TO THESE RESTATED ARTICLES OF INCORPORATION IN THE EVENT THAT A PROPOSED CHANGE IS NOT ACCEPTED BY THE CENTER'S EXECUTIVE DIRECTOR, THE UNIVERSITY BOARD SHALL CONSIDER AND VOTE UPON A CHANGE PROPOSED BY THE CORPORATION FOLLOWING AN OPPORTUNITY FOR A WRITTEN AND ORAL PRESENTATION TO THE UNIVERSITY BOARD BY THE CORPORATION.  
AT ANY TIME AND FOR ANY REASON, THE UNIVERSITY BOARD OR AN AUTHORIZED DESIGNEE MAY PROPOSE SPECIFIC CHANGES TO THESE RESTATED ARTICLES OF INCORPORATION OR MAY PROPOSE A MEETING TO DISCUSS POTENTIAL REVISION THE CORPORATION'S BOARD OF DIRECTORS MAY DELEGATE TO AN OFFICER OF THE CORPORATION THE REVIEW AND NEGOTIATION OF CHANGES OR AMENDMENTS TO THESE RESTATED ARTICLES OF INCORPORATION THE RESTATED ARTICLES OF INCORPORATION SHALL BE AMENDED AS REQUESTED BY THE UNIVERSITY BOARD OR AN AUTHORIZED DESIGNEE UPON A MAJORITY VOTE OF THE CORPORATION'S BOARD OF DIRECTORS.  
AMENDMENTS TO THESE RESTATED ARTICLES OF INCORPORATION TAKE EFFECT ONLY AFTER THEY HAVE BEEN APPROVED BY THE CORPORATION'S BOARD OF DIRECTORS AND BY THE UNIVERSITY BOARD OR THE CENTER'S EXECUTIVE DIRECTOR, AND THE AMENDMENTS ARE FILED WITH THE MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS. IN ADDITION, THE CORPORATION SHALL FILE WITH THE AMENDMENT A COPY OF THE UNIVERSITY BOARD'S OR THE CENTER'S EXECUTIVE DIRECTOR'S APPROVAL OF THE AMENDMENT.

UPON TERMINATION OR REVOCATION OF THE CONTRACT, THE ACADEMY MAY AMEND ITS ARTICLES OF INCORPORATION AS NECESSARY TO ALLOW THE ACADEMY BOARD TO (A) TAKE ACTION TO APPOINT ACADEMY BOARD MEMBERS IN ORDER TO HAVE A QUORUM NECESSARY TO TAKE ACADEMY BOARD ACTION, OR (B) EFFECTUATE A DISSOLUTION, PROVIDED THAT THE ACADEMY BOARD MAY NOT AMEND THE ARTICLES OF INCORPORATION WITH REGARD TO THE DISPOSITION OF ASSETS UPON DISSOLUTION.

ARTICLES 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.

COMPLETE SECTION (a) IF THE RESTATED ARTICLES WERE ADOPTED BY THE UNANIMOUS CONSENT OF THE INCORPORATOR(S) BEFORE THE FIRST MEETING OF THE BOARD OF DIRECTORS, OTHERWISE, COMPLETE SECTION (b). DO NOT COMPLETE BOTH

☒ (b) These Restated Articles of Incorporation were duly adopted on 8/23/2017, in accordance with the provisions of Section 641 of the Act (select one of the following)

This document must be signed by an authorized officer or agent.

☒ were duly adopted by the shareholders, the members, or the directors (if organized on a nonstock directorship basis). The necessary number of votes were cast in favor of these Restated Articles of Incorporation.

Signed this 21st Day of November, 2017 by

Signature	Title	Title if "Other" was selected
Mr Roy Williams	President	

By selecting ACCEPT, I hereby acknowledge that this electronic document is being signed in accordance with the Act I further certify that to the best of my knowledge the information provided is true, accurate, and in compliance with the Act.

☐ Decline ☒ Accept

**CONTRACT SCHEDULE 2**

**AMENDED BYLAWS**

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**AMENDED BYLAWS**  
**OF**  
**OLD REDFORD ACADEMY**

**ARTICLE I**  
**NAME**

This organization shall be called Old Redford 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 27 day of June, 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 Old Redford 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 Old Redford 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 Old Redford 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 CS Partners, LLC/Partner Solutions for Schools 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.

## **SERVICES AGREEMENT**

This Services Agreement (the "Agreement") is made and entered into as of July 1, 2023 by and among **CS PARTNERS, INC.**, a Michigan corporation ("CS Partners"), **CSP MANAGEMENT INC.**, a Michigan corporation d/b/a **PARTNER SOLUTIONS FOR SCHOOLS** ("Partner Solutions for Schools" and together with CS Partners, collectively "CSP"), and **OLD REDFORD ACADEMY**, a Michigan public school academy (the "Academy") formed under Part 6(A) of the Revised School Code (the "Code"), as amended.

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

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

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

THEREFORE, the parties hereby agree as follows:

### **ARTICLE I**

#### **Relationship of the Parties and Other Matters**

Section 1. 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 CSP the necessary authority and power to perform under this Agreement. No provision of this Agreement shall interfere with the Board's statutory, contractual, and fiduciary responsibilities, nor shall any provisions of this Agreement be construed so as to prohibit the Academy from acting as an independent, self-governing public body, or allow public decisions to be made other than in compliance with the Michigan Open Meetings Act.

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

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

CSP acknowledges that the Academy has contracted with a company other than CSP for financial and business services. CSP agrees to cooperate with this financial and business services company by providing any financial information regarding its Services and the Educational Program required to assist the financial and business service company with the development of the Academy’s annual budget and any amendments thereto.

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

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

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



During the Term of this Agreement, the Academy may disclose confidential data and information to CSP, and its respective officers, directors, employees and designated agents to the extent permitted by applicable law, including without limitation, the Family Educational Rights and Privacy Act, the Individual with Disabilities Education Act ("IDEA"), 20 USC §1401 et seq., 34 CFR 300.610 -300.626; Section 504 of the Rehabilitation Act of 1973, 29 USC §794a, 34 CFR 104.36; the Michigan Mandatory Special Education Act, MCL 380.1701 et seq.; the American with Disabilities Act, 42 USC §12101 et seq.; the Health Insurance Portability and Accountability Act ("HIPAA"), 42 USC 1320d -13200d-8; 45 CFR 160, 162 and 164; Privacy Act of 1974, 5 USC §552a; and the Michigan Social Security Number Privacy Act, MCL 445.84. CSP will be solely responsible for its acts, the acts of its agents, employees, and those subcontractors who are contracted through CSP.

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

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

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

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

Section 9. Teachers and staff. CSP will provide administrative support to the School Leader to obtain resumes and credential information for the School Leader to staff the Academy. CSP will empower the School Leader with the authority to select, hire and hold accountable the

teachers and support staff for the operation of the Academy. After qualified staff are selected and hired by the School Leader, Partner Solutions for Schools will onboard and provide additional administrative support to the School Leader. Teachers employed by Partner Solutions for Schools are not eligible for purposes of continuing tenure under MCL §38.71 et seq.

Section 10. Criminal Background Checks. Partner Solutions for Schools agrees that it shall not assign any of its employees, agents or other individuals to perform any services under this Agreement except as permitted under Sections 1230, 1230a, 1230b and related provisions of the Code pertaining to criminal background and criminal conduct checks. The Academy shall require that the results of the criminal background check are received, reviewed, and used (subject to a verification process) by the Academy's Authorized User acting on behalf of the Academy and/or the Board, only as permitted by law to evaluate the qualifications of the individual for his/her assignment.

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

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

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

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

Section 15. Lease and Loans. If the Academy and CSP enter into a lease, execute promissory notes or other negotiable instruments, or enter into a lease-purchase agreement or other financing relationship, then such agreements must be separately documented and separately approved and shall not be a part of or incorporated into this Agreement. In addition, all such

agreements must comply with the Contract and applicable law, as well as any applicable Authorizer policies.

Section 16. Data Security Breach. In the event the Academy experiences a data security breach of personally identifiable information from the Academy's education records not suitable for public release, CSP shall assist the Academy, in accordance with MCL 445.72, to take appropriate action to assess the risk and notify affected individuals whose personal information may have been compromised.

## **ARTICLE II**

### **Term**

Section 1. Term. This Agreement shall be effective for the duration of the Academy's current authorizing Contract term of three (3) years with the Authorizer beginning July 1, 2023 ("Effective Date") subject to earlier termination under Article VI, and ending on June 30, 2026. The term of this Agreement shall not exceed the term of the Academy's Contract.

## **ARTICLE III**

### **Obligations of the Academy**

Section 1. Good Faith Obligation. The Academy shall exercise good faith in considering CSP's recommendations relative to the Educational Program and/or the Services.

Section 2. Academy Funds. The Board shall determine the depository of all funds received by the Academy including, but not limited to, the State School Aid and any Additional Revenue (as defined in Exhibit A). All funds received by the Academy shall be deposited in the Academy's depository account as required by law. Signatories on all Academy Board accounts shall solely be members of the Board or properly designated Academy Board employees. All interest or investment earnings on Academy accounts shall accrue to the Academy.

Section 3. Notification Requirement. The Academy agrees to notify CSP in writing if the Academy receives a notification from its Authorizer regarding an intent to revoke the Contract. Further, in the event the Board discusses a possible non-renewal or closure of the Academy, or if the Authorizer suggests such a discussion, CSP will be notified and invited to participate in any such discussion.

## **ARTICLE IV**

### **Compensation and Reimbursement of Costs**

Section 1. Compensation for Services. During the Term of this Agreement, the Board shall pay CS Partners an annual fee (the "Fee") equal to nine percent (9%) of the total Aid received from the State of Michigan, pursuant to the State School Aid Act of 1979, as amended, for the particular number of students enrolled in the Academy ("Student Enrollment"). "Student Enrollment" shall be based on the Academy's final blended student count added to the number of students enrolled in the Academy's Great Start Readiness Program.

The Fee may also include a percentage fee on Additional Revenue (as defined in Exhibit A) as agreed to by the Academy and included in the Academy's annual budget, or any revised budget, prior to the application of any fee on these Additional Revenues.

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

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

**Section 2. Payment of Payroll Costs.** In addition to the Fee, Partner Solutions for Schools will invoice the Academy for all employment costs ("Payroll Costs") for Partner Solutions for Schools' employees assigned to the Academy. Payroll Costs include salary, benefits, and other costs attributable to personnel employed and assigned by Partner Solutions for Schools to perform Services at the Academy under this Agreement, including but not limited to gross wages, FICA, Medicare, FUTA, SUTA, workers' compensation insurance, professional liability insurance (including applicable deductibles), separation costs, legal fees for Academy specific employment matters, employer portions of health, dental, vision and life insurance, and 401K employer contributions (if applicable).

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

If Payroll Costs have not been funded by the Academy by the payroll date, Partner Solutions for Schools may send lay-off notices to Partner Solutions for Schools' employees. At that time, Partner Solutions for Schools will also provide the Academy an invoice for all accrued Partner Solutions for Schools' staff wages (earned but not yet paid) for employees and staff assigned to the Academy for payment.

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

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

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

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

All items acquired with Academy funds including, but not limited to, instructional materials, equipment, supplies, furniture, computers, and other technology, shall be owned by and remain the property of the Academy.

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

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

Any such information will be provided to the Academy's auditors as necessary to verify as part of the audit.

## **ARTICLE V**

### **Proprietary Information**

Section 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 both directly developed and paid for by the Academy; or (b) are or were developed by CSP at the direction of the Board with Academy funds.

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

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

During the Term of this Agreement, and continuing for three (3) years thereafter, both parties hereby agree that they will not use or disclose to anyone, directly or indirectly, for any purpose whatsoever, any such proprietary information without the prior written consent of the other party.

## **ARTICLE VI**

### **Termination**

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

1. CSP may immediately terminate this Agreement with no additional liability or responsibility if CSP fails to receive compensation for Payroll Costs. For this breach only, the Academy has until the Payroll Date to fund payroll or reach an agreement with CSP on the payment of these funds or else an immediate breach may be declared.
2. CSP may also terminate this Agreement with no additional liability or responsibility upon the occurrence of the following:
  - a) Academy operations cease to exist due to, but not limited to, bankruptcy or insolvency, discontinued operations by its successors and assigns, facility closure, or reconstruction;
  - b) The Academy requests a reduction in workforce greater than 20%;

- c) The Academy is a financially distressed business as set forth in the Worker Assistance and Retraining Notification Act (WARN), 29 U.S.C. §2101, et seq. The Board shall notify CSP 90 days prior to the facility closure in order for CSP to satisfy notice requirements to Partner Solutions' staff under WARN;
- d) A determination has been made by a governmental entity, administrative agency or court of law that Partner Solutions for Schools is required to pay into MPSERS;
- e) Failure by the Academy to pay the Fee or Reimbursables Expenses;
- f) If there is a substantial and unforeseen increase in the cost of administering services of this Agreement; or
- g) The Academy makes decisions inconsistent with the recommendations of CSP.

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

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

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

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

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

CSP shall immediately become due and payable by the Academy, unless otherwise agreed in writing by CSP.

Section 3. Revocation or Termination of Contract. If the Academy's Contract issued by the Central Michigan University Board of Trustees is revoked or terminated or a new charter contract is not issued to the Academy after expiration of the Academy's Contract, this Agreement shall automatically terminate on the same date as the Academy's Contract is revoked, terminated or expires without further action of the parties.

Section 4. Amendment Caused By Academy Site Closure or Reconstitution. In the event that the Academy is required (i) to close an Academy site pursuant to a notice issued under Section 507 of the Code, MCL 380.507; or (ii) to undergo a reconstitution pursuant to Section 507 of the Code, MCL 380.507, and the Contract, and such closure of an Academy site or reconstitution causes an amendment to or termination of this Agreement, the parties agree that this Agreement shall be amended or terminated to implement the Academy site closure or reconstitution, with no cost or penalty to the Academy, and CSP shall have no recourse against the Academy or the Authorizer Board for implementing such site closure or reconstitution.

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

Section 6. Transition. The Academy and CSP agree to make all efforts necessary to remedy a breach of this Agreement in order to continue school operations until completion of the then-current school fiscal year. If a breach cannot be remedied, the Academy and CSP agree to work cooperatively to transition management and operations of the school without disrupting the school's operations. In the event of any termination prior to the end of the Term of this Agreement, CSP shall provide reasonable assistance in accordance with the Authorizer's Educational Service Provider Policies. CSP shall perform this transition or termination in a similar manner as described in Article VI, Section 8 below based upon completion of the then-current school period.

Section 7. 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 which has been purchased or leased from a third party solely with CSP funds, provided such purchase or lease is permitted under the purchase or lease documents relating thereto, at the fair market, depreciated value of such personal property or (b) to return same to CSP. All personal property purchased or leased by CSP using Academy funds is and shall remain the personal property of the Academy.



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

Upon termination or expiration of this Agreement, or this Agreement is terminated due to a Contract revocation, reconstitution, termination or non-renewal, CSP shall, without additional charge: (i) 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; (ii) 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 legally required employee compensation, benefit and tax obligations related to services provided by CSP to the Academy; (iii) organize and prepare the Academy's records, both electronic and hard-copy, for transition to the new ESP, self-management or dissolution; and (iv) provide for the orderly transition to the new ESP, self-management or dissolution of all Academy-owned assets including, but not limited to, furniture, fixtures, equipment and real estate. This includes any keys, log-in information and passwords related to any Academy asset.

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

## **ARTICLE VII**

### **Indemnification and Cooperation**

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

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

In addition, to the extent permitted by law, the Academy shall indemnify, save, hold harmless, and reimburse CSP for any and all legal expenses and costs associated with the defense of any such claim, demand or suit. The Academy agrees to advance to CSP all costs, actual

attorneys' fees, actual experts' fees, and similarly related expenses immediately upon request so that CSP is not required to pay such expenses out of its own funds.

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

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

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

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

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

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

To the extent the parties are coordinating a defense, the parties shall utilize shared counsel which shall be paid for by CSP and no reimbursement of any costs or fees shall be necessary. CSP

may reimburse the Academy for pre-approved legal expenses and costs associated with the defense of any such claim, demand, or suit which are not otherwise covered by the shared defense.

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

Section 3. Indemnification for Negligence. To the extent permitted by law, each party to this Agreement shall indemnify and hold harmless the other, and their respective boards of directors, partners, officers, employees, agents, and representatives, from any and all claims and liabilities which they may incur and which arise out of the negligence of the other party's trustees, directors, officers, employees, agents, or representatives.

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

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

Section 6. 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. The duty to cooperate also includes reasonable assistance in the event of litigation or a dispute involving a party related to the Academy or the Services provided, such as provision of testimony, records and/or documents reasonably related to the litigation or dispute (which are not otherwise protected from disclosure under applicable law). The duty to cooperate will be provided in such a manner that it does not adversely affect the other party's ability to defend against a claim.

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

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

## **ARTICLE VIII**

### **Insurance**

Section 1. Academy Insurance. The Academy will secure and maintain general liability and umbrella insurance coverage. This coverage will include the building and related capital facilities if they are the property of the Academy. The Academy will maintain such insurance in an amount and on such terms as required by the provisions of the Contract, including the indemnification of CSP required by this Agreement, and naming CSP as an additional insured. The Academy will, upon request, present evidence to CSP that it maintains the requisite insurance in compliance with the provisions of this section. CSP will comply with any information or reporting requirements applicable to the Academy under the Academy's policy with its insurer(s), to the extent practicable. Nothing in this Agreement is intended, nor shall be construed, as a waiver or relinquishment of any immunity from action or liability enjoyed by the Academy under controlling law.

Section 2. CSP Insurance. CSP will secure and maintain general liability and umbrella insurance coverage, with the Academy listed as an additional insured. CSP will maintain such policies of insurance as are required by the Contract and the Michigan Universities Self-Insurance Corporation ("M.U.S.I.C."), including the indemnification of the Academy as required by this Agreement. In the event that Authorizer or M.U.S.I.C. requests any change in coverage by CSP, CSP agrees to comply with any change in the type or amount of coverage as requested, within thirty (30) days after notice of the insurance coverage change. CSP will, upon request, present evidence to the Academy and Authorizer that it maintains the requisite insurance in compliance with the provisions of this section. The Academy will comply with any information or reporting requirements applicable to CSP under CSP's policy with its insurer(s), to the extent practicable.

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

Section 4. Workers' Compensation Coverage. Additionally, each party shall maintain workers' compensation insurance, as required by State law, covering their respective employees, if any.

## **ARTICLE IX**

### **Warranties and Representations**

Section 1. Warranties and Representations of the Academy. The Academy represents to CSP that (a) it has the authority under law to execute, deliver, and perform this Agreement and to incur the obligations provided for under this Agreement, (b) its actions have been duly and validly authorized, and (c) it will adopt the necessary resolutions.

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

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

Section 4. 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 X**

### **Alternative Dispute Resolution**

Section 1. Mediation. Any and all disputes between the parties concerning any alleged breach of this Agreement or arising out of or relating to the interpretation of this Agreement or the parties' performance of their respective obligations under this Agreement shall first be communicated in writing to the other party and mutually discussed between the parties with an opportunity to cure. If no resolution can be ascertained through that mutual discussion, then the matter will be submitted to mediation for resolution in Livingston 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 Livingston County, Michigan, with such variations as the parties and mediators unanimously accept. A cause opinion (written explanation) shall be required as to the final decision. The Authorizer shall be notified of said decision, and upon the Authorizer's request, the cause opinion shall be made available. The parties will share equally in the costs of the mediation including forum fees, expenses, and charges of the mediator.

Section 2. Arbitration. If the mediation does not result in a mutually satisfactory compromise, then the matter shall be resolved by arbitration, and such procedure shall be the sole and exclusive remedy for such matters. 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 Livingston County, Michigan, with such variations as the parties and arbitrators unanimously accept. The arbitrators' award shall be final and binding. A judgment on the award rendered by the arbitrators may be entered in any court having appropriate jurisdiction, by any party, without the consent of the other party. The

losing party shall pay the cost of arbitration, not including attorney fees. It shall be within the discretion and purview of the arbitrator or arbitration panel to award reasonable attorney fees to the prevailing party. The prevailing party shall be defined as the party who prevails in total.

A cause opinion (written explanation) shall be required as to the final decision. The Authorizer shall be notified of said decision, and upon the Authorizer's request, the cause opinion shall be made available.

## **ARTICLE XI**

### **Miscellaneous**

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

Section 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, pandemic, accident, labor strike, flood, terrorism, or other acts beyond its reasonable control.

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

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

The Academy:	Board President Old Redford Academy 22122 West McNichols Detroit, MI 48219
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CSP:	CS Partners Partner Solutions for Schools c/o Chris Matheson 869 S. Old US 23, Suite 500 Brighton, Michigan 48114
------	---

Section 5. Assignment. This Agreement shall not be assigned (a) by CSP, without prior consent of the Board, in writing, which consent shall not be unreasonably withheld; or (b) by the Academy, without the prior consent of CSP, in writing, which consent shall not be unreasonably withheld. CSP may, without the consent of the Board, delegate the performance of but not

responsibility for any duties and obligations of CSP hereunder to any independent contractor, expert or professional advisor. However, this Agreement shall not be assignable without prior notification to the Authorizer and the Board; and any assignment must be done in a manner consistent with the Authorizer's Educational Service Provider Policies and applicable law.

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

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

Section 7. Tax Exempt Financing. If at any time the Academy determines that it is in the best interests of the Academy to obtain financing from the Michigan Finance Authority or any other type of financing that is tax-exempt pursuant to the Internal Revenue Code of 1986, then the parties hereby agree that this Agreement shall be automatically amended for the sole and limited purpose of compliance with IRS Revenue Procedure 2017-13, and/or its progeny. Any such automatic amendment shall be as limited as practicable, and the parties shall promptly execute a written agreement reflecting such amendment, but the failure of the parties to do so shall not affect the effectiveness of the automatic amendment referenced above; provided, however, that any such amendment shall be consistent with the Authorizer's Educational Service Provider Policies.

Section 8. 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.

Section 9. 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.

Section 10. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. This Agreement shall not be assignable without prior notification to the Authorizer. Any assignable party shall be considered an ESP, as defined by the Authorizer's Educational Service Provider Policies. As such, any assignable party shall follow the requirements set forth in these ESP Policies.

Section 11. No Third Party Rights. This Agreement is made for the sole benefit of the Academy and CSP. Except as otherwise expressly provided herein, nothing in this Agreement shall create or be deemed to create a relationship between the parties, or either of them individually with any third person, third party beneficiary, fiduciary, or the Authorizer.

Section 12. 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.

Section 13. Delegation of Authority; Compliance with Laws. Nothing in this Agreement shall be construed as delegating to CSP any of the powers or authority of the Board which are not subject to delegation by the Board in accordance with the Contract and all applicable laws. The parties agree to comply with all applicable laws.

Section 14. Governmental Immunity. Nothing in this Agreement is intended, nor will be construed, as a waiver of the governmental immunity provided to the Academy and its incorporators, board members, officers, employees, and volunteers under Section 7 of Act 170, Public Acts of Michigan, 1964, as amended, MCL 691.1407.

Section 15. Execution. The parties may execute this Agreement by facsimile or in counterparts. A facsimile or photographic copy of this Agreement may be relied upon by either party, or any third party, as if it were an original signature copy. If this Agreement is executed in counterparts, the separate counterpart signature pages shall be combined and treated by the parties, or any third party, as if the separate counterpart signature pages were part of one original signature copy.

Section 16. 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.

Section 17. Limitation of Liability. EXCEPT FOR AMOUNTS EXPRESSLY DUE AND OWING UNDER THIS AGREEMENT, EACH PARTY'S TOTAL LIABILITY TO THE OTHER AND ANY THIRD PARTIES UNDER OR ARISING OUT OF THIS AGREEMENT SHALL BE LIMITED TO THE AGGREGATE AMOUNTS PAID OR DUE AND OWING BY THE ACADEMY TO CSP HEREUNDER. THIS LIMITATION DOES NOT APPLY TO ANY AMOUNTS OWED PURSUANT TO A PARTY'S INDEMNIFICATION OBLIGATIONS UNDER THIS AGREEMENT.

[Signature Page Follows]



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

**The Academy:**

**OLD REDFORD ACADEMY**, a Michigan public school academy

By: 

Its: Board President

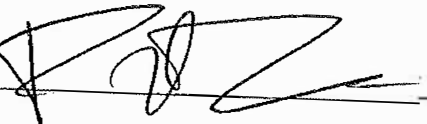
**CSP:**

**CS PARTNERS, INC.**, a Michigan corporation

By: 

Its: Designated Officer

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

By: 

Its: Designated Officer

**Exhibit A**  
**to**  
**SERVICES AGREEMENT**

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

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

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

2. the Academy and/or CSP with prior Board approval may apply for and receive grant money in the name of the Academy from various funding sources;
3. to the extent permitted under the Code and Contract, and with the approval of the Board, CSP or the Academy may charge fees to students for extra services, such as summer and after-school programs, athletics, etc., and charge non-Academy students who participate in such programs; and
4. all Additional Revenue shall inure to and be deemed the property of the Academy (however, as provided in Article IV, Section 1 of the Agreement, the Fee may apply against all such Additional Revenue).

G. CSP may subcontract any and all aspects of the Services. However, CSP shall not subcontract the management, oversight, or operation of the teaching and instructional aspects of the Services (the "Instruction"), except as specifically permitted in this Agreement, or with prior written approval of the Board. Any services to be provided by CSP that are included in the management fee but are performed by a subcontractor shall not be charged to, reimbursed by or passed through as an additional cost to the Academy.

H. CSP shall not act in a manner which will cause the Academy to be in breach of its Contract with the Authorizer.

I. CSP shall provide reasonably requested or expected information to the Board on a monthly basis, or upon the Board's reasonable request, to enable the Board to monitor CSP's performance under this Agreement.

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

K. CSP through the School Leader shall implement pupil performance evaluations consistent with the Educational Program, which permit evaluation of the educational progress of each Academy student. CSP shall be responsible for and accountable to the Board for the performance of students who attend the Academy. At a minimum, CSP shall utilize assessment strategies required by the Educational Program. The Academy and CSP will cooperate in good faith to identify other measures of and goals for students and school performance consistent with the Contract.

L. CSP through the School Leader shall plan and supervise special education services to students who attend the Academy. CSP or the Academy may contract these services if it determines that it is necessary and appropriate for the provision of services to students with special needs, or if instruction cannot be met within the Academy's program. Such services shall be provided in a manner that complies with applicable laws.

M. CSP through the School Leader shall be responsible for all of the management, operation, administration, and education at the Academy which includes, but is not limited to:

1. implementation and administration of the Educational Program approved by the Board and the selection and acquisition of instructional materials, equipment and supplies;
2. management of all personnel functions, including professional development for all instructional personnel and the personnel functions outlined in this Agreement;
3. any function necessary or expedient for the administration of the Academy consistent with the Educational Program, or otherwise approved by the Board.

N. Except as otherwise provided in this Agreement, CSP shall keep all student and educational records relating to the Academy available at the Academy site, and the same shall be available for public inspection upon reasonable request consistent with the Contract and applicable laws. All student and educational records pertaining to the Academy are Academy property and such records are subject to the provisions of the Michigan Freedom of Information Act. All Academy records shall be physically or electronically available, upon request, at the Academy's physical facilities. Except as permitted under the Code, CSP shall not sell or otherwise provide to a for-profit business entity any personally identifiable information that is part of an Academy student's education records. If CSP receives information that is part of an Academy student's education records, CSP shall not sell or otherwise provide the information to any other person except as provided under the Code. For purposes of this section, the terms "education records" and "personally identifiable information" shall have the same meaning as those terms in section 1136 of the Code, MCL 380.1136. Except as permitted under the Contract and applicable law, CSP shall not restrict the Authorizer's or the public's access to the Academy's records. All records shall be kept in accordance with the Contract and applicable state and federal requirements.

#### **HUMAN RESOURCES SERVICES TO BE PROVIDED BY CSP**

O. CSP shall work with the School Leader to recommend staffing levels to the Board, and select, hire, evaluate, assign, discipline and transfer personnel, consistent with applicable laws, and consistent with the parameters adopted and included within the Academy's budget and the Educational Program.

P. As set forth in the Agreement, CSP shall identify and appoint a School Leader and if applicable, members of a Leadership Team to administer the Educational Program at the Academy.

Q. CSP shall work with the School Leader to provide the Academy with such teachers, qualified in the applicable grade levels and subjects approved by the Board and consistent with the Contract and applicable law. CSP shall ensure that the curriculum taught by the Academy's teachers is the curriculum set forth in the Contract. Such teachers may also provide instruction at the Academy on a full or part-time basis. If assigned to the Academy on a part-time basis, such teachers may also provide instruction at another institution, or other locations approved by Partner Solutions for Schools. Each teacher assigned to the Academy shall meet and maintain all necessary

requirements as established by the Michigan Department of Education, the Authorizer, and State and federal law.

R. CSP shall work with the School Leader to provide the Academy with such support staff, qualified in the areas required. The parties anticipate that such support staff may include clerical staff, administrative assistants, bookkeeping staff, maintenance personnel, and the like. Such support staff may, in the discretion of Partner Solutions for Schools, provide services at the Academy on a full or part-time basis. If assigned to the Academy on a part-time basis, said support staff may also provide services at another institution, or other locations approved by Partner Solutions for Schools.

S. 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 Partner Solutions for Schools, compensation of all employees of Partner Solutions for Schools shall be paid by Partner Solutions for Schools upon receipt of funds from the Academy. For purposes of the Agreement and this Exhibit, "compensation" shall include salary and benefits. Evaluation and compensation systems administered by Partner Solutions for Schools shall comply with all applicable laws, including Sections 1249, 1249a, 1249b and 1250 of the Revised School Code and any successor statute that is substantially similar to Sections 1249, 1249a, 1249b and 1250. Partner Solutions for Schools shall pay its portion of social security, unemployment, and any other taxes required by law to be paid on behalf of its employees assigned to the Academy. Unless required by applicable laws, Partner Solutions for Schools shall not make payments to the Michigan Public School Employees' Retirement System or any other public retirement system on behalf of its employees. Partner Solutions for Schools accepts full liability and is responsible for paying all salaries, benefits, payroll taxes, workers compensation, unemployment compensation and liability insurance for its employees leased to the Academy or working on Academy operations for work already completed irrespective of whether CSP receives an advancement of its costs or the payment of service from the Academy. However, Academy's non-payment of such funds is considered a material breach of this Agreement and must follow Article VI Termination.

T. Partner Solutions for Schools will complete and sign all necessary 401K regulatory and plan documents for its employee benefits plan as required by law and as fiduciary agent of the plan.

**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
<b>a. Elementary Site</b>	
Site Plan .....	6-4
Floor Plans (Main Building) .....	6-5
Floor Plan (Portables 6a and 6b).....	6-7
Lease Agreement .....	6-8
Memorandum of Lease .....	6-19
Lease Agreement (Parking Lot).....	6-21
Office of Fire Safety Approval (Main Facility).....	6-22
Department of Education Continuous Use Acknowledgement (Main Facility).....	6-23
Certificate of Use and Occupancy (2006 Expansion of Main Facility).....	6-24
Office of Fire Safety Approval (Portables 6a and 6b) .....	6-25
<b>b. Middle School Site</b>	
Site Plan .....	6-26
Floor Plans .....	6-27
Lease Agreement .....	6-33
Certificates of Use and Occupancy .....	6-45
<b>c. High School Site</b>	
Site Plan .....	6-48
Floor Plans .....	6-49
Lease Agreement .....	6-51
Certificates of Use and Occupancy .....	6-62

## **Financing Documents**

<b>a. Elementary Site</b>	
Lease Financing Agreement .....	6-64
Bond Purchase Agreement.....	6-110
Mortgage Agreement .....	6-132
<b>b. Middle and High School Sites</b>	
Lease Financing Agreement .....	6-151
Bond Purchase Agreement.....	6-200
Mortgage Agreement .....	6-222

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”) Old Redford Academy (the "Academy") is as follows:

**a. Elementary Site**

Address: 17195 Redford Ave.  
Detroit, MI 48219

Description: This Site is located on the corner of 17195 Redford St. and 22159 Grand River Ave. in Detroit. This is the Academy’s original location and includes a 65,732 square foot, two-story main facility that was completely renovated in 2006 with prefabricated construction and partial “stick construction.” This location also includes a 1,426 square foot modular unit. The main facility includes 31 classrooms, 18 restrooms, a gymnasium, cafeteria, kitchen, library, a computer room and several workrooms, offices, storage areas and mechanical rooms. The modular unit includes one classroom.

Configuration of Grade Levels: Kindergarten through Fourth Grade.

Term of Use: Term of Contract.

Name of School District and Intermediate School District:

Local: Detroit Public Schools Community District  
ISD: Wayne RESA

**b. Middle School Site**

Address: 22122 W. McNichols  
Detroit, MI 48219

Description: This Site is located between 17226 Redford St. and 22122 W. McNichols in Detroit. The facility at this Site was constructed in four different phases and includes a total of 81,928 square feet. The first two phases were comprised of renovations to the original three-story building that was built in the mid-1900s out of brick and concrete. The third phase included a two-story modular unit that was added in 2011 and is attached to the original facility. The fourth phase occurred in 2012 and included a one-story modular unit that is attached to the third phase modular unit by a corridor. Building Two contains a total of 33 classrooms, 23 restrooms, an auditorium with a platform, a cafeteria, kitchen, break room, library, gymnasium, two changing rooms, reception area and several offices, storage areas, workrooms, conference rooms and janitor’s closets.



Configuration of Grade Levels: Fifth 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

**c. High School Site**

Address: 8001 W. Outer Drive  
Detroit, MI 48235

Description: The Academy added this Site beginning with the 2004-2005 academic year. The facility is three levels with approximately 101,553 square feet. The building includes 41 classrooms, 13 restrooms, a gymnasium with a stage, two cafeterias, two warming kitchens, one full size kitchen, an assembly room, three locker rooms, three dressing rooms, three team meeting rooms, three workrooms, one janitor's closet and several offices, storage areas and mechanical rooms. The Site also includes a football field and a 4,551 square foot field house used for sports.

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

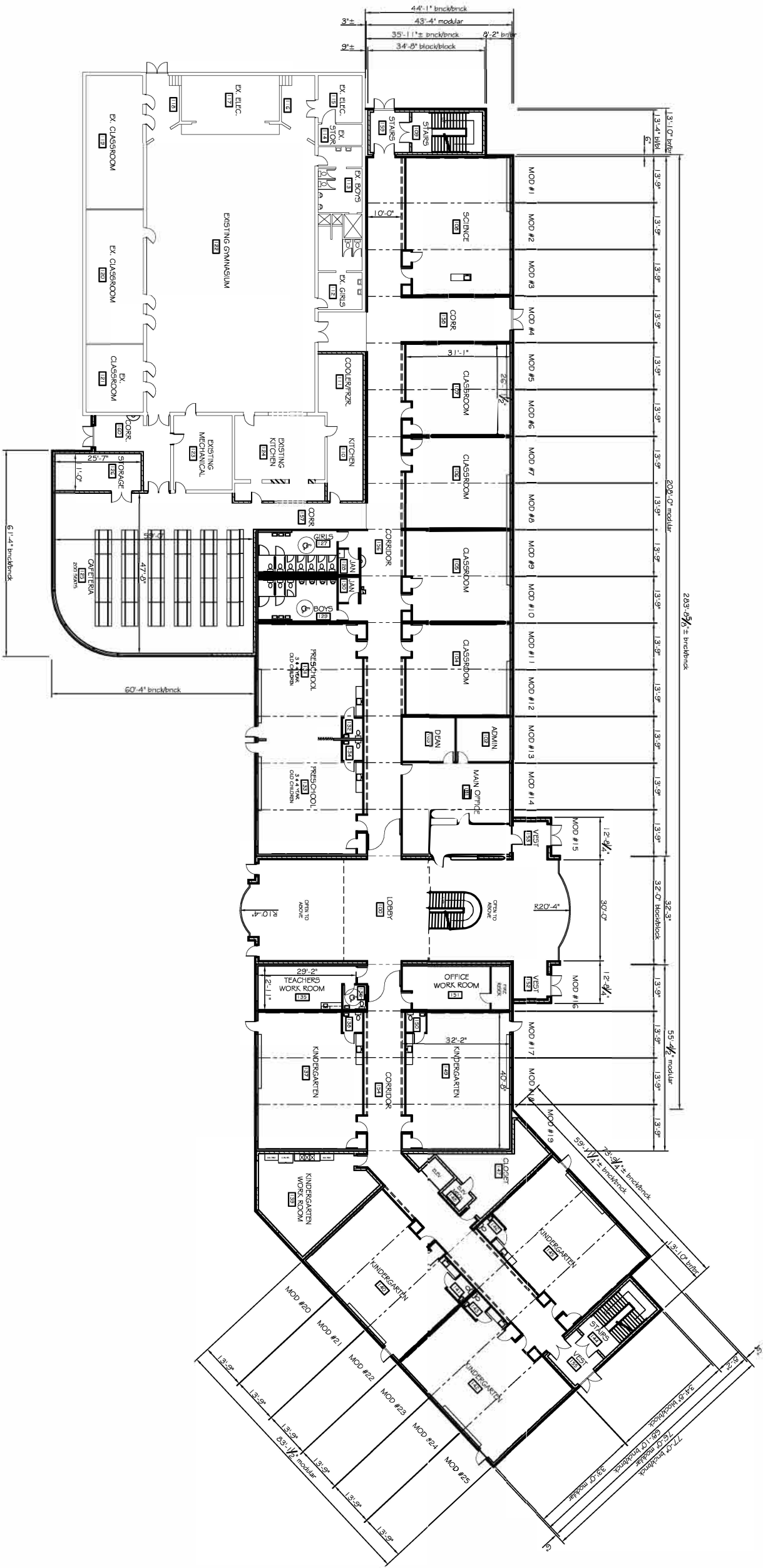
as a public school. In cases of disagreement, the Academy may not begin operations without the consent of the University Board or its designee.

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.

## Elementary Site

PROJECT NO.  
2537  
SHEET NUMBER  
C-1  
SITE PLAN  
STATION DATA  
CONTINUED



1ST FLOOR PLAN

SCALE: 1/16" = 1'-0"



PROJECT NO.  
2537

SHEET NUMBER  
A-1

1ST FL. COMP.  
STATUS DATE:  
11/15/05

DOCUMENT DATE INFORMATION	
PROJECT DATE:	08/24/05
OWNER APPROVAL:	00/00/05
PERMITS DATE:	00/00/05
BIDS DATE:	00/00/05
CONSTRUCTION DATE:	00/00/05

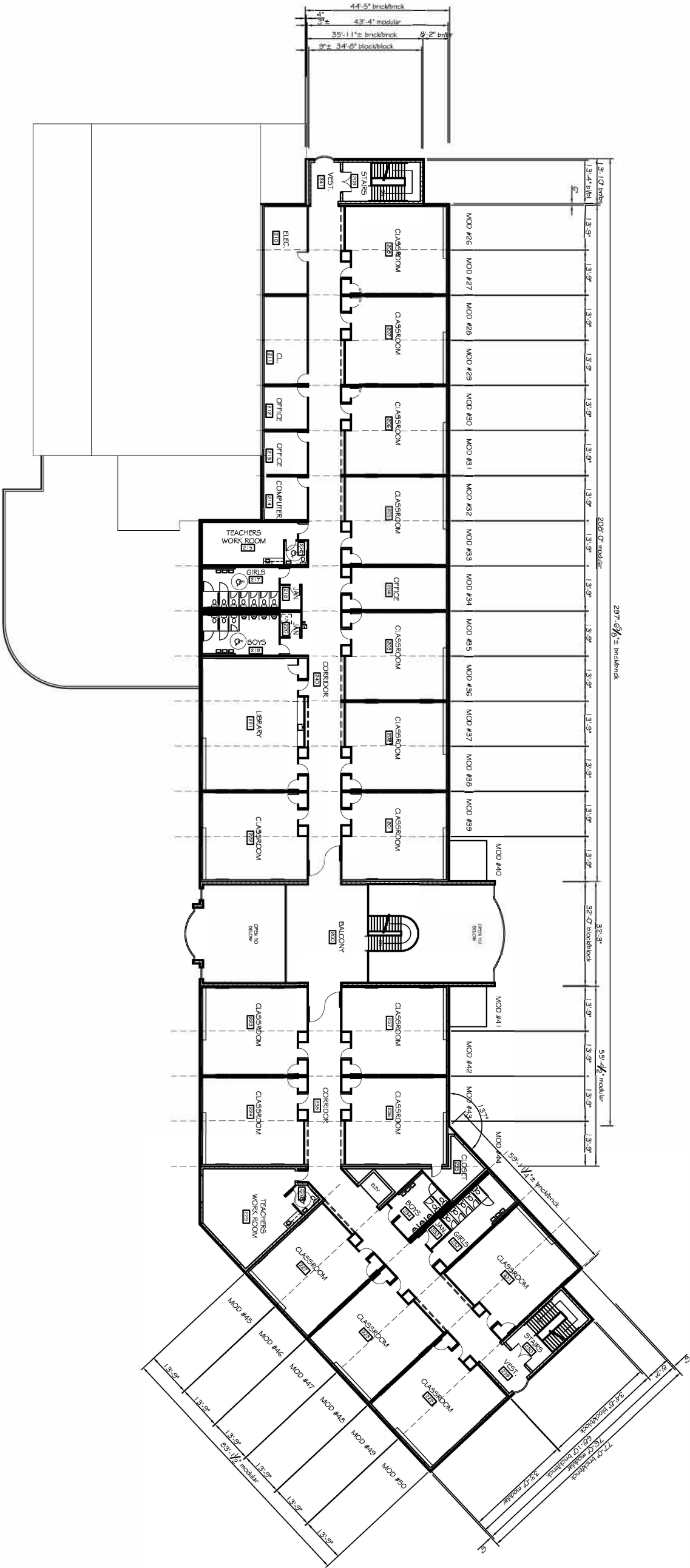
OLD REDFORD ACADEMY  
C.R. SMITH ELEMENTARY SCHOOL  
DETROIT, MI

FLOOR PLAN  
COMPOSITE  
SCALE: 1/16" = 1'-0"



STEVENSON ARCHITECTS  
ARCHITECTURE CONSTRUCTION MANAGEMENT  
209 Huron Avenue  
Port Huron, Michigan 48060  
(810) 987-3755 (810) 987-3701 FAX

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2ND FLOOR PLAN

SCALE: 1/16" = 1'-0"



NOTE:  
FOR 1ST FIN. FLOOR TO 2ND FIN. FLOOR  
ELEVATION IS TO BE 13'-0".

PROJECT NO.  
2537

SHEET NUMBER  
**A-2**

2ND FL. COMP.  
STATUS DATE:  
11/15/05

DOCUMENT DATE INFORMATION	
PROJECT DATE:	08/24/05
OWNER APPROVAL:	00/00/05
PERMITS DATE:	00/00/05
BIDS DATE:	00/00/05
CONSTRUCTION DATE:	00/00/05

**OLD REDFORD ACADEMY**  
C.R. SMITH ELEMENTARY SCHOOL  
DETROIT, MI

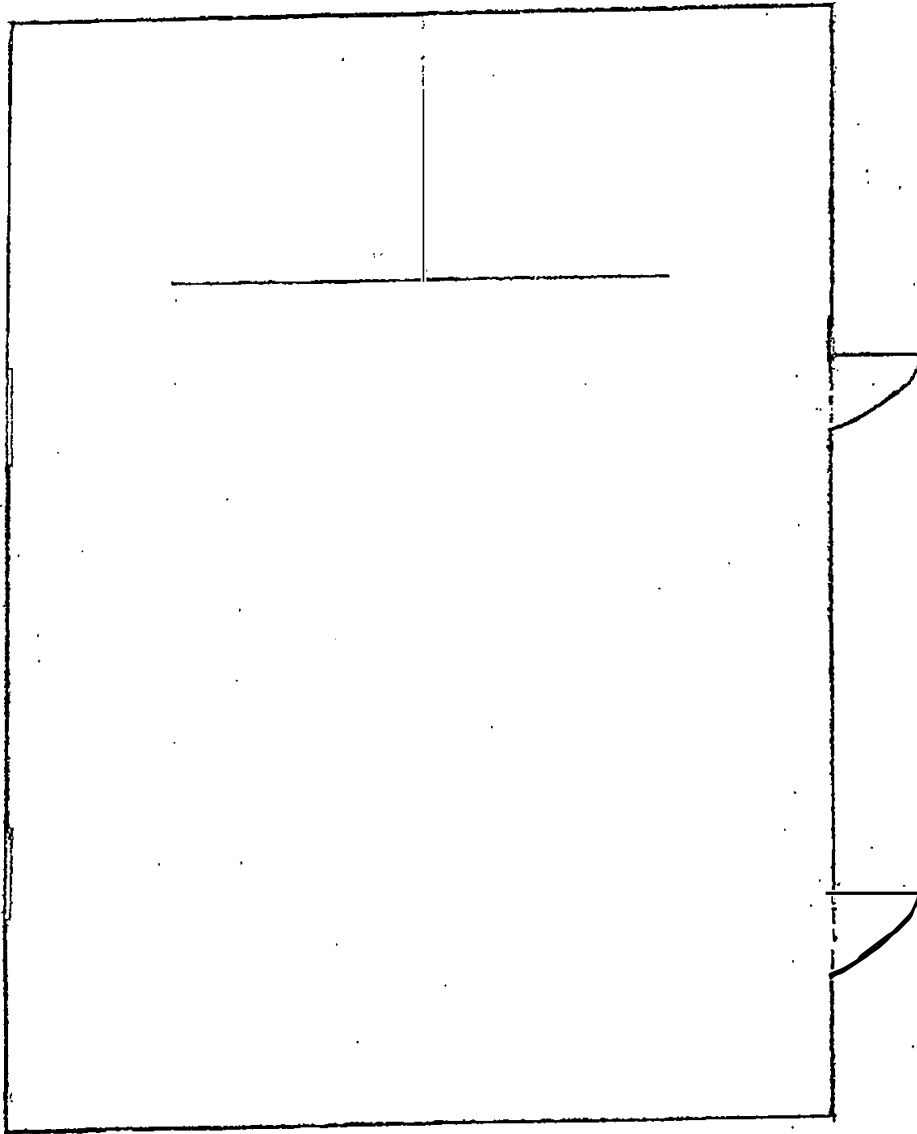
**2ND FLOOR PLAN**  
COMPOSITE  
SCALE: 1/16" = 1'-0"



**STEVENS ARCHITECTS**  
ARCHITECTURE    CONSTRUCTION MANAGEMENT  
209 Huron Avenue  
Port Huron, Michigan 48060  
(810) 987-3755    (810) 987-3701 FAX

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Portables 6a and 6b



**LEASE AGREEMENT BETWEEN  
CLOTHILDE R. SMITH CHARITABLE FOUNDATION  
-and-  
OLD REDFORD ACADEMY**

**THIS LEASE** made as of this 1st day of December, 2005, between the Clothilde R. Smith Charitable Foundation (hereinafter "Lessor"), whose address is 26211 Central Park Boulevard, Suite 300, Southfield, MI 48076, and Old Redford Academy (hereinafter "Lessee"), whose address is 17195 Redford, Detroit, Michigan 48219.

**Whereas**, the Board of Lessee has expressed a desire to rent the following facility identified on **Exhibit A** from Lessor;

**Whereas**, the Lessee is a party to a the issuance of Revenue Bonds by the Michigan Public Educational Facilities Authority (the "Bonds"), the obligations under which are set forth in a certain Lease Financing Agreement among Michigan Public Educational Facilities Authority and Clothilde R. Smith Charitable Foundation and Old Redford Academy dated as of December 1, 2005 and related documents, including but not limited to, a Master Indenture, First Supplemental Indenture, State Aid Agreement, Bond Purchase Agreement, and Security Agreement (collectively, the "Financing Documents"), each of which documents and obligations adhering to the Lessor and Lessee is incorporated herein by reference.

**NOW THEREFORE** the Parties agree to the following:

1. **Description.** Lessor, in consideration of the rents to be paid and the covenants and agreements to be performed by Lessee, does hereby rent unto Lessee the premises situated in the City of Detroit, County of Wayne, State of Michigan described on **Exhibit A**, attached hereto (which premises shall be collectively designated as the "Premises").
2. **Term.** The term of the Lease shall be from December 1, 2005 to December 1, 2035.
3. **Rent.** Rent shall be payable in the amounts and at the times set forth on **Exhibit B**, which is Exhibit A of the Lease Financing Agreement. In addition, the Lessee shall pay to the Lessor the monthly amount of \$8,000, an amount deemed reasonable by the parties, as a fee for the Lessor's servicing of the obligations under the Financing Documents.
4. **Insurance.** The Lessee shall, at all times continuously insure the Premises and carry such other policies of insurance as set forth in Section 507 of the Lease Financing Agreement among Michigan Public Educational Facilities Authority, Clothilde R. Smith Charitable Foundation, and Old Redford Academy, dated as of December 1, 2005.
5. **Taxes** All property taxes attributable to any of the Premises shall be paid by the Lessee.



6. **Utilities.** All utilities in connection with any of the Premises shall be paid by the Lessee.

7. **Maintenance and Repair.** All costs of maintenance and repair of any of the Premises shall be paid by the Lessee.

8. **Alterations and Improvements.** The cost of any alterations and/or improvements to the Premises shall be paid by Lessee.

9. **Liens.** Other than those set forth in the Financing Documents, Lessee shall keep the Premises free from any and all liens arising out of any work performed, materials furnished or obligations incurred by or for Lessee, and agrees to bond against or discharge any mechanic's or materialmen's lien within ten (10) days after written request therefore by Lessor. Lessee shall reimburse Lessor for any and all costs and expenses which may be incurred by Lessor by reason of the filing of any such liens and/or the removal of same, such reimbursement to be made within ten (10) days after receipt by Lessee from Lessor of a statement setting forth the amount of such costs and expenses. The failure of Lessee to pay any such amount to Lessor within said ten (10) day period shall carry with it the same consequences as failure to pay any installment of rental.

10. **Use and Occupancy.** It is understood and agreed between the parties hereto that the Premises shall be used and occupied for a public school academy and related business and for no other purpose or purposes without first having obtained a Favorable Opinion of Bond Counsel (as defined below), and the written consent of Lessor, and that Lessee will not use the premises for any purpose in violation of any law, municipal ordinance or regulation, and that on any breach of this Agreement Lessor may at its option terminate this Lease forthwith and reenter and repossess the leased premises.

"Favorable Opinion of Bond Counsel" means an opinion of Bond Counsel to the effect that the action proposed to be taken is not prohibited by the Executive Order 2002-3, compiled at MCLA 12.192 of the Michigan Compiled Laws, 1985 PA 227, as amended and 1984 PA 270, as from time to time amended or other laws of the State or the Financing Documents and will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the Bonds.

"Bond Counsel" means a firm of nationally recognized attorneys at law acceptable to the Authority and experienced in legal work relating to the issuance of bonds the interest on which is excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended.

11. **Condition of Premises.** Lessee acknowledges that it has examined the premises prior to the execution of this Lease, knows the condition of it, and that no representation as to the condition or state of repair thereof has been made by Lessor, or its agents, which are not herein expressed. The Lessee accepts the Premises "as is" at the date of execution of this Lease. The Lessee also acknowledges that, upon the termination of this Lease for any reason, it will yield the premises to the Lessor, together with all improvements made thereon by the Lessee (excepting

trade fixtures which shall at all times remain the property of the Lessor) in as good condition as when the premises were entered upon by it, ordinary wear and tear excepted.

12. **Environmental Matters.** To the best actual knowledge of the Lessor, there has been no activity relating to the Premises (including, but not limited to, use of the Premises or storage of items on the Premises) which would subject Lessor or Lessee to liability under any governmental law, regulation or other requirement or under any civil or criminal action respecting hazardous or regulated substances on the Premises except as may have been previously disclosed in writing to Lessee. To the best actual knowledge of the Lessor, Lessor has used, stored, disposed of, delivered for disposal or transportation, and transported any and all wastes (whether hazardous or not) in full compliance with all local, state and federal laws and regulations and so as not to contaminate any of the Premises or so as to give rise to clean-up obligation under any federal, state or local law, regulation or other requirement or pursuant to common law. To the best actual knowledge of the Lessor, except as may have been previously disclosed in writing to Lessee, there are no underground tanks or storage facilities (including, but not limited to, petroleum storage tanks), there are no transformers containing polychlorinated biphenyls on or serving the Premises, there is no friable asbestos on the Premises, and the Premises has not become contaminated, tainted or polluted, whether from activities of Lessor or from migration of contaminants from property adjacent to the Premises. To the best actual knowledge of the Lessor, the Premises does not appear on the National Priority List or any state listing which identifies sites for remedial clean-up and/or investigatory actions.

13. **Environmental Compliance.** Lessee shall be fully responsible, at its own expense, for the control and appropriate storage and handling of any hazardous chemicals or other substances used on the premises in connection with Lessee's business conducted therein. Lessee shall not spill, leak, introduce, discharge or bury any hazardous chemical, or contaminant or waste of any kind in, or under the premises or any portion thereof. Lessee shall not discharge or otherwise release any contaminant into the sanitary or storm sewer or water discharge system serving the premises without first obtaining the written license, permit or other approval of all governmental agencies having jurisdiction thereover. Lessee shall employ all appropriate safeguards and procedures necessary or required to meet its obligations hereunder. Lessee agrees to comply on a timely basis with all applicable federal, state and local laws, ordinances, regulations and permits regarding protection of the environment (including but not limited to any such laws or regulations relating to underground storage tanks located on the premises, any air emissions or water discharges from the premises and any waste storage on the premises) and shall obtain and maintain any and all permits which may be required by such authorities. Lessee shall immediately notify Lessor if Lessee receives any notice of violation or any other communication from a governmental representative regarding the environmental condition of the premises or any alleged violation of a permit or if Lessee learns in any way whatsoever that its actions or inactions have resulted in a permit violation or contamination of the premises or of any other adjoining or nearby property. In addition, if the presence, release and/or introduction of any hazardous chemical or other substance, caused or allowed by Lessee, results in any contamination of the premises, Lessee shall promptly advise the Michigan Department of Environmental Quality and any other appropriate governmental agencies thereof and shall take any and all actions necessary and/or required by said agencies, at Lessee's sole cost and expense, to return the premises to the condition existing prior to the presence, release and/or introduction

of such hazardous chemical or other substance. Lessee agrees to indemnify, defend and hold harmless Lessor, its agents, employees and assigns from and against any and all claims, actions, damages, liabilities, fines, penalties, costs and expenses (including fees of attorneys, experts and consultants) brought against Lessor by third parties (including any governmental body) or incurred by Lessor and based upon Lessee's use of the premises and/or the environmental condition of the premises during or following Lessee's occupancy or control of the Premises as a result of Lessee's acts or failures to act during the term of the Lease. Lessee's obligations and agreements hereunder shall survive the termination or expiration of this Lease.

14. **Compliance with Laws and Regulations.** Lessee shall at its own expense under penalty of forfeiture and damages, promptly comply with all applicable laws, orders, regulations or ordinances of all municipal, county and state authorities affecting its specific use of the Premises and the cleanliness and safety.

15. **Quiet Enjoyment.** Lessor covenants that Lessee, on payment of all of the above installments, and performance of all covenants, shall peacefully quietly have and hold the premises subject to this Lease at all times during its term.

16. **Holding Over.** It is hereby agreed that in the event of Lessee holding over after the termination of this Lease, thereafter the tenancy shall be from month-to-month in the absence of a written agreement to the contrary.

17. **Performance of Lessee's Obligations.**

(a) If Lessee shall at any time fail to pay any amount in accordance with the provisions of this Lease, or shall fail to take out, keep in force any of the insurance policies provided herein, or shall fail to perform any of its other obligations under this Lease, then Lessor, after ten (10) days' written notice (or without notice in case of any emergency) and without waiving or releasing Lessee from any obligation contained in this Lease, may pay any amount payable by Lessee hereunder, and/or perform any other act required to be performed by Lessee hereunder. If necessary, Lessor may enter upon the Premises for such purposes and take any action necessary therefore, provided that so long as the Bonds remain outstanding, the Lessor will not take any actions that would cause the interest on the Bonds to be included in gross income for federal income tax purposes.

(b) All sums so paid by Lessor in connection with paragraph (a), including actual attorney fees, in addition to interest at the rate of 12% per annum from the respective dates of each payment and such costs and expenses shall constitute additional rents payable by the Lessee to the Lessor upon demand.

(c) Notwithstanding anything in this Lease to the contrary, Lessor shall not be limited, in the proof of any damages which Lessor may claim against Lessee by reason of Lessee's failure to provide and keep insurance in force, to the amount of the insurance premiums not paid by Lessee. Lessor shall also be entitled to recover as damages for such breach the uninsured amount of any loss, together with damages, costs and expenses of any sort suffered or incurred during any period when Lessee shall have failed to provide and keep such insurance in

force.

(d) For so long as any of the Bonds remain outstanding, Lessor shall not sell, transfer or encumber the Premises, without obtaining a Favorable Opinion of Bond Counsel.

18. **Default.** In addition to any remedies for Default under the Financing Documents, and to the extent they do not conflict therewith, Lessor shall enjoy the following remedies upon Lessee's default; provided, however, that so long as the Bonds remain outstanding, the Lessor shall not be entitled to any remedies that would cause interest on the Bonds to be included in gross income for federal income tax purposes. In the event Lessee fails to pay any rental obligations or other obligations under this Lease, on or before the date due with respect to rental defaults, and with respect to nonrental defaults, shall fail to perform any of the other covenants of this Lease and shall fail to rectify the same within ten (10) days of written notice from the Lessor, it shall have the right to reenter the premises through lawful means and remove Lessee from the Premises, with or without terminating the Lease, at the option of Lessor. In the event Lessor recovers possession of the premises as a result of Lessee's default, and does not elect to terminate the Lease, Lessor shall have the right from time to time to make such repairs to the Premises as shall be determined necessary by Lessor, and shall have the right to relet the Premises upon such terms and conditions that Lessor, in its sole discretion, deems advisable, without interference by Lessee. Upon such reletting, all rentals received by the Lessor shall be applied first to payment of any indebtedness other than rent due hereunder from Lessee, second, to the payment of any costs and expenses of such reletting, including brokerage fees, actual attorney fees, and the cost of alterations and repairs, third to the payment due and unpaid hereunder. The residue, if any, shall be held by the Lessor and applied to the payment of future rent as it becomes due. If rent received from reletting the premises is less than rent payable by the Lessee for that month, Lessee shall pay any deficiency to Lessor. Such deficiency shall be calculated and paid monthly. No such reentry or taking possession of the premises by Lessor shall be construed as an election by Lessor to terminate the Lease, unless a written notice of such intention is given to Lessee, or unless termination of the Lease is declared by a court of competent jurisdiction. However, notwithstanding any such reletting without termination, Lessor may at any time elect to terminate the Lease for any previous breach. However, notwithstanding any provision herein to the contrary, Lessee's obligations and agreements hereunder shall survive termination of the Lease.

19. **Right of Entry.** Lessor or its agents, after giving prior notice to Lessee, shall have the right to enter the Premises during normal business hours in order to examine it, to show it to prospective purchasers or lessees, or to make such repairs, alterations, improvements, or additions as Lessor may deem necessary or desirable. Lessor shall be allowed to take all material into and upon the Premises that may be required therefore without the same constituting an eviction of Lessee in whole or in part. The rent reserved shall not abate while repairs, alterations, improvements or additions are being made, whether by reason of loss or interruption of the business of Lessee or otherwise. If Lessee shall not be personally present to open and permit an entry into the Premises at any time when for any reason an entry therein shall be necessary or permissible, Lessor or his agents may enter the Premises by a master key, but may forcibly enter the Premises only in an emergency situation (during such entry Lessor or his agents shall accord

reasonable care to Lessee's property), without in any manner affecting the obligations and covenants of this Lease.

20. **Notices.** All notices to or demands upon Lessor or Lessee desired or required shall be in writing. Any notices or demands sent to a party shall be deemed to have been duly and sufficiently given if personally delivered or mailed by United States first class mail in an envelope properly stamped and addressed to the party at the address appearing below its signature hereon, or at such other address as that party may have last furnished in writing to the other party for such purpose. The effective date of such notice shall be the date it is personally delivered or one business day following its delivery to the United States Post Office for mailing.

21. **Nonwaiver.** No default in the payment of rent or any other amount required to be paid under the terms of this Lease, or the failure of Lessor to enforce the provisions of this Lease under any default by Lessee shall be construed as creating a custom of deferring payment or as in any way modifying the terms and conditions of this Lease, or as a waiver of Lessor's right to exercise any privilege given to it by law or under the terms of this Lease. Lessor may not be deemed to have waived any of its rights, except to the extent that the same shall have been reduced to writing and signed by Lessor, and such waiver shall be limited to its own terms. The parties declare that time is of the essence with respect to the covenants under this Lease. If any terms or provisions of this Lease or the application thereof shall be declared to be invalid by a court of competent jurisdiction, the remainder of this Lease shall not be affected thereby, and each of the remaining terms and conditions of this Lease shall be valid and enforceable in accordance with their term to the fullest extent permitted by law.

22. **Governing Law.** This Lease shall be governed by, and construed in accordance with the laws of the State of Michigan. If any provision of the Lease or the application of it shall, to any extent, be invalidated or unenforceable, the remainder of the Lease shall not be affected thereby.

23. **Heirs and Assigns.** The covenants and conditions of this Lease are binding on the respective heirs, successors, representatives and assignees of the parties.

24. **Usage.** Whenever used, the singular shall include the plural and the plural shall include the singular, and the use of any gender shall be applicable to all genders.

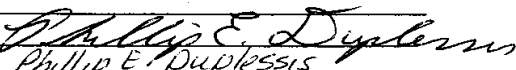
25. **Rights are Cumulative.** It is agreed that each and every of the rights, remedies, and benefits provided by this Lease and the Financing Documents shall be cumulative, and shall not be exclusive of any other rights, remedies, and benefits allowed by law.

IN WITNESS WHEREOF the parties have set their hands on the date above noted.


SIGNATURES ON FOLLOWING PAGE

**WITNESSED**

**CLOTHILDE R. SMITH CHARITABLE FOUNDATION**

By:   
Phillip E. Duplessis  
Its: President

**OLD REDFORD ACADEMY**

  
Sam Williams, President

**EXHIBIT A**  
**ATTACHED DESCRIPTION OF PREMISES**

**SCHEDULE A**

File No.: 505195

Revision Number:2

**EXHIBIT A**

**Parcel A:**

A parcel of land located West of and including parts of Lots 8, 9, and 10 of Bosworth Court Subdivision of Part of Lot 1 of Fair Plains Subdivision on Southeast ¼ of Section 9, Town 1 South, Range 10 East, Redford Village (now City of Detroit), Wayne County, Michigan, recorded in Liber 42, Page 67, of Plats, Wayne County Records, also including Part of said Lot 1 of Fair Plains Subdivision. Parcel A being more particularly described as commencing at the intersection of Northwestern line of Redford Ave, 66 feet wide, with the North line of McNichols Road 66 feet wide; thence North 60 degrees 22 minutes 07 seconds East 541.19 feet along the Northwestern line of Redford Ave (66 feet wide) to the point of beginning; thence North 29 degrees 52 minutes 09 seconds West 243.97 feet (North 29 degrees 37 minutes West 246.20 record); thence South 79 degrees 06 minutes 35 seconds West 24.29 feet; thence North 29 degrees 00 minutes 00 seconds East 196.54 feet along the Northwestern line of said Lot 8; thence South 57 degrees 20 minutes 22 seconds East 51.52 feet; thence South 46 degrees 20 minutes 38 seconds West 12.66 feet; thence South 29 degrees 03 minutes 46 seconds East 59.59 feet; thence North 83 degrees 50 minutes 45 seconds East 77.66 feet; thence South 79 degrees 43 minutes 20 seconds East 61.83 feet; thence North 86 degrees 39 minutes 13 seconds East 147.18 feet to the Southeast corner of said Lot 11; thence South 58 degrees 00 minutes 37 seconds East 116.94 feet; thence along the Northwestern line of said Redford Ave the following two courses South 31 degrees 38 minutes 22 seconds West 14.85 feet; thence South 60 degrees 22 minutes 07 seconds West 448.06 feet to the point of beginning.

Commonly known as 17185 Redford, 17201 Redford, 17225 Redford, 17235 Redford and part of 17129 Bosworth Court

Tax Parcel numbers: Ward 22, Item 014189; Ward 22, Item 014190; Ward 22, Item 014191; Ward 22, Item 014192; and part of Ward 22, Item 007489-90

Said Parcel A includes the following parcels:

**Parcel C:**

A part of the SE ¼ of Section 9, Town 1 South, Range 10 East, also that part of Lot 1 Fair Plains Subdivision described as follows: Beginning at a point distant from the intersection of the northerly lines of McNichols Road and Redford Avenue north 60 degrees 23 minutes 30 seconds east 472 feet; thence north 60 degrees 19 minutes 30 seconds east 262.50 feet to said point of beginning; thence north 43 degrees 25 minutes west 111.31 feet; thence north 60 degrees 54 minutes east 202.50 feet along the southeasterly line of Bosworth Court Subdivision; thence south 29 degrees 33 minutes east 108 feet; thence s 60 degrees 19 minutes 30 seconds west 173.08 feet along the northerly line of Redford Avenue to the point of beginning.

Commonly known as 17225 Redford

Tax Parcel Number Ward 22, Item 014191

**Parcel D:**

A part of Lot 1, Fair Plains Subdivision and part of the Southeast ¼ of Section 9, Town 1 South, Range 10 East, City of Detroit, Wayne County, Michigan, commencing at the NW corner of Redford Avenue

**STEWART TITLE  
GUARANTY COMPANY**

0052



**SCHEDULE A**

File No.: 505195

Revision Number:2

and McNichols Road; thence north 60 degrees 23 minutes 30 seconds east along the northwesterly line of Redford Avenue 472 feet; thence north 60 degrees 19 minutes 30 seconds east 457.98 feet to the point of beginning; thence north 29 degrees 33 minutes west 107.3 feet to a point; thence south 60 degrees 54 minutes west 20 feet to a point; thence south 29 degrees 33 minutes east 107.3 feet to the northwesterly line of Redford Avenue; thence north 60 degrees 19 minutes 30 seconds east 20 feet along the northwesterly line of Redford Avenue to the point of beginning;

Also all that part of the southeast ¼ of Section 9, Town 1 South, Range 10 East, described as: Beginning at a point on the west line of Redford Avenue, said point being south 31 degrees 28 minutes 40 seconds west 219.45 feet from the southwest corner of said Redford Avenue and Grand River Avenue, as now widened; thence north 57 degrees 21 minutes 20 seconds west 115.52 feet; thence south 58 degrees 25 minutes west 18 feet; thence south 29 degrees 14 minutes 40 seconds east 108 feet to the westerly line of Redford Avenue; thence north 60 degrees 19 minutes 40 seconds east along said line 61.04 feet; thence continuing along said westerly line 31 degrees 28 minutes 40 seconds east 13.08 to beginning, according to survey made by Guy Kennedy, Registered Surveyor, May 27, 1940.

Commonly known as 17235 Redford

Tax Parcel Number Ward 22, Item 014192

**Parcel E:**

A parcel of land described as part of Lots 10 and 11 of Bosworth Court Subdivision of Part of Lot 1 of Fair Plains Subdivision on southeast quarter of Section 9, Town 1 South, Range 10 East, Redford Village (now City of Detroit), Wayne County, Michigan, recorded in Liber 42, page 67 Plats, Wayne County Records, being more particularly described as: Commencing at the intersection of the northwesterly line of Redford Ave., 66 feet wide, with the north line of McNichols Road, 66 feet wide; thence north 60 feet 22 minutes 07 seconds east 734.36 feet along the northwesterly line of Redford Ave. (66 feet wide); thence north 44 degrees 07 minutes 45 seconds west 110.35 feet; thence north 59 degrees 36 minutes 27 seconds east 74.74 feet along the southeasterly line of said Lot 10 to the point of beginning; thence north 20 degrees 51 minutes 18 seconds west 41.28 feet; thence north 15 degrees 46 minutes 52 seconds east 37.85 feet; thence north 86 degrees 39 minutes 13 seconds east 147.18 feet; thence south 59 degrees 36 minutes 27 seconds west 165.23 feet along the southeasterly line of said lots 10 and 11 to the point of beginning, subject to all easements, right-of-way, and restrictions of record recorded or otherwise.

Commonly known as a part of 17129 Bosworth Court

Part of Tax Parcel Number Ward 22, Item 007489-90

Commonly known as: 17195 Redford Ave., Detroit, Michigan

**STEWART TITLE  
GUARANTY COMPANY**

0052

**EXHIBIT B  
SCHEDULE OF RENTS**

MONTHLY LEASE PAYMENTS			
<u>Period</u>	<u>Monthly Rent</u>	<u>Monthly Authority Bond Servicing Costs</u>	<u>Total</u>
Jun. 2006 through and including Aug. 2006 (3 payments)	\$65,250.00	\$3,367.00	\$68,617.00
Oct. 2006 through and including July 2007 (10 payments)	75,773.80	1,370.00	\$77,143.80
Oct. 2007 through and including July 2008 (10 payments)	79,835.80	1,380.00	\$81,215.80
Oct. 2008 through and including July 2009 (10 payments)	79,965.30	1,350.00	\$81,315.30
Oct. 2009 through and including July 2010 (10 payments)	79,616.30	1,330.00	\$80,946.30
Oct. 2010 through and including July 2011 (10 payments)	79,546.30	1,300.00	\$80,846.30
Oct. 2011 through and including July 2012 (10 payments)	79,531.30	1,280.00	\$80,811.30
Oct. 2012 through and including July 2013 (10 payments)	79,866.30	1,250.00	\$81,116.30
Oct. 2013 through and including July 2014 (10 payments)	79,831.30	1,230.00	\$81,061.30
Oct. 2014 through and including July 2015 (10 payments)	79,641.30	1,195.00	\$80,836.30
Oct. 2015 through and including July 2016 (10 payments)	79,801.30	1,165.00	\$80,966.30
Oct. 2016 through and including July 2017 (10 payments)	79,938.30	1,130.00	\$81,068.30
Oct. 2017 through and including July 2018 (10 payments)	79,584.00	1,100.00	\$80,684.00
Oct. 2018 through and including July 2019 (10 payments)	79,472.00	1,060.00	\$80,532.00
Oct. 2019 through and including July 2020 (10 payments)	79,786.50	1,025.00	\$80,811.50
Oct. 2020 through and including July 2021 (10 payments)	79,701.30	980.00	\$80,681.30
Oct. 2021 through and including July 2022 (10 payments)	79,832.00	950.00	\$80,782.00
Oct. 2022 through and including July 2023 (10 payments)	79,563.00	895.00	\$80,458.00
Oct. 2023 through and including July 2024 (10 payments)	79,722.50	850.00	\$80,572.50
Oct. 2024 through and including July 2025 (10 payments)	79,901.90	800.00	\$80,701.90
Oct. 2025 through and including July 2026 (10 payments)	79,934.40	750.00	\$80,684.40
Oct. 2026 through and including July 2027 (10 payments)	79,820.00	695.00	\$80,515.00
Oct. 2027 through and including July 2028 (10 payments)	79,558.80	630.00	\$80,188.80
Oct. 2028 through and including July 2029 (10 payments)	79,550.60	580.00	\$80,130.60
Oct. 2029 through and including July 2030 (10 payments)	79,872.10	500.00	\$80,372.10
Oct. 2030 through and including July 2031 (10 payments)	79,693.90	440.00	\$80,133.90
Oct. 2031 through and including July 2032 (10 payments)	79,574.00	360.00	\$79,934.00
Oct. 2032 through and including July 2033 (10 payments)	79,736.00	285.00	\$80,021.00
Oct. 2033 through and including July 2034 (10 payments)	82,500.00	250.00	\$82,750.00
Oct. 2034 through and including July 2035 (10 payments)	92,500.00	0.00	\$92,500.00

BLOOMFIELD 90542-1 731992v1

### **MEMORANDUM OF LEASE**

THIS MEMORANDUM OF LEASE is made by made as of this 1st day of December, 2005, between the Clothilde R. Smith Charitable Foundation (hereinafter "Lessor"), a Michigan nonprofit corporation, whose address is 26211 Central Park Boulevard, Suite 300, Southfield, MI 48076, and Old Redford Academy (hereinafter "Lessee"), a Michigan Public School Academy and nonprofit corporation, whose address is 17195 Redford, Detroit, Michigan 48219.

### **WITNESSETH:**

The parties hereto entered into a written Lease Agreement dated as of December 1, 2005, for the premises known and designated as on Exhibit A, consisting of together with all appurtenant rights, privileges and easements, for a term of 30 years running from and including the date of December 1, 2005, through and including December 1, 2035.

The parties hereto have set their hands and seals, this the 12th day of December, 2005.

**SIGNATURES ON NEXT PAGE**

CLOTHILDE R. SMITH CHARITABLE  
FOUNDATION

By: Phillip E. Duplessis  
Its: President

OLD REDFORD ACADEMY

By: Sam Williams  
Its: President

STATE OF MICHIGAN     )  
                                  )SS:  
COUNTY OF OAKLAND    )

The foregoing instrument was acknowledged before me this 12 day of  
December, 2005 by Kelly M. Gardeella.

Kelly M. Gardeella  
Notary Public, Oakland  
County, MI  
My commission expires: April 4, 2011

KELLY M. GARDELLA  
Notary Public, Macomb County, Michigan  
Acting in Oakland County, Michigan  
My Commission Expires on April 4, 2011

**LEASE  
between  
CLOTHILDE R. Smith Charitable Foundation  
and  
Old Redford Academy**

**THIS LEASE** is made between Landlord and Tenant hereinafter identified in Sections 2 and 3 hereof, respectively, and constitutes a Lease between the parties of the Premises as identified in Section 4 hereof on the terms and conditions, and with and subject to the covenants and agreements of the parties, hereinafter set forth.

1. **Term:** This Lease shall commence on July 1, 2023 and expire on June 30, 2026, unless sooner terminated or extended as hereinafter provided. Prior to the expiration of the Lease, Tenant shall provide Landlord with up-to-date student enrollment data to allow Landlord to make an informed decision on renewal or extension of the Lease.
2. **Landlord:** Clothilde R. Smith Charitable Foundation.
3. **Tenant:** Old Redford Academy.
4. **Premises:** One (1) stall of the garage, parking lots driveways and common areas located at 17129 Bosworth Court, Detroit, Michigan 48219, exclusive of any structures located upon the Premises. *See Exhibit A* (the Premises are within the yellow lines, with the exclusion of the church and house, marked with the letter "X").
5. **Monthly Rent:** Monthly rent shall be \$5,227.25 per month, payable on the first day of every month. Rent shall be subject to a 3% annual escalator, to be applied each July 1 of the Term of this Lease.
6. **Permitted Use:** Operation of a school and related functions.
7. **Security:** Tenant agrees to provide, at its sole cost and expense, adequate security for the Premises during the term of this Lease and acknowledges that Landlord shall not be responsible for providing any security during the term of this Lease. Tenant hereby releases Landlord from any and all claims Tenant may have against Landlord arising from security during the term of this Lease.
8. **Maintenance & Repairs:** During the term of this Lease, Tenant agrees, at its sole cost and expense, to maintain the Premises in good order, condition, and repair at all times, including but not limited to providing snow and ice removal from the Premises.
9. **Right to Access & Inspect:** Landlord shall have the right, from time to time and without notice to Tenant, to access and inspect the Premises to confirm Tenant's compliance with this Lease.

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- 10. Insurance:** Landlord shall not be liable for any loss by Tenant by fire, theft, burglary, or otherwise on the Premises. Tenant agrees to maintain Insurance consistent with its policies for insurance from its carrier for its protection. Such insurance shall include but not be limited to workers' compensation insurance to ensure Landlord is not liable for workplace injuries that may occur on the Premises. Tenant agrees to provide a declaration of coverage for the above insurance coverage to Landlord upon request.
- 11. Indemnification:** To the extent permitted by law, Tenant hereby covenants and agrees to indemnify, defend, and hold harmless Landlord from any and all claims or liabilities which may arise from any cause whatsoever as a result of Tenant's use and occupancy of the Premises, and further shall indemnify Landlord for any losses which Landlord may suffer in connection with Tenant's use and occupancy or care, custody, and control of the Premises.
- 12. Holdover:** Should Tenant remain in possession of the Premises after the cancellation, expiration, or sooner termination of the Lease, or any renewal thereof, without the execution of a new Lease or addendum, such holding over in the absence of a written agreement to the contrary shall be deemed, if Landlord so elects, to have created and construed to be a tenancy from month to month, terminable upon thirty days' notice by either party.
- 13. Mailing Addresses:**
- Landlord's Address:**  
**Clothilde R. Smith Charitable Foundation**  
**18470 W. 10 Mile Road**  
**Southfield, MI 48075**
- 14. Revocation or Termination of Charter Contract:**
- Tenant's Address:**  
**22122 W. McNichols**  
**Detroit, Michigan 48219**
- 15. Amendment Caused by Academy Site Closure or Reconstitution:** In the event that Tenant is required (i) to close an Academy site pursuant to Section 507 of the Revised School Code, as amended (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 Charter Contract Terms and Conditions, and such closure of an Academy site or reconstitution causes an amendment to or termination of this Lease, the parties agree that this Lease shall be amended or terminated to implement the Academy Site Closure or reconstitution, with no cost or penalty to Tenant, and Landlord shall have no recourse against Tenant or the University Board for implementing such site closure or reconstitution.
- 16. Termination Due to Charter Contract Revocation or Nonrenewal.** In the event the Charter Contract is terminated or not renewed, this Lease will automatically terminate as of the date of such termination or nonrenewal at no cost or penalty to the Academy.



**17. Choice of Law and Venue:** Any action brought under this Lease shall be construed in the Courts of the State of Michigan, venued in Wayne County Circuit Court or the Federal District Court of the Eastern Michigan.

IN WITNESS WHEREOF the parties have set their hands on the date above noted.

**CLOTHILDE R. SMITH CHARITABLE FOUNDATION**

 , President

**OLD REDFORD ACADEMY**

 , President

**Dated:** 5-23-2023

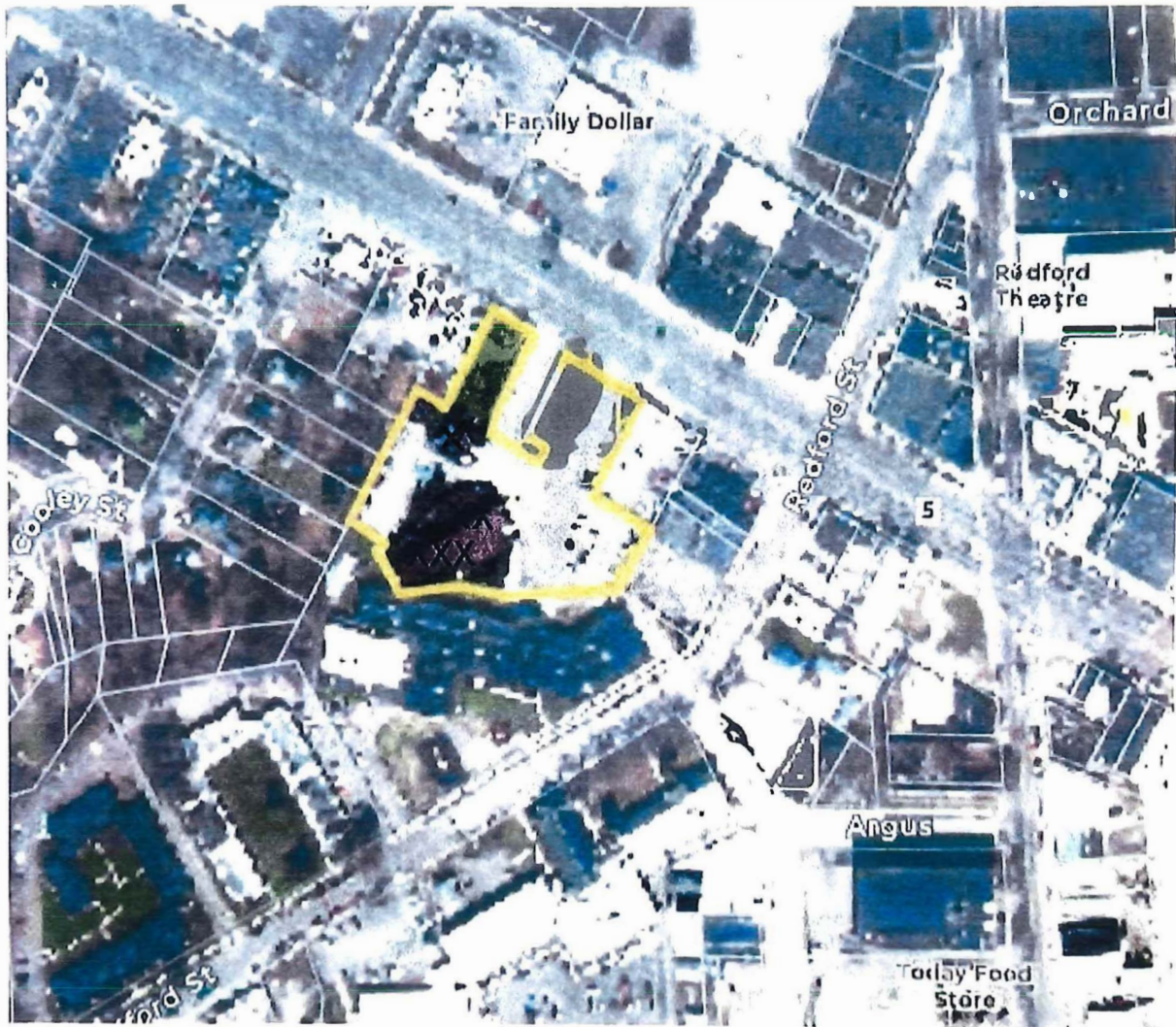
**EXHIBIT A**

CLARKHILL\17343\446012\271607929.v2-5/22/23

A handwritten signature in black ink, consisting of stylized, cursive letters, likely representing the initials 'ML'.



## 17129 Bosworth Crt. Detroit Parcel Viewer



*ml*



State of Michigan  
John Engler, Governor

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

Page 1  
OF:  
Office of Fire Safety  
General Office Building  
7150 Harris Court  
Lansing, MI 48909-7

FACILITY NAME	DATE	COUNTY	PROJECT
Redford Lutheran Church	12-8-98	Wayne	1798-98
ADDRESS	FACILITY TYPE	RULES/CODES	UOBLIC/FAC NO
22159 Grand River	Proposed	89 School Rules	
CITY, STATE ZIP CODE	FACILITY REPRESENTATIVE	INSPECTION TYPE	
Detroit MI 48219	Mr Melvin Smith	Proposed School	

AREAS REQUIRING COMPLIANCE:

A preliminary fire inspection of the above project was completed this date.

This building is currently in use as a school is considered as a continuing use which does not need an inspection. A review of ten years of records also substantiates the continued use.

Mr Melvin Smith  
37420 Emerald Forest Dr  
Farmington Hills MI 48331

FIRE SAFETY CERTIFICATION		PROJECT STATUS	REVIEWED BY
Approved		Closed	<i>[Signature]</i>
DISTRIBUTION	INSPECTOR'S INITIAL	ADDRESS	
Facility File	Patrick Tutak	24155 Drake Rd	
CIS/HQ	SIGNATURE OF OFFICIAL	Farmington, MI 48335	
	<i>[Signature]</i>	248.888.8766	FAX 248.888.3760
		TELEPHONE	



ARTHUR E. ELLIS  
Superintendent  
of Public Instruction

STATE OF MICHIGAN

## DEPARTMENT OF EDUCATION

P.O. Box 30008  
Lansing, Michigan 48909  
<http://www.state.mi.us/mde>

June 1, 1999

### STATE BOARD OF EDUCATION

Dorothy Beardmore  
*President*  
Kathleen M. Struss  
*Vice President*  
Herbert S. Moyer  
*Secretary*  
Sharon A. Wise  
*Treasurer*  
Sharon L. Gire  
*NASBE Delegate*  
Clark Durbin  
Mananno Yared McGuire  
Eileen L. Weiser

GOVERNOR JOHN ENGLER  
*Ex Officio*

Mr. James Goenner  
Charter School Office  
Central Michigan University  
265 Warriner Hall  
Mount Pleasant, Michigan 48859

Dear Mr. Goenner:

The Old Redford Academy school building located at 22159 Grand River, Detroit, Michigan is approved as a Public School Academy facility. This approval is based on the continuous school use policy of the Michigan Department of Education.

Thank you very much for assisting the Old Redford Academy in the authorization process. Please feel free to contact Joan May at (517) 373-3345 if you have any questions or concerns.

Sincerely,

Arthur E. Ellis

c: Melvin Smith  
Old Redford Academy

# **CERTIFICATE OF USE AND OCCUPANCY**


## **PERMANENT**

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

**Building Permit No. B023206  
Old Redford Academy Elementary  
17195 Redford Avenue  
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**

**October 3, 2006**



State of Michigan  
John Engler, Governor

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

# Inspection Report

PORTABLE # 6A  
6B

Page 1 of 1  
OFS-40  
Office of Fire Safety  
General Office Building  
7150 Harris Drive  
Lansing, MI 48203-7504  
Web Site www.cis.state.mi.us/fire

FACILITY NAME Old Redford Academy	DATE October 17, 2001	COUNTY Wayne	PROJECT 1161-01
ADDRESS 17195 Redford	FACILITY TYPE Charter School	RULES/CODES School - 99	UDS/ID/FAC. NO. 291422-23
CITY, STATE ZIP CODE Detroit, MI 48219	FACILITY REPRESENTATIVE	INSPECTION TYPE Re-Check Final	

Re: Relocatable #291422-23

Final electrical approval issued on 10-8-01 by Harry Jackson, BCC electrical division under permit #LE263611.

OFS 12A fire alarm/detection systems documentation and fee received by OFS.

FULL APPROVAL ISSUED THIS PROJECT. FILE CLOSED.

Old Redford Academy/Shens Hill and Melvin Smith  
Central Michigan University/Mr. Brown

Fax (313)541-3560  
(989)774-7893

FIRE SAFETY CERTIFICATION Full Approval		PROJECT STATUS Closed	REVIEWED BY
DISTRIBUTION Facility File IS/HQ Local FD Location	INSPECTING OFFICIAL Hartman, David SIGNATURE OF OFFICIAL	ADDRESS 24155 Drake Rd. Farmington, MI 48335 TELEPHONE (248) 888-8763 FAX (248) 888-8760 E-MAIL david.hartman@ois.state.mi.us	

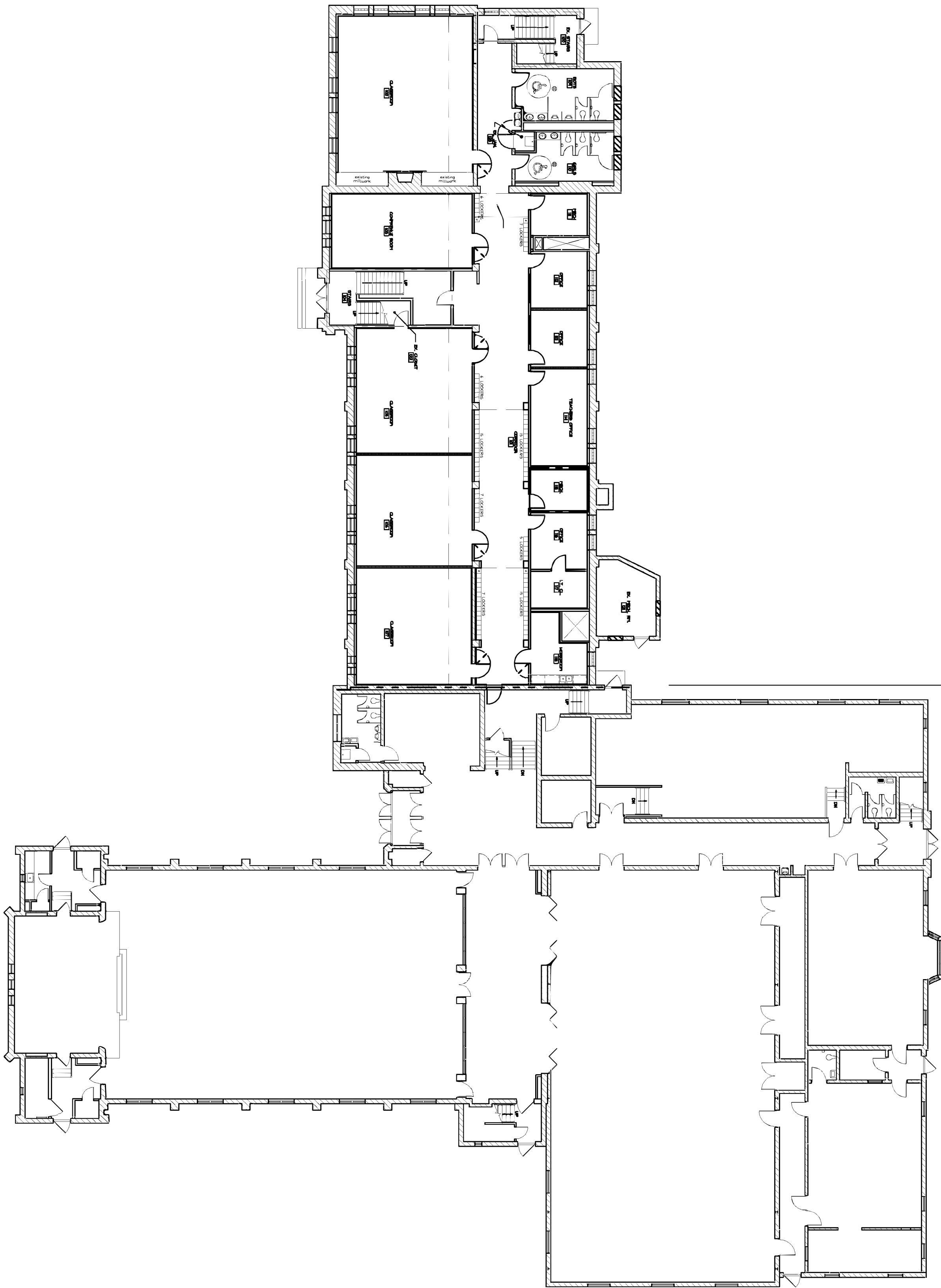
## Middle School Site








17226 REDFORD AVE., DETROIT MI, 48219



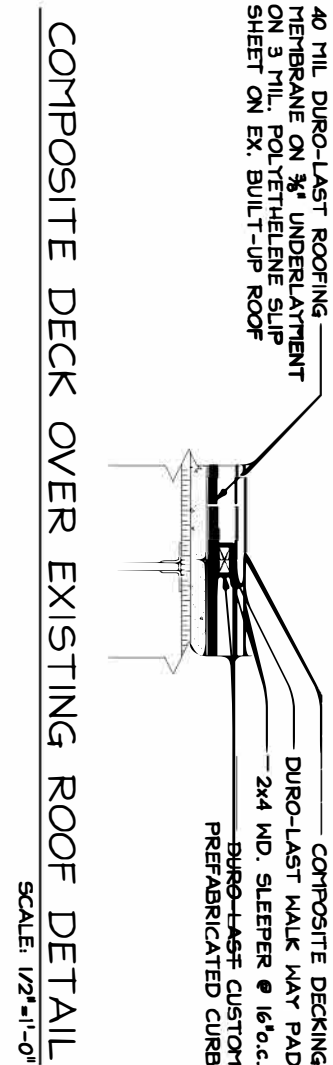
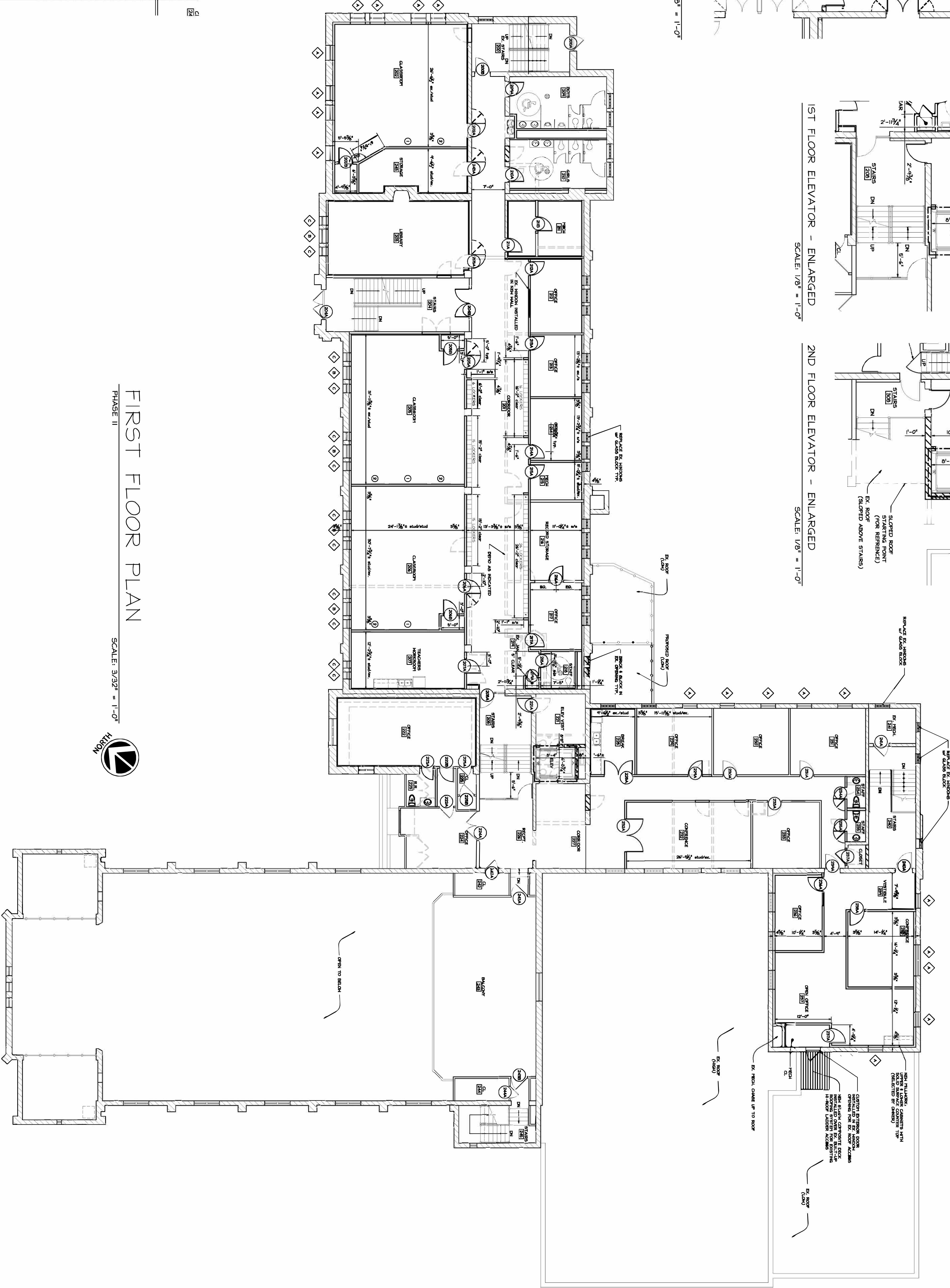
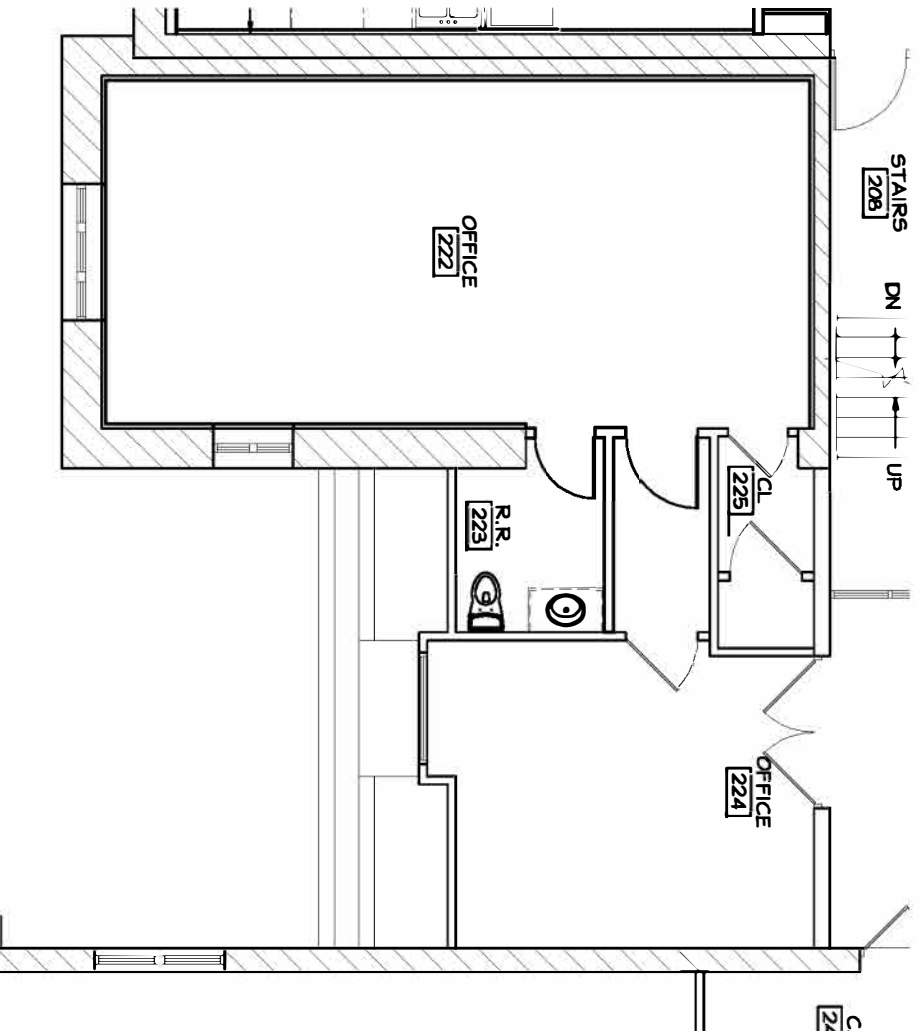
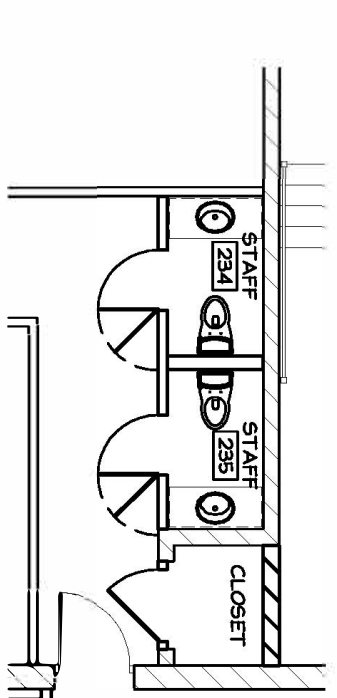
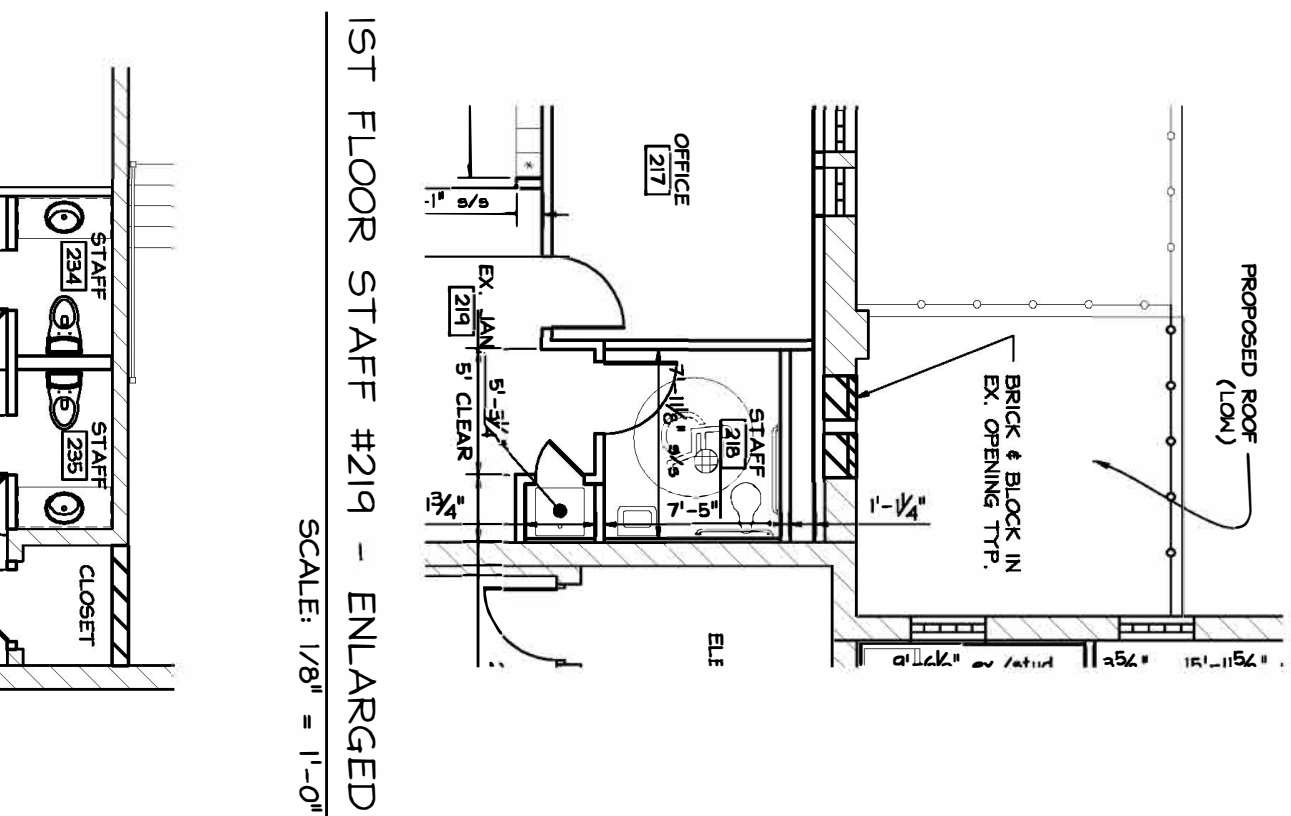
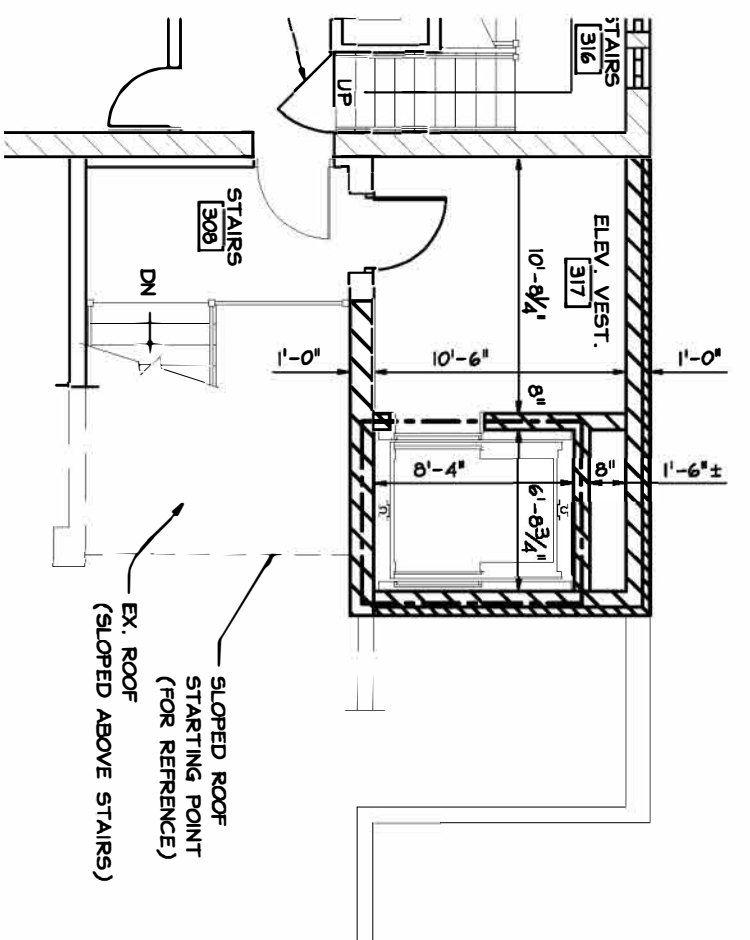
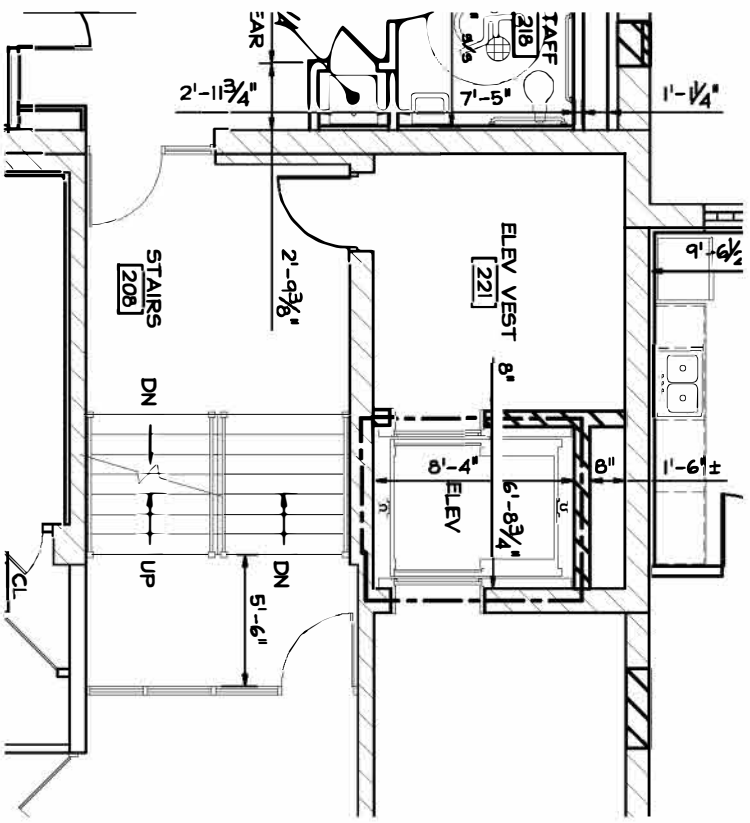
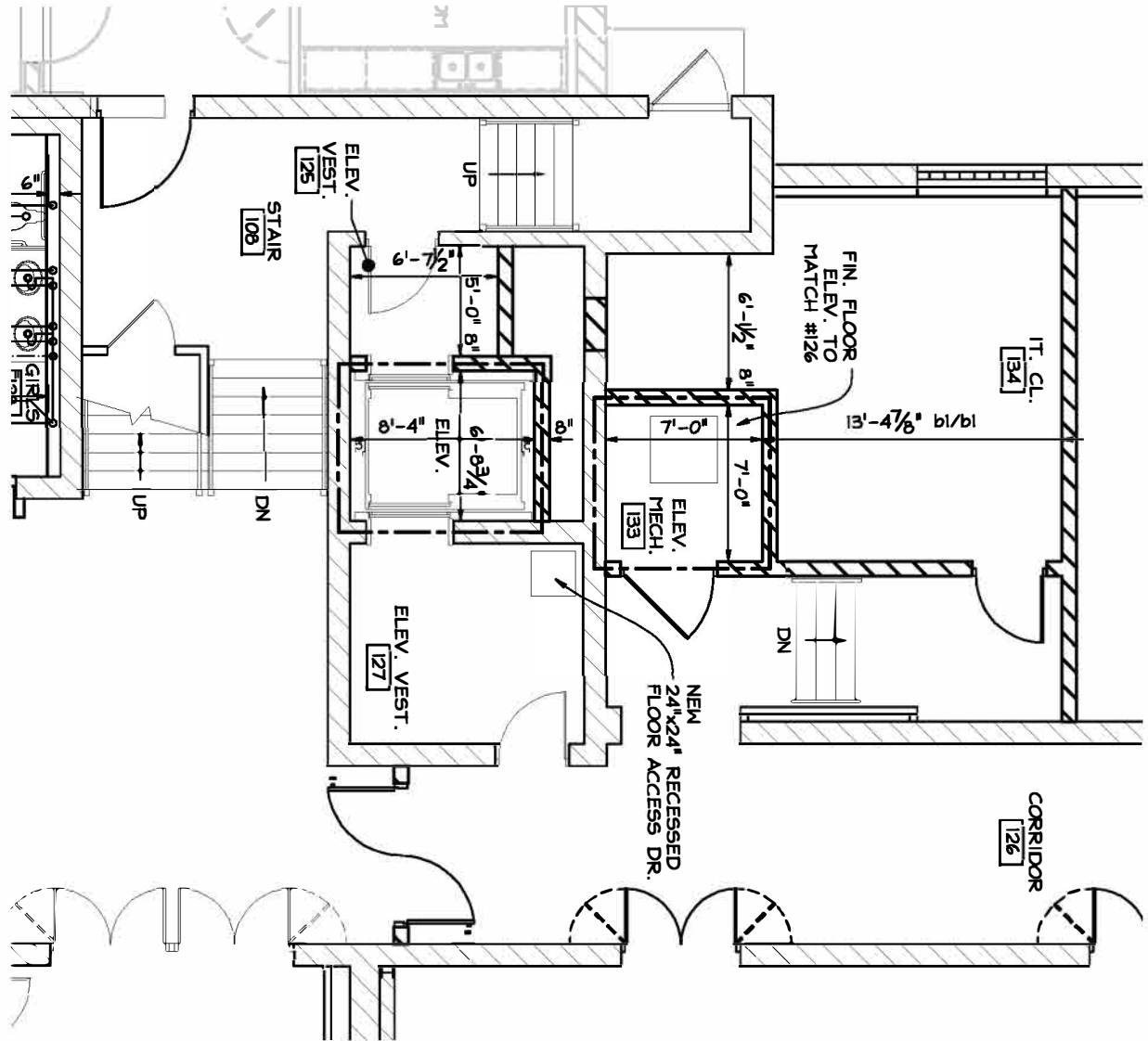
SCALE: 1/16" = 1'-0"



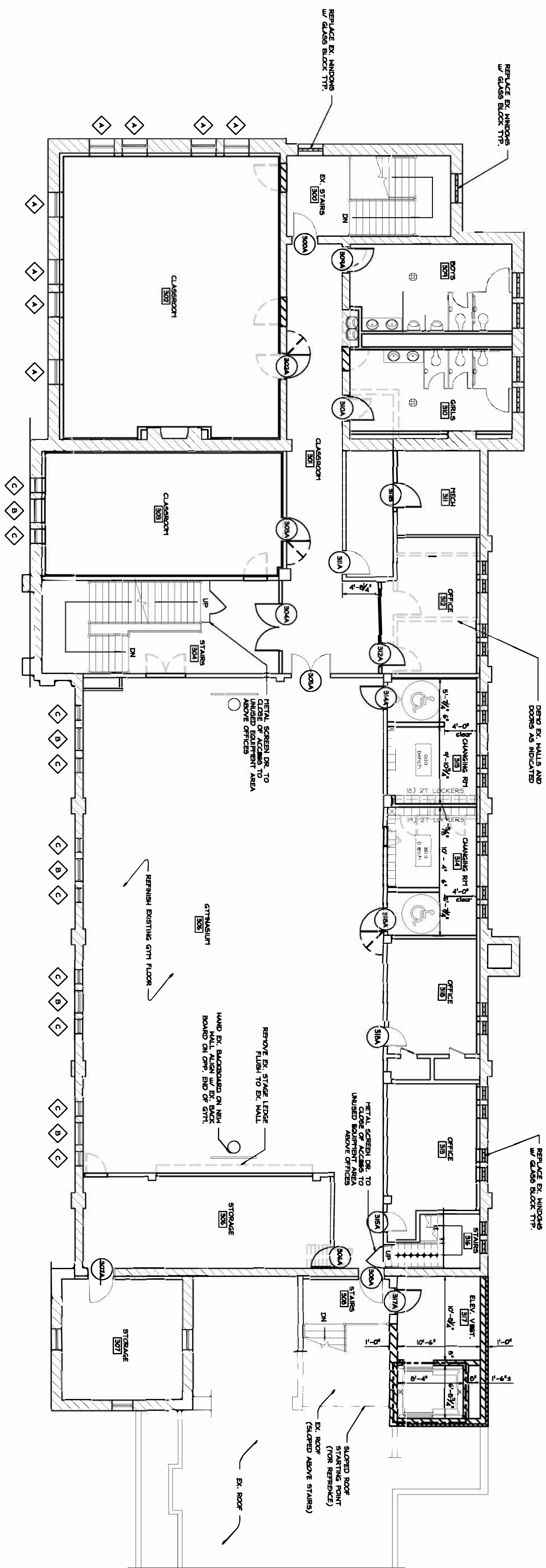
**COPYRIGHT © 2010 STEVENS ARCHITECTS -ALL RIGHTS RESERVED**



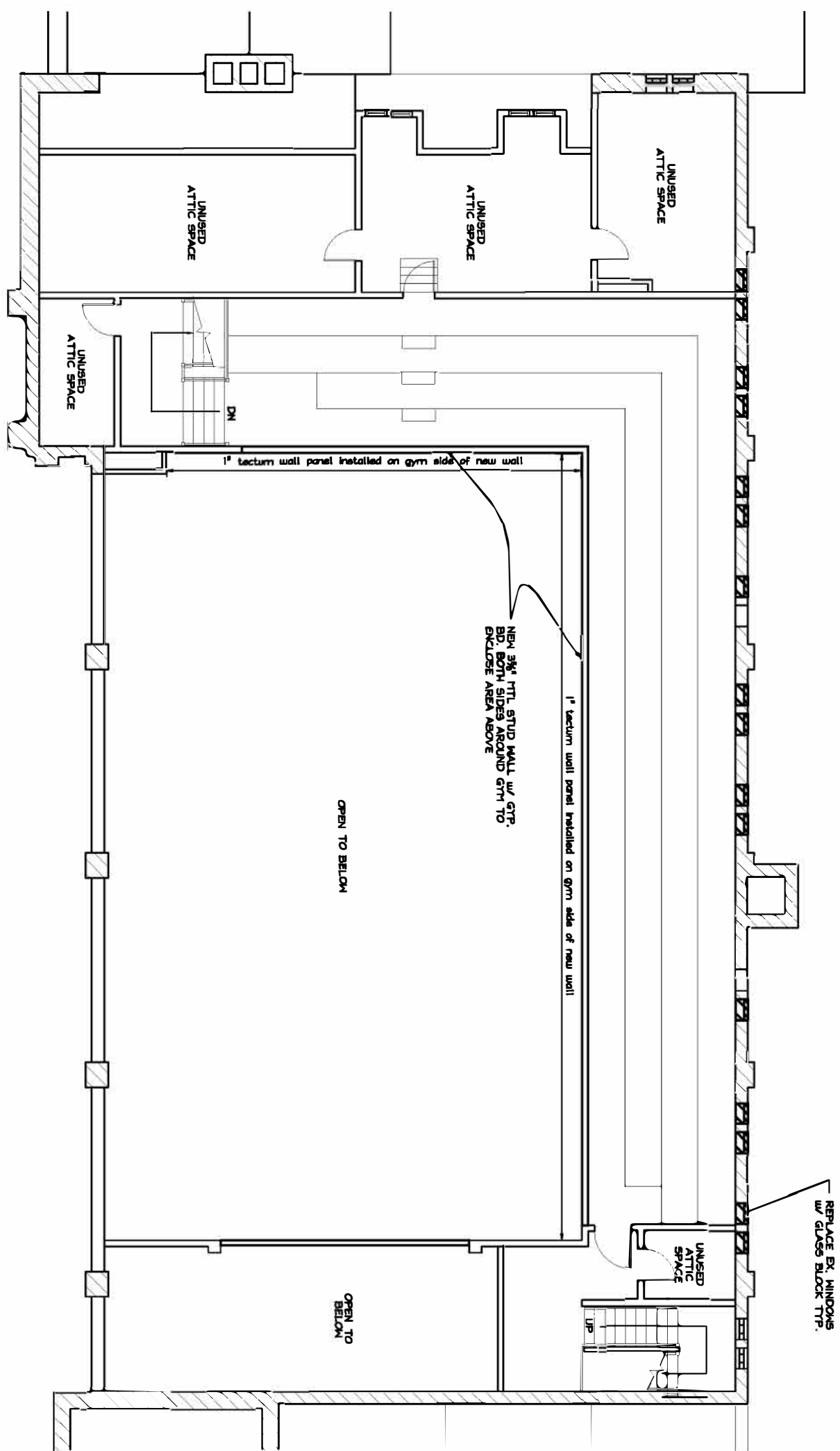




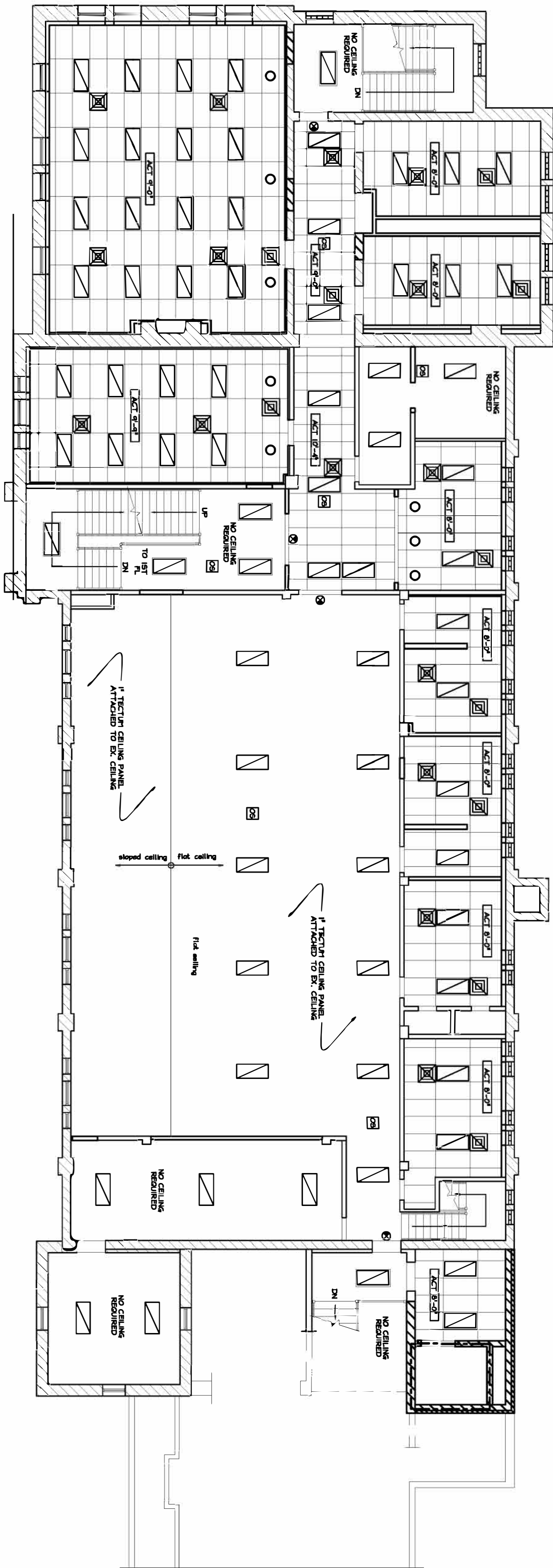




2ND FLOOR PLAN  
PHASE II  
SCALE: 3/32" = 1'-0"



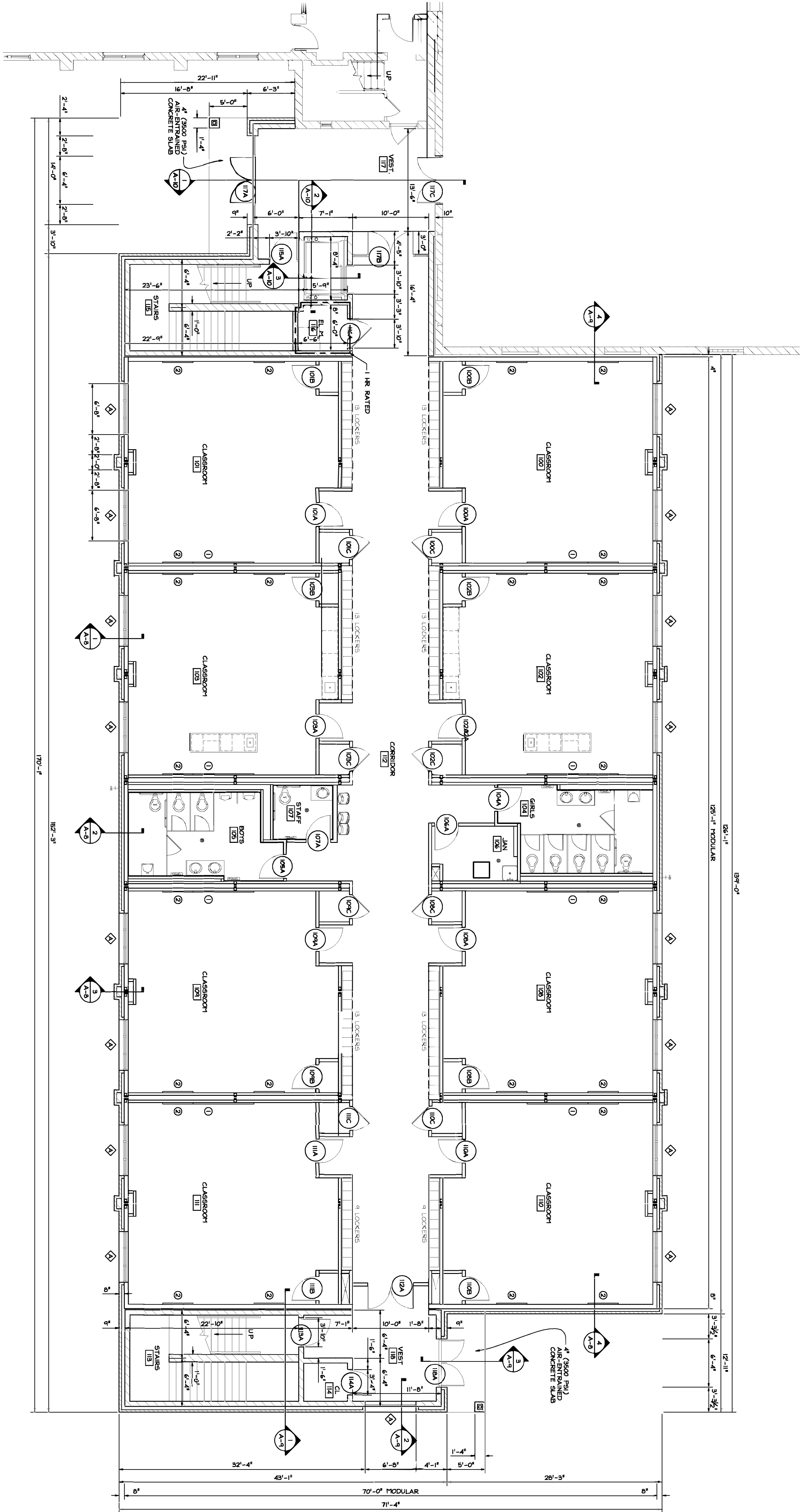
2ND FLOOR EQUIPMENT SPACE  
PHASE II  
SCALE: 3/32" = 1'-0"



2ND FLOOR PLAN - REFLECTED CEILING  
PHASE II  
SCALE: 3/32" = 1'-0"

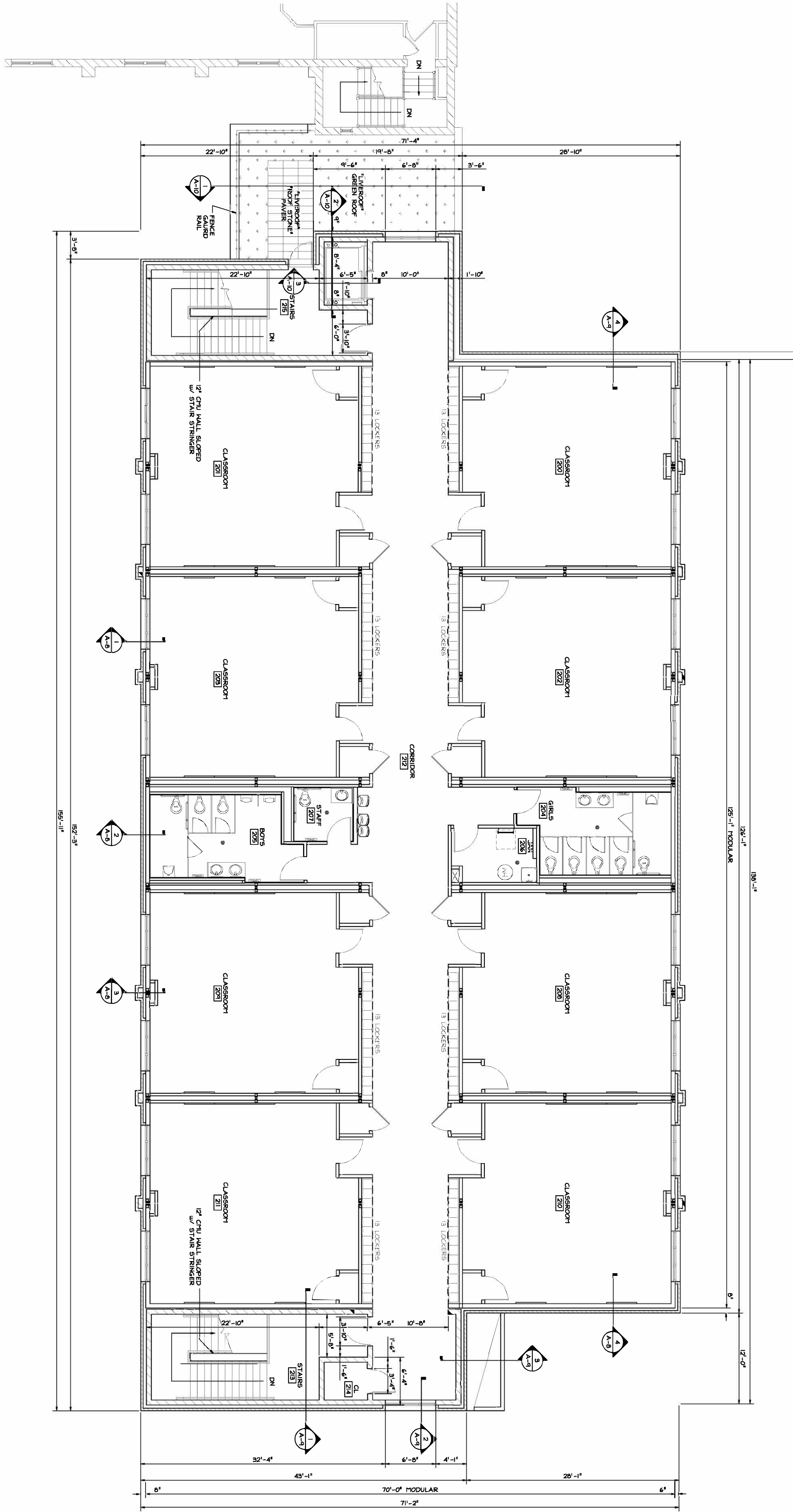
FIRST FLOOR PLAN

SCALE: 1/8" = 1'-0"



SECOND FLOOR PLAN

SCALE: 1/8" = 1'-0"



**MIDDLE SCHOOL LEASE AGREEMENT BETWEEN  
CLOTHILDE R. SMITH CHARITABLE FOUNDATION  
-and-  
OLD REDFORD ACADEMY**

**THIS LEASE** made as of this 1<sup>st</sup> day of November, 2010, between the Clothilde R. Smith Charitable Foundation (the "Lessor"), whose address is 29260 Laurel Park Drive, Farmington Hills, MI 48331, and Old Redford Academy (the "Lessee"), whose address is 17195 Redford, Detroit, Michigan 48219.

**Whereas**, the Board of the Lessee has expressed a desire to rent a facility consisting of approximately 44,000 square feet located in the City of Detroit, Wayne County, Michigan, commonly known as 17226 Redford Avenue, more particularly described on Exhibit A attached hereto and incorporated herein by this reference, from the Lessor;

**Whereas**, the Lessee is a party to the issuance of Revenue Bonds (the "Bonds") by the Michigan Finance Authority (the "Authority"), the obligations under which are set forth in a certain Lease Financing Agreement among the Authority and Clothilde R. Smith Charitable Foundation and Old Redford Academy dated as of November 1, 2010, and related documents, including but not limited to, a Master Indenture, First Supplemental Indenture, Second Supplemental Indenture, Amended and Restated State Aid Agreement, Bond Purchase Agreement, and Mortgage (collectively, the "Academy Documents"), Security Agreement, Environmental Indemnity Agreement, and Collateral Assignment of Contracts, Licenses and Permits (collectively together with the Academy Documents the "Financing Documents"), each of which documents and obligations adhering to the Lessor and Lessee is incorporated herein by reference.

**NOW THEREFORE** the Parties agree to the following:

1. **Description.** The Lessor, in consideration of the rents to be paid and the covenants and agreements to be performed by Lessee, does hereby rent unto Lessee the premises (including without limitation all parking areas, driveways and roads located adjacent to the school) situated in the City of Detroit, County of Wayne, State of Michigan commonly known as 17226 Redford Avenue, more particularly described on Exhibit A (which premises shall be collectively designated as the "Premises"). The Premises shall include (i) any and all flooring, mechanical, utility, plumbing, electrical, heating, air-conditioning and ventilation lines, fixtures units and equipment systems and boilers for such buildings; (ii) all driveways, roads, parking areas and pedestrian walkways located on the Premises; and (iii) all signs, landscaping, playgrounds, playground equipment affixed to the Premises, sports fields and all bleachers, stands or any other sporting equipment affixed to the Premises;

2. **Term.** The term of the Lease shall be from November 1, 2010, to December 1, 2040.

3. **Rent.** Rent shall be payable in the amounts and at the times set forth on Exhibit B, which is Exhibit A of the Lease Financing Agreement. In addition, the Lessee shall pay to the



Lessor the monthly amount of \$4,000.00, an amount deemed reasonable by the parties, as a fee for the Lessor's servicing of the obligations under the Financing Documents.

4. **Insurance.** The Lessee shall, at all times continuously insure the Premises and carry such other policies of insurance as set forth in Section 507 of the Lease Financing Agreement among the Authority, Clothilde R. Smith Charitable Foundation, and Old Redford Academy, dated as of November 1, 2010.

5. **Taxes** All property taxes attributable to any of the Premises shall be paid by the Lessee.

6. **Utilities.** All utilities in connection with any of the Premises shall be paid by the Lessee.

7. **Maintenance and Repair.** All costs of maintenance and repair of any of the Premises shall be paid by the Lessee.

8. **Alterations and Improvements.** The cost of any alterations and/or improvements to the Premises shall be paid by the Lessee.

9. **Liens.** Other than those set forth in the Financing Documents, the Lessee shall keep the Premises free from any and all liens arising out of any work performed, materials furnished or obligations incurred by or for the Lessee, and agrees to bond against or discharge any mechanic's or materialmen's lien within ten (10) days after written request therefore by the Lessor. The Lessee shall reimburse the Lessor for any and all costs and expenses which may be incurred by the Lessor by reason of the filing of any such liens and/or the removal of same, such reimbursement to be made within ten (10) days after receipt by the Lessee from the Lessor of a statement setting forth the amount of such costs and expenses. The failure of the Lessee to pay any such amount to the Lessor within said ten (10) day period shall carry with it the same consequences as failure to pay any installment of rental.

10. **Use and Occupancy.** It is understood and agreed between the parties hereto that the Premises shall be used and occupied for a public school academy and related business and for no other purpose or purposes without first having obtained a Favorable Opinion of Bond Counsel (as defined below), and the written consent of the Lessor, and that the Lessee will not use the premises for any purpose in violation of any law, municipal ordinance or regulation, and that on any breach of this Agreement; the Lessor may at its option terminate this Lease forthwith and re-enter and repossess the leased premises.

"Favorable Opinion of Bond Counsel" means an opinion of Bond Counsel to the effect that the action proposed to be taken is not prohibited by Executive Order 2010-2, compiled at MCLA 12.194 of the Michigan Compiled Laws, and Executive Order 2002-3, compiled at MCLA 12.192 of the Michigan Compiled Laws, and 1985 PA 227, as amended or other laws of the State or the Financing Documents and will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the Bonds.

"Bond Counsel" means a firm of nationally recognized attorneys at law acceptable to the Authority and experienced in legal work relating to the issuance of bonds the interest on which is excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended.

11. **Condition of Premises.** The Lessee acknowledges that it has examined the premises prior to the execution of this Lease, knows the condition of it, and that no representation as to the condition or state of repair thereof has been made by the Lessor, or its agents, which are not herein expressed. The Lessee accepts the Premises "as is" at the date of execution of this Lease. The Lessee also acknowledges that, upon the termination of this Lease for any reason, it will yield the premises to the Lessor, together with all improvements made thereon by the Lessee (excepting trade fixtures which shall at all times remain the property of the Lessor) in as good condition as when the premises were entered upon by it, ordinary wear and tear excepted.

12. **Environmental Matters.** To the best actual knowledge of the Lessor, there has been no activity relating to the Premises (including, but not limited to, use of the Premises or storage of items on the Premises) which would subject the Lessor or the Lessee to liability under any governmental law, regulation or other requirement or under any civil or criminal action respecting hazardous or regulated substances on the Premises except as may have been previously disclosed in writing to the Lessee. To the best actual knowledge of the Lessor, the Lessor has used, stored, disposed of, delivered for disposal or transportation, and transported any and all wastes (whether hazardous or not) in full compliance with all local, state and federal laws and regulations and so as not to contaminate any of the Premises or so as to give rise to clean-up obligation under any federal, state or local law, regulation or other requirement or pursuant to common law. To the best actual knowledge of the Lessor, except as may have been previously disclosed in writing to the Lessee, there are no underground tanks or storage facilities (including, but not limited to, petroleum storage tanks), there are no transformers containing polychlorinated biphenyls on or serving the Premises, there is no friable asbestos on the Premises, and the Premises has not become contaminated, tainted or polluted, whether from activities of the Lessor or from migration of contaminants from the property adjacent to the Premises. To the best actual knowledge of the Lessor, the Premises does not appear on the National Priority List or any state listing which identifies sites for remedial clean-up and/or investigatory actions.

13. **Environmental Compliance.** The Lessee shall be fully responsible, at its own expense, for the control and appropriate storage and handling of any hazardous chemicals or other substances used on the premises in connection with the Lessee's business conducted therein. The Lessee shall not spill, leak, introduce, discharge or bury any hazardous chemical, or contaminant or waste of any kind in, or under the premises or any portion thereof. The Lessee shall not discharge or otherwise release any contaminant into the sanitary or storm sewer or water discharge system serving the premises without first obtaining the written license, permit or other approval of all governmental agencies having jurisdiction thereover. The Lessee shall employ all appropriate safeguards and procedures necessary or required to meet its obligations hereunder. The Lessee agrees to comply on a timely basis with all applicable federal, state and local laws, ordinances, regulations and permits regarding protection of the environment (including but not limited to any such laws or regulations relating to underground storage tanks



located on the premises, any air emissions or water discharges from the premises and any waste storage on the premises) and shall obtain and maintain any and all permits which may be required by such authorities. The Lessee shall immediately notify the Lessor if the Lessee receives any notice of violation or any other communication from a governmental representative regarding the environmental condition of the premises or any alleged violation of a permit or if the Lessee learns in any way whatsoever that its actions or inactions have resulted in a permit violation or contamination of the premises or of any other adjoining or nearby property. In addition, if the presence, release and/or introduction of any hazardous chemical or other substance, caused or allowed by the Lessee, results in any contamination of the premises, the Lessee shall promptly advise the Michigan Department of Natural Resources and Environment and any other appropriate governmental agencies thereof and shall take any and all actions necessary and/or required by said agencies, at the Lessee's sole cost and expense, to return the premises to the condition existing prior to the presence, release and/or introduction of such hazardous chemical or other substance. The Lessee agrees to indemnify, defend and hold harmless the Lessor, its agents, employees and assigns from and against any and all claims, actions, damages, liabilities, fines, penalties, costs and expenses (including fees of attorneys, experts and consultants) brought against the Lessor by third parties (including any governmental body) or incurred by the Lessor and based upon the Lessee's use of the premises and/or the environmental condition of the premises during or following the Lessee's occupancy or control of the Premises as a result of the Lessee's acts or failures to act during the term of the Lease. The Lessee's obligations and agreements hereunder shall survive the termination or expiration of this Lease.

14. **Compliance with Laws and Regulations.** The Lessee shall, at its own expense and under penalty of forfeiture and damages, promptly comply with all applicable laws, orders, regulations or ordinances of all municipal, county and state authorities affecting its specific use of the Premises and the cleanliness and safety.

15. **Quiet Enjoyment.** The Lessor covenants that the Lessee, on payment of all of the above installments, and performance of all covenants, shall peacefully quietly have and hold the premises subject to this Lease at all times during its term.

16. **Holding Over.** It is hereby agreed that in the event of the Lessee holding over after the termination of this Lease, thereafter the tenancy shall be from month-to-month in the absence of a written agreement to the contrary.

17. **Performance of Lessee's Obligations.** (a) If the Lessee shall at any time fail to pay any amount in accordance with the provisions of this Lease, or shall fail to take out, keep in force any of the insurance policies provided herein, or shall fail to perform any of its other obligations under this Lease, then the Lessor, after ten (10) days' written notice (or without notice in case of any emergency) and without waiving or releasing the Lessee from any obligation contained in this Lease, may pay any amount payable by the Lessee hereunder, and/or perform any other act required to be performed by the Lessee hereunder. If necessary, the Lessor may enter upon the Premises for such purposes and take any action necessary therefore, provided that so long as the Bonds remain outstanding, the Lessor will not take any actions that would cause the interest on the Bonds to be included in gross income for federal income tax purposes.

(b) All sums so paid by the Lessor in connection with paragraph (a), including actual attorney fees, in addition to interest at the rate of 12% per annum from the respective dates of each payment and such costs and expenses shall constitute additional rents payable by the Lessee to the Lessor upon demand.

(c) Notwithstanding anything in this Lease to the contrary, the Lessor shall not be limited, in the proof of any damages which the Lessor may claim against the Lessee by reason of the Lessee's failure to provide and keep insurance in force, to the amount of the insurance premiums not paid by the Lessee. The Lessor shall also be entitled to recover as damages for such breach the uninsured amount of any loss, together with damages, costs and expenses of any sort suffered or incurred during any period when Lessee shall have failed to provide and keep such insurance in force.

(d) For so long as any of the Bonds remain outstanding, the Lessor shall not sell, transfer or encumber the Premises, without obtaining a Favorable Opinion of Bond Counsel.

18. **Default.** In addition to any remedies for Default under the Academy Documents, and to the extent they do not conflict therewith, the Lessor shall enjoy the following remedies upon the Lessee's default; provided, however, that so long as the Bonds remain outstanding, the Lessor shall not be entitled to any remedies that would cause interest on the Bonds to be included in gross income for federal income tax purposes. In the event the Lessee fails to pay any rental obligations or other obligations under this Lease, on or before the date due with respect to rental defaults, and with respect to nonrental defaults, shall fail to perform any of the other covenants of this Lease and shall fail to rectify the same within ten (10) days of written notice from the Lessor, it shall have the right to reenter the premises through lawful means and remove the Lessee from the Premises, with or without terminating the Lease, at the option of the Lessor. In the event the Lessor recovers possession of the premises as a result of the Lessee's default, and does not elect to terminate the Lease, Lessor shall have the right from time to time to make such repairs to the Premises as shall be determined necessary by the Lessor, and shall have the right to relet the Premises upon such terms and conditions that the Lessor, in its sole discretion, deems advisable, without interference by the Lessee. Upon such reletting, all rentals received by the Lessor shall be applied first to payment of any indebtedness other than rent due hereunder from the Lessee, second, to the payment of any costs and expenses of such reletting, including brokerage fees, actual attorney fees, and the cost of alterations and repairs, third to the payment due and unpaid hereunder. The residue, if any, shall be held by the Lessor and applied to the payment of future rent as it becomes due. If rent received from reletting the premises is less than rent payable by the Lessee for that month, the Lessee shall pay any deficiency to the Lessor. Such deficiency shall be calculated and paid monthly. No such reentry or taking possession of the premises by the Lessor shall be construed as an election by the Lessor to terminate the Lease, unless a written notice of such intention is given to the Lessee, or unless termination of the Lease is declared by a court of competent jurisdiction. However, notwithstanding any such reletting without termination, the Lessor may at any time elect to terminate the Lease for any previous breach. However, notwithstanding any provision herein to the contrary, the Lessee's obligations and agreements hereunder shall survive termination of the Lease.

19. **Right of Entry.** The Lessor or its agents, after giving prior notice to the Lessee, shall have the right to enter the Premises during normal business hours in order to examine it, to show it to prospective purchasers or lessees, or to make such repairs, alterations, improvements, or additions as the Lessor may deem necessary or desirable. The Lessor shall be allowed to take all material into and upon the Premises that may be required therefore without the same constituting an eviction of the Lessee in whole or in part. The rent shall not abate while repairs, alterations, improvements or additions are being made, whether by reason of loss or interruption of the business of the Lessee or otherwise. If the Lessee shall not be personally present to open and permit an entry into the Premises at any time when for any reason an entry therein shall be necessary or permissible, the Lessor or his agents may enter the Premises by a master key, but may forcibly enter the Premises only in an emergency situation (during such entry the Lessor or his agents shall accord reasonable care to the Lessee's property), without in any manner affecting the obligations and covenants of this Lease.

20. **Notices.** All notices to or demands upon the Lessor or the Lessee desired or required shall be in writing. Any notices or demands sent to a party shall be deemed to have been duly and sufficiently given if personally delivered or mailed by United States first class mail in an envelope properly stamped and addressed to the party at the address appearing below its signature hereon, or at such other address as that party may have last furnished in writing to the other party for such purpose. The effective date of such notice shall be the date it is personally delivered or one business day following its delivery to the United States Post Office for mailing.

21. **Nonwaiver.** No default in the payment of rent or any other amount required to be paid under the terms of this Lease, or the failure of the Lessor to enforce the provisions of this Lease under any default by the Lessee shall be construed as creating a custom of deferring payment or as in any way modifying the terms and conditions of this Lease, or as a waiver of the Lessor's right to exercise any privilege given to it by law or under the terms of this Lease. The Lessor may not be deemed to have waived any of its rights, except to the extent that the same shall have been reduced to writing and signed by the Lessor, and such waiver shall be limited to its own terms. The parties declare that time is of the essence with respect to the covenants under this Lease. If any terms or provisions of this Lease or the application thereof shall be declared to be invalid by a court of competent jurisdiction, the remainder of this Lease shall not be affected thereby, and each of the remaining terms and conditions of this Lease shall be valid and enforceable in accordance with their term to the fullest extent permitted by law.

22. **Governing Law.** This Lease shall be governed by, and construed in accordance with the laws of the State of Michigan. If any provision of the Lease or the application of it shall, to any extent, be invalidated or unenforceable, the remainder of the Lease shall not be affected thereby.

23. **Heirs and Assigns.** The covenants and conditions of this Lease are binding on the respective heirs, successors, representatives and assignees of the parties.

24. **Usage.** Whenever used, the singular shall include the plural and the plural shall include the singular, and the use of any gender shall be applicable to all genders.

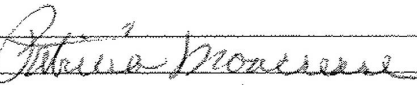
25. **Rights are Cumulative.** It is agreed that each and every of the rights, remedies, and benefits provided by this Lease and the Financing Documents shall be cumulative, and shall not be exclusive of any other rights, remedies, and benefits allowed by law.

IN WITNESS WHEREOF the parties have set their hands on the date above noted.

SIGNATURES ON FOLLOWING PAGE

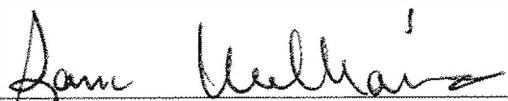
WITNESSED

CLOTHILDE R. SMITH CHARITABLE FOUNDATION

By: 

Its: 

OLD REDFORD ACADEMY

  
Sam Williams, President



**EXHIBIT A**  
**DESCRIPTION OF PREMISES**

The land referred to is described as follows:

Land in the City of Detroit, County of Wayne, State of Michigan being more particularly described as:

**PARCEL 1:**

Lot 30, ALLEN M. BOSWORTH'S SUBDIVISION, as recorded in Liber 22 Page 32 of Plats, Wayne County Records, except that part described as beginning at the Northwest corner of said Lot 30, thence along the North line of said Lot 30 South 60 degrees 17 minutes West 5.00 feet to a point; thence along a line South 36 degrees 18 minutes East 43.61 feet to a point in the East line of said Lot 30; thence along the East line of said Lot 30 North 29 degrees 43 minutes West 43.32 feet to the place of beginning;

**ALSO**

Lots 31 through 36 and the Northeasterly 20 feet being the Northeasterly 24.4 feet rear of Lot 37, including ½ vacated alley adjacent to the West 9.30 feet of Lot 33 and 34 through 37, ALLEN M. BOSWORTH'S SUBDIVISION, as recorded in Liber 22 Page 32 of Plats, Wayne County Records.

Commonly known as: 17226 Redford Avenue

Tax Parcel ID: Ward 22 Item 014174-5

**PARCEL 2:**

Lot 1, including ½ vacated alley adjacent thereto, ALONZO P. WOODRUFF'S SUBDIVISION, as recorded in Liber 32 Page 18 of Plats, Wayne County Records.

Commonly known as: 22234 W. McNichols

Tax Parcel ID: Ward 22 Item 013559

**PARCEL 3:**

Lot 2, including ½ vacated alley adjacent thereto, ALONZO P. WOODRUFF'S SUBDIVISION, as recorded in Liber 32 Page 18 of Plats, Wayne County Records.

Commonly known as: 22224 W. McNichols

Tax Parcel ID: Ward 22 Item 013560

**PARCEL 4:**

Lot 3, including ½ vacated alley adjacent thereto, ALONZO P. WOODRUFF'S SUBDIVISION, as recorded in Liber 32 Page 18 of Plats, Wayne County Records.

Commonly known as: 22214 W. McNichols

Tax Parcel ID: Ward 22 Item 013561

**PARCEL 5:**

Lot 4, including ½ vacated alley adjacent thereto, ALONZO P. WOODRUFF'S SUBDIVISION, as recorded in Liber 32 Page 18 of Plats, Wayne County Records.

Commonly known as: 22200 W. McNichols

Tax Parcel ID: Ward 22 Item 013562

**PARCEL 6:**

Lot 5, including ½ vacated alley adjacent thereto, ALONZO P. WOODRUFF'S SUBDIVISION, as recorded in Liber 32 Page 18 of Plats, Wayne County Records.

**EXHIBIT A**  
(Continued)

Commonly known as: 22196 W. McNichols  
Tax Parcel ID: Ward 22 Item 013563

PARCEL 6:

Lot 6 and 7, including  $\frac{1}{2}$  vacated alley adjacent thereto, ALONZO P. WOODRUFF'S SUBDIVISION, as recorded in Liber 32 Page 18 of Plats, Wayne County Records.

Commonly known as: 22180 W. McNichols  
Tax Parcel ID: Ward 22 Item 013563

## EXHIBIT B

### Lease Payment Schedule

Monthly Lease Payments			
	Monthly Rent	Monthly Authority Bond Servicing Costs	Total
October 2011 through and including November 2011	\$40,653.46	\$2,536.00	\$43,189.46
December 2011 through and including July 2012	\$59,485.53	\$509.00	\$59,994.53
October 2012 through and including November 2012	\$59,485.53	\$509.00	\$59,994.53
December 2012 through and including July 2013	\$59,452.60	\$502.00	\$59,954.60
October 2013 through and including November 2013	\$59,452.60	\$502.00	\$59,954.60
December 2013 through and including July 2014	\$58,529.52	\$496.00	\$59,025.52
October 2014 through and including November 2014	\$58,529.52	\$496.00	\$59,025.52
December 2014 through and including July 2015	\$58,474.09	\$491.00	\$58,965.09
October 2015 through and including November 2015	\$58,474.09	\$491.00	\$58,965.09
December 2015 through and including July 2016	\$58,663.43	\$485.00	\$59,148.43
October 2016 through and including November 2016	\$58,663.43	\$485.00	\$59,148.43
December 2016 through and including July 2017	\$58,535.01	\$478.00	\$59,013.01
October 2017 through and including November 2017	\$58,535.01	\$478.00	\$59,013.01
December 2017 through and including July 2018	\$58,652.45	\$471.00	\$59,123.45
October 2018 through and including November 2018	\$58,652.45	\$471.00	\$59,123.45
December 2018 through and including July 2019	\$58,726.54	\$464.00	\$59,190.54
October 2019 through and including November 2019	\$58,726.54	\$464.00	\$59,190.54
December 2019 through and including July 2020	\$58,757.27	\$457.00	\$59,214.27
October 2020 through and including November 2020	\$58,757.27	\$457.00	\$59,214.27
December 2020 through and including July 2021	\$58,745.20	\$448.00	\$59,193.20
October 2021 through and including November 2021	\$58,745.20	\$448.00	\$59,193.20
December 2021 through and including July 2022	\$58,580.56	\$440.00	\$59,020.56
October 2022 through and including November 2022	\$58,580.56	\$440.00	\$59,020.56
December 2022 through and including July 2023	\$58,642.02	\$431.00	\$59,073.02
October 2023 through and including November 2023	\$58,642.02	\$431.00	\$59,073.02
December 2023 through and including July 2024	\$58,638.73	\$422.00	\$59,060.73
October 2024 through and including November 2024	\$58,638.73	\$422.00	\$59,060.73
December 2024 through and including July 2025	\$58,570.68	\$411.00	\$58,981.68
October 2025 through and including November 2025	\$58,570.68	\$411.00	\$58,981.68
December 2025 through and including July 2026	\$58,712.27	\$401.00	\$59,113.27
October 2026 through and including November 2026	\$58,712.27	\$401.00	\$59,113.27
December 2026 through and including July 2027	\$58,773.19	\$389.00	\$59,162.19
October 2027 through and including November 2027	\$58,773.19	\$389.00	\$59,162.19
December 2027 through and including July 2028	\$59,027.28	\$378.00	\$59,405.28
October 2028 through and including November 2028	\$59,027.28	\$378.00	\$59,405.28
December 2028 through and including July 2029	\$58,909.84	\$365.00	\$59,274.84
October 2029 through and including November 2029	\$58,909.84	\$365.00	\$59,274.84
December 2029 through and including July 2030	\$58,985.57	\$351.00	\$59,336.57
October 2030 through and including November 2030	\$58,985.57	\$351.00	\$59,336.57
December 2030 through and including July 2031	\$58,415.92	\$337.00	\$58,752.92
October 2031 through and including November 2031	\$58,415.92	\$337.00	\$58,752.92
December 2031 through and including July 2032	\$58,427.99	\$323.00	\$58,750.99
October 2032 through and including November 2032	\$58,427.99	\$323.00	\$58,750.99
December 2032 through and including July 2033	\$58,589.89	\$306.00	\$58,895.89
October 2033 through and including November 2033	\$58,589.89	\$306.00	\$58,895.89
December 2033 through and including July 2034	\$58,609.10	\$289.00	\$58,898.10
October 2034 through and including November 2034	\$58,609.10	\$289.00	\$58,898.10
December 2034 through and including July 2035	\$58,760.02	\$271.00	\$59,031.02



## EXHIBIT B

### Lease Payment Schedule

Monthly Lease Payments			
	Monthly Rent	Monthly Authority Bond Servicing Costs	Total
October 2035 through and including November 2035	\$58,760.02	\$271.00	\$59,031.02
December 2035 through and including July 2036	\$58,750.69	\$252.00	\$59,002.69
October 2036 through and including November 2036	\$58,750.69	\$252.00	\$59,002.69
December 2036 through and including July 2037	\$58,854.96	\$231.00	\$59,085.96
October 2037 through and including November 2037	\$58,854.96	\$231.00	\$59,085.96
December 2037 through and including July 2038	\$58,780.87	\$209.00	\$58,989.87
October 2038 through and including November 2038	\$58,780.87	\$209.00	\$58,989.87
December 2038 through and including July 2039	\$58,802.82	\$186.00	\$58,988.82
October 2039 through and including November 2039	\$58,802.82	\$186.00	\$58,988.82
December 2039 through and including July 2040	\$58,831.91	\$161.00	\$58,992.91
October 2040 through and including November 2040	\$58,831.91	\$161.00	\$58,992.91

Dec. 6. 2010 4:21PM

No. 7951 P. 2

# **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: B030645  
Old Redford Academy Middle School  
17226 Redford Avenue  
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**

**December 7, 2010**

# **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: B031131  
Old Redford Academy Middle School  
17226 Redford 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**

**October 26, 2011**

# CERTIFICATE OF USE AND OCCUPANCY


## PERMANENT

Michigan Department of Licensing and Regulatory Affairs  
Bureau of Construction Codes/Building Division  
P. O. Box 30254  
Lansing, MI 48909  
(517) 241-9317

Building Permit: B031653  
Old Redford Middle School/Addition - *Phase III Mod's.*  
17226 Redford Road  
Detroit, Michigan  
Wayne County

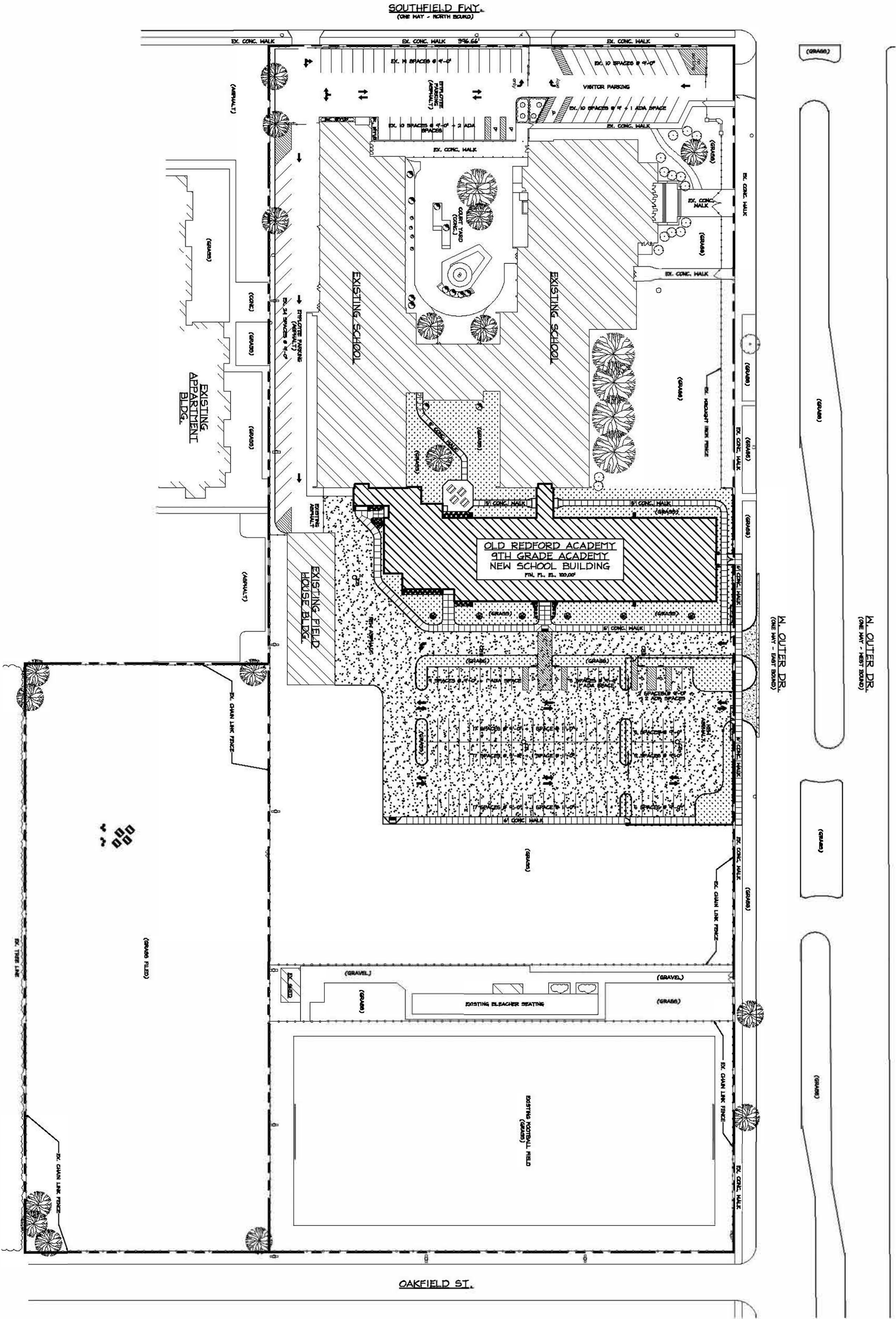
The above named building of Use Group E and Construction Type 2B is approved for use and occupancy.

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

October 12, 2011

High School Site



SITE PLAN

SCALE: 1" = 40'-0"



NOTES:  
1. PROPOSED ADDITION: 20,202 SF (GROSS)

PRELIMINARY  
NOT FOR CONSTRUCTION

SITE

PROJECT NO.  
2858

SHEET NUMBER  
C-1

DOCUMENT DATE INFORMATION

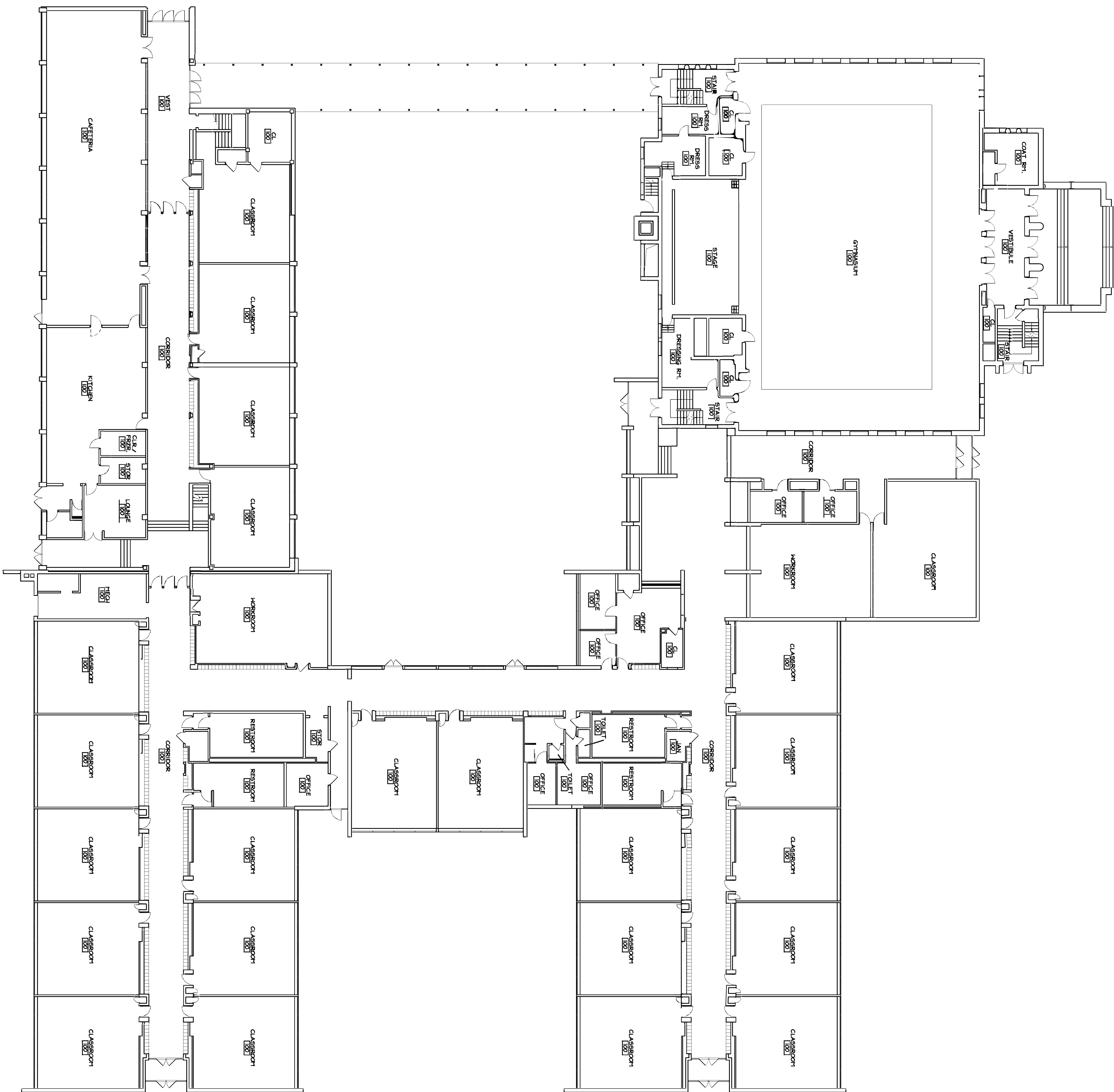
PROJECT DATE	10/1/08
DESIGN APPROVAL	10/1/08
PERMIT DATE	10/1/08
NEW DATE	10/1/08
COMPLETION DATE	10/1/08

OLD REDFORD ACADEMY  
9th GRADE ACADEMY  
8001 W. OUTER DRIVE, DETROIT, MI 48238

SIT E PLAN

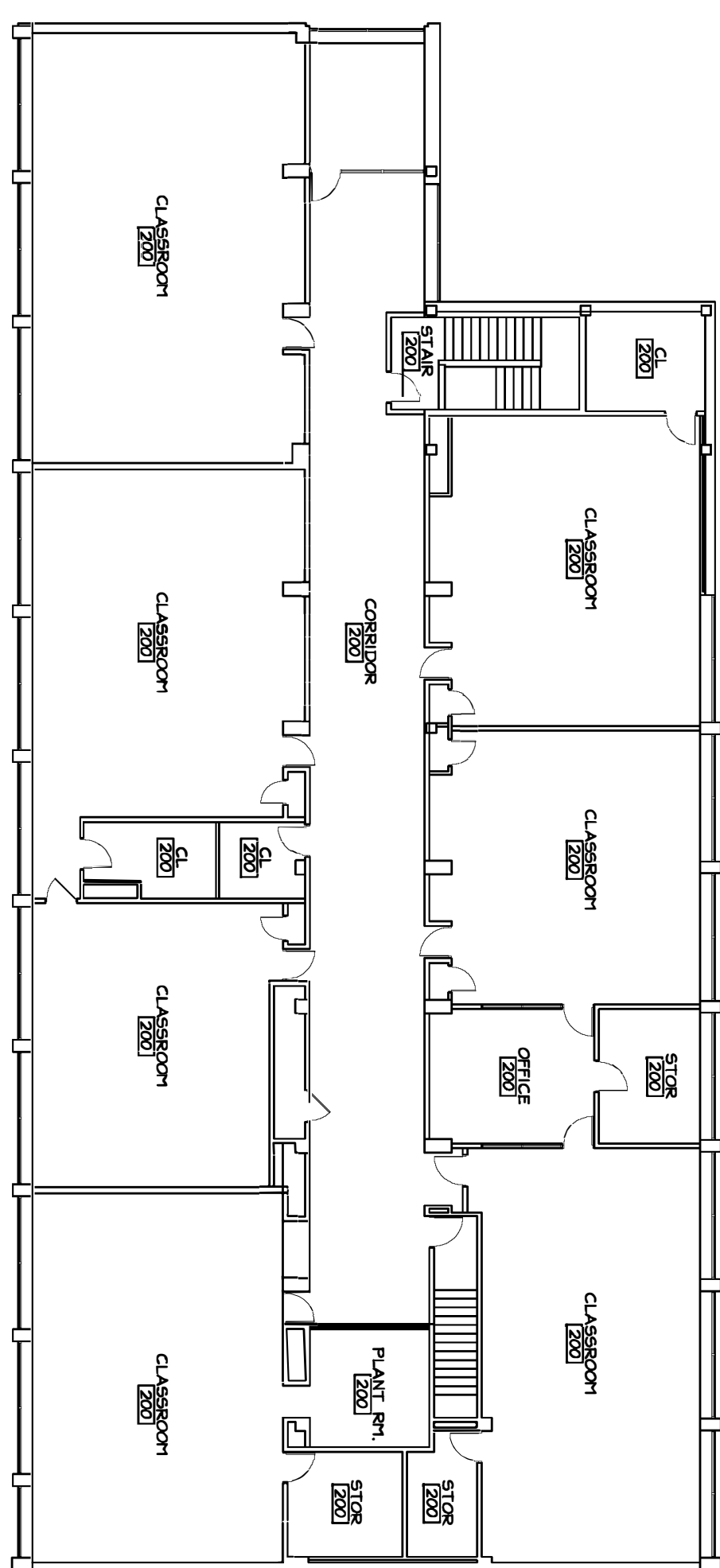
SCALE: 1" = 40'-0"

STEVENS ARCHITECTS  
ARCHITECTURE CONSTRUCTION MANAGEMENT  
208 Huron Avenue  
Port Huron, Michigan 48050  
(810) 987-3788 (810) 987-3701 FAX



EXISTING 1ST FLOOR COMPOSITE PLAN

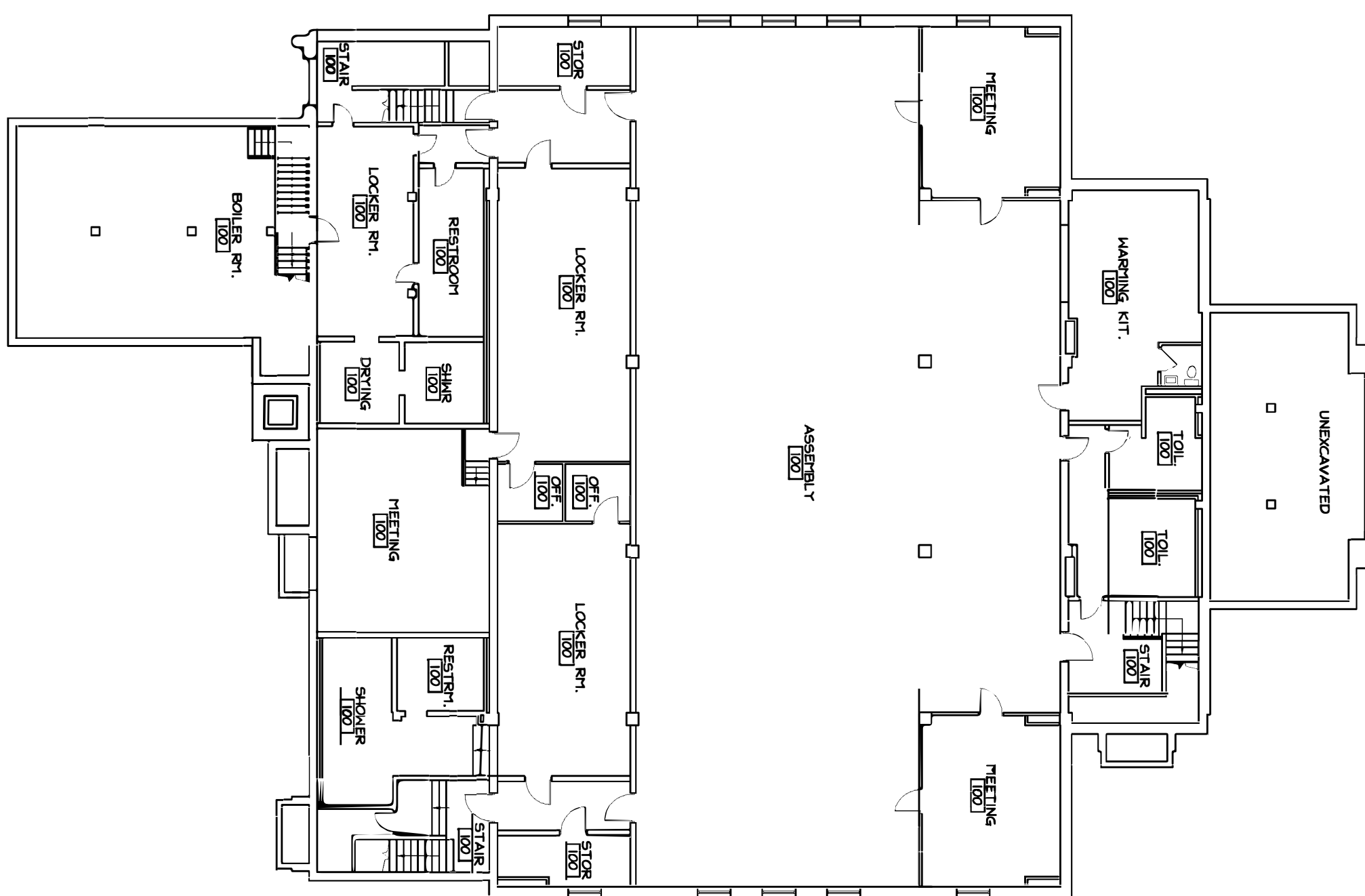
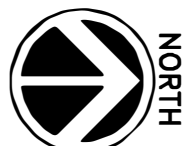
SCALE: 1/16"=1'-0"



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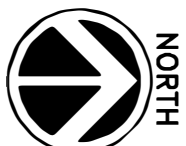
## EX. 2ND FL. COMPOSITE PLAN

SCALE: 1/16"=1'-0"



EX. BASEMENT COMP. PLAN

SCALE: 1/16"=1'-0"

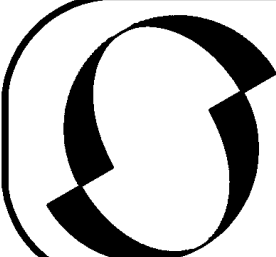


<u>DOCUMENT DATE INFORMATION</u>	
PROJECT DATE:	01/28/08
OWNER APPROVAL:	N/A
PERMITS DATE:	N/A
BIDS DATE:	N/A
CONSTRUCTION DATE:	N/A

**OLD REDFORD ACADEMY**  
PREPARATORY HIGH SCHOOL  
8001 W. OUTER DRIVE., DETROIT, MI 48235

## COMPOSITE FLOOR PLAN

SCALE: 1/16" = 1'-0"



**STEVENS ARCHITECTS**  
ARCHITECTURE CONSTRUCTION MANAGEMENT  
209 Huron Avenue  
Port Huron, Michigan 48060  
(810) 987-3755 (810) 987-3701 FAX

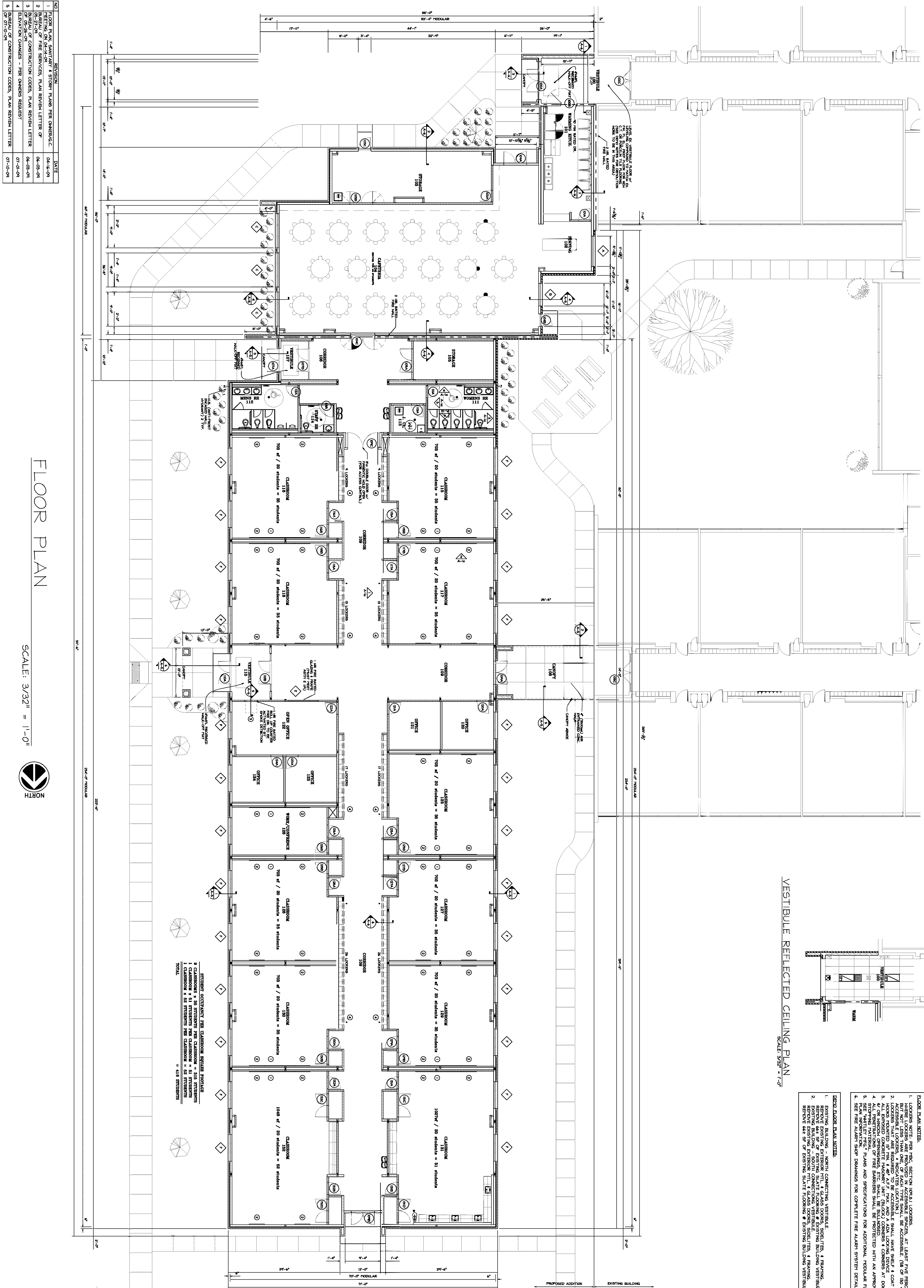
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NO.	REVISION	DATE
1	FLOOR PLAN, SANITARY & STORM PLANS PER OWNER/C.C.	04-16-09
2	REVIEW OF FIRE SERVICES, PLAN REVIEW LETTER OF	06-03-09
3	REVIEW OF CONSTRUCTION CODES, PLAN REVIEW LETTER	06-03-09
4	ELEVATION CHANGES - PER OWNER REQUEST	07-01-09
5	REVIEW OF CONSTRUCTION CODES, PLAN REVIEW LETTER	07-10-09

FLOOR PLAN

SCALE: 3/32" = 1'-0"



**EXISTING BUILDING - NORTH CONNECTING VESTIBULE**

1. EXISTING BUILDING - NORTH CONNECTING VESTIBULE

2. EXISTING BUILDING - SOUTH CONNECTING VESTIBULE

3. EXISTING BUILDING - SOUTH CONNECTING VESTIBULE

4. EXISTING BUILDING - SOUTH CONNECTING VESTIBULE

5. EXISTING BUILDING - SOUTH CONNECTING VESTIBULE

6. EXISTING BUILDING - SOUTH CONNECTING VESTIBULE

**EXISTING BUILDING - SOUTH CONNECTING VESTIBULE**

1. EXISTING BUILDING - SOUTH CONNECTING VESTIBULE

2. EXISTING BUILDING - SOUTH CONNECTING VESTIBULE

3. EXISTING BUILDING - SOUTH CONNECTING VESTIBULE

4. EXISTING BUILDING - SOUTH CONNECTING VESTIBULE

5. EXISTING BUILDING - SOUTH CONNECTING VESTIBULE

6. EXISTING BUILDING - SOUTH CONNECTING VESTIBULE

**EXISTING BUILDING - SOUTH CONNECTING VESTIBULE**

1. EXISTING BUILDING - SOUTH CONNECTING VESTIBULE

2. EXISTING BUILDING - SOUTH CONNECTING VESTIBULE

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5. EXISTING BUILDING - SOUTH CONNECTING VESTIBULE

6. EXISTING BUILDING - SOUTH CONNECTING VESTIBULE

**EXISTING BUILDING - SOUTH CONNECTING VESTIBULE**

1. EXISTING BUILDING - SOUTH CONNECTING VESTIBULE

2. EXISTING BUILDING - SOUTH CONNECTING VESTIBULE

3. EXISTING BUILDING - SOUTH CONNECTING VESTIBULE

4. EXISTING BUILDING - SOUTH CONNECTING VESTIBULE

5. EXISTING BUILDING - SOUTH CONNECTING VESTIBULE

6. EXISTING BUILDING - SOUTH CONNECTING VESTIBULE



**HIGH SCHOOL LEASE AGREEMENT BETWEEN  
CLOTHILDE R. SMITH CHARITABLE FOUNDATION  
-and-  
OLD REDFORD ACADEMY**

**THIS LEASE** made as of this 1<sup>st</sup> day of November, 2010, between the Clothilde R. Smith Charitable Foundation (the "Lessor"), whose address is 29260 Laurel Park Drive, Farmington Hills, MI 48331, and Old Redford Academy (the "Lessee"), whose address is 17195 Redford, Detroit, Michigan 48219.

**Whereas**, the Board of the Lessee has expressed a desire to rent a facility consisting of approximately 100,000 square feet located in the City of Detroit, Wayne County, Michigan, commonly known as 8001 West Outer Drive, and more particularly described on Exhibit A attached hereto and incorporated herein by this reference from the Lessor;

**Whereas**, the Lessee is a party to the issuance of Revenue Bonds (the "Bonds") by the Michigan Finance Authority (the "Authority"), the obligations under which are set forth in a certain Lease Financing Agreement among the Authority and Clothilde R. Smith Charitable Foundation and Old Redford Academy dated as of November 1, 2010, and related documents, including but not limited to, a Master Indenture, First Supplemental Indenture, Second Supplemental Indenture, Amended and Restated State Aid Agreement, Bond Purchase Agreement, and Mortgage (collectively, the "Academy Documents"), Security Agreement, Environmental Indemnity Agreement, and Collateral Assignment of Contracts, Licenses and Permits (collectively together with the Academy Documents the "Financing Documents"), each of which documents and obligations adhering to the Lessor and Lessee is incorporated herein by reference.

**NOW THEREFORE** the Parties agree to the following:

1.       **Description.** The Lessor, in consideration of the rents to be paid and the covenants and agreements to be performed by Lessee, does hereby rent unto Lessee the premises (including without limitation all parking areas, driveways and roads located adjacent to the school) situated in the City of Detroit, County of Wayne, State of Michigan commonly known as 8001 West Outer Drive, more particularly described on Exhibit A (which premises shall be collectively designated as the "Premises"). The Premises shall include (i) any and all flooring, mechanical, utility, plumbing, electrical, heating, air-conditioning and ventilation lines, fixtures units and equipment systems and boilers for such buildings; (ii) all driveways, roads, parking areas and pedestrian walkways located on the Premises; and (iii) all signs, landscaping, playgrounds, playground equipment affixed to the Premises, sports fields and all bleachers, stands or any other sporting equipment affixed to the Premises;

2.       **Term.** The term of the Lease shall be from November 1, 2010 to December 1, 2040.

3.       **Rent.** Rent shall be payable in the amounts and at the times set forth on Exhibit B, which is Exhibit A of the Lease Financing Agreement. In addition, the Lessee shall pay to the

Lessor the monthly amount of \$4,000.00, an amount deemed reasonable by the parties, as a fee for the Lessor's servicing of the obligations under the Financing Documents.

4. **Insurance.** The Lessee shall, at all times continuously insure the Premises and carry such other policies of insurance as set forth in Section 507 of the Lease Financing Agreement among the Authority, Clothilde R. Smith Charitable Foundation, and Old Redford Academy, dated as of November 11, 2010.

5. **Taxes** All property taxes attributable to any of the Premises shall be paid by the Lessee.

6. **Utilities.** All utilities in connection with any of the Premises shall be paid by the Lessee.

7. **Maintenance and Repair.** All costs of maintenance and repair of any of the Premises shall be paid by the Lessee.

8. **Alterations and Improvements.** The cost of any alterations and/or improvements to the Premises shall be paid by the Lessee.

9. **Liens.** Other than those set forth in the Financing Documents, the Lessee shall keep the Premises free from any and all liens arising out of any work performed, materials furnished or obligations incurred by or for the Lessee, and agrees to bond against or discharge any mechanic's or materialmen's lien within ten (10) days after written request therefore by the Lessor. The Lessee shall reimburse the Lessor for any and all costs and expenses which may be incurred by the Lessor by reason of the filing of any such liens and/or the removal of same, such reimbursement to be made within ten (10) days after receipt by the Lessee from the Lessor of a statement setting forth the amount of such costs and expenses. The failure of the Lessee to pay any such amount to the Lessor within said ten (10) day period shall carry with it the same consequences as failure to pay any installment of rental.

10. **Use and Occupancy.** It is understood and agreed between the parties hereto that the Premises shall be used and occupied for a public school academy and related business and for no other purpose or purposes without first having obtained a Favorable Opinion of Bond Counsel (as defined below), and the written consent of the Lessor, and that the Lessee will not use the premises for any purpose in violation of any law, municipal ordinance or regulation, and that on any breach of this Agreement; the Lessor may at its option terminate this Lease forthwith and re-enter and repossess the leased premises.

"Favorable Opinion of Bond Counsel" means an opinion of Bond Counsel to the effect that the action proposed to be taken is not prohibited by Executive Order 2010-2, compiled at MCLA 12.194 of the Michigan Compiled Laws, and Executive Order 2002-3, compiled at MCLA 12.192 of the Michigan Compiled Laws, and 1985 PA 227, as amended or other laws of the State or the Financing Documents and will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the Bonds.

“Bond Counsel” means a firm of nationally recognized attorneys at law acceptable to the Authority and experienced in legal work relating to the issuance of bonds the interest on which is excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended.

11. **Condition of Premises.** The Lessee acknowledges that it has examined the premises prior to the execution of this Lease, knows the condition of it, and that no representation as to the condition or state of repair thereof has been made by the Lessor, or its agents, which are not herein expressed. The Lessee accepts the Premises "as is" at the date of execution of this Lease. The Lessee also acknowledges that, upon the termination of this Lease for any reason, it will yield the premises to the Lessor, together with all improvements made thereon by the Lessee (excepting trade fixtures which shall at all times remain the property of the Lessor) in as good condition as when the premises were entered upon by it, ordinary wear and tear excepted.

12. **Environmental Matters.** To the best actual knowledge of the Lessor, there has been no activity relating to the Premises (including, but not limited to, use of the Premises or storage of items on the Premises) which would subject the Lessor or the Lessee to liability under any governmental law, regulation or other requirement or under any civil or criminal action respecting hazardous or regulated substances on the Premises except as may have been previously disclosed in writing to the Lessee. To the best actual knowledge of the Lessor, the Lessor has used, stored, disposed of, delivered for disposal or transportation, and transported any and all wastes (whether hazardous or not) in full compliance with all local, state and federal laws and regulations and so as not to contaminate any of the Premises or so as to give rise to clean-up obligation under any federal, state or local law, regulation or other requirement or pursuant to common law. To the best actual knowledge of the Lessor, except as may have been previously disclosed in writing to the Lessee, there are no underground tanks or storage facilities (including, but not limited to, petroleum storage tanks), there are no transformers containing polychlorinated biphenyls on or serving the Premises, there is no friable asbestos on the Premises, and the Premises has not become contaminated, tainted or polluted, whether from activities of the Lessor or from migration of contaminants from the property adjacent to the Premises. To the best actual knowledge of the Lessor, the Premises does not appear on the National Priority List or any state listing which identifies sites for remedial clean-up and/or investigatory actions.

13. **Environmental Compliance.** The Lessee shall be fully responsible, at its own expense, for the control and appropriate storage and handling of any hazardous chemicals or other substances used on the premises in connection with the Lessee's business conducted therein. The Lessee shall not spill, leak, introduce, discharge or bury any hazardous chemical, or contaminant or waste of any kind in, or under the premises or any portion thereof. The Lessee shall not discharge or otherwise release any contaminant into the sanitary or storm sewer or water discharge system serving the premises without first obtaining the written license, permit or other approval of all governmental agencies having jurisdiction thereover. The Lessee shall employ all appropriate safeguards and procedures necessary or required to meet its obligations hereunder. The Lessee agrees to comply on a timely basis with all applicable federal, state and local laws, ordinances, regulations and permits regarding protection of the environment (including but not limited to any such laws or regulations relating to underground storage tanks

located on the premises, any air emissions or water discharges from the premises and any waste storage on the premises) and shall obtain and maintain any and all permits which may be required by such authorities. The Lessee shall immediately notify the Lessor if the Lessee receives any notice of violation or any other communication from a governmental representative regarding the environmental condition of the premises or any alleged violation of a permit or if the Lessee learns in any way whatsoever that its actions or inactions have resulted in a permit violation or contamination of the premises or of any other adjoining or nearby property. In addition, if the presence, release and/or introduction of any hazardous chemical or other substance, caused or allowed by the Lessee, results in any contamination of the premises, the Lessee shall promptly advise the Michigan Department of Natural Resources and Environment and any other appropriate governmental agencies thereof and shall take any and all actions necessary and/or required by said agencies, at the Lessee's sole cost and expense, to return the premises to the condition existing prior to the presence, release and/or introduction of such hazardous chemical or other substance. The Lessee agrees to indemnify, defend and hold harmless the Lessor, its agents, employees and assigns from and against any and all claims, actions, damages, liabilities, fines, penalties, costs and expenses (including fees of attorneys, experts and consultants) brought against the Lessor by third parties (including any governmental body) or incurred by the Lessor and based upon the Lessee's use of the premises and/or the environmental condition of the premises during or following the Lessee's occupancy or control of the Premises as a result of the Lessee's acts or failures to act during the term of the Lease. The Lessee's obligations and agreements hereunder shall survive the termination or expiration of this Lease.

14. **Compliance with Laws and Regulations.** The Lessee shall, at its own expense and under penalty of forfeiture and damages, promptly comply with all applicable laws, orders, regulations or ordinances of all municipal, county and state authorities affecting its specific use of the Premises and the cleanliness and safety.

15. **Quiet Enjoyment.** The Lessor covenants that the Lessee, on payment of all of the above installments, and performance of all covenants, shall peacefully quietly have and hold the premises subject to this Lease at all times during its term.

16. **Holding Over.** It is hereby agreed that in the event of the Lessee holding over after the termination of this Lease, thereafter the tenancy shall be from month-to-month in the absence of a written agreement to the contrary.

17. **Performance of Lessee's Obligations.** (a) If the Lessee shall at any time fail to pay any amount in accordance with the provisions of this Lease, or shall fail to take out, keep in force any of the insurance policies provided herein, or shall fail to perform any of its other obligations under this Lease, then the Lessor, after ten (10) days' written notice (or without notice in case of any emergency) and without waiving or releasing the Lessee from any obligation contained in this Lease, may pay any amount payable by the Lessee hereunder, and/or perform any other act required to be performed by the Lessee hereunder. If necessary, the Lessor may enter upon the Premises for such purposes and take any action necessary therefore, provided that so long as the Bonds remain outstanding, the Lessor will not take any actions that would cause the interest on the Bonds to be included in gross income for federal income tax purposes.



(b) All sums so paid by the Lessor in connection with paragraph (a), including actual attorney fees, in addition to interest at the rate of 12% per annum from the respective dates of each payment and such costs and expenses shall constitute additional rents payable by the Lessee to the Lessor upon demand.

(c) Notwithstanding anything in this Lease to the contrary, the Lessor shall not be limited, in the proof of any damages which the Lessor may claim against the Lessee by reason of the Lessee's failure to provide and keep insurance in force, to the amount of the insurance premiums not paid by the Lessee. The Lessor shall also be entitled to recover as damages for such breach the uninsured amount of any loss, together with damages, costs and expenses of any sort suffered or incurred during any period when Lessee shall have failed to provide and keep such insurance in force.

(d) For so long as any of the Bonds remain outstanding, the Lessor shall not sell, transfer or encumber the Premises, without obtaining a Favorable Opinion of Bond Counsel.

**18. Default.** In addition to any remedies for Default under the Academy Documents, and to the extent they do not conflict therewith, the Lessor shall enjoy the following remedies upon the Lessee's default; provided, however, that so long as the Bonds remain outstanding, the Lessor shall not be entitled to any remedies that would cause interest on the Bonds to be included in gross income for federal income tax purposes. In the event the Lessee fails to pay any rental obligations or other obligations under this Lease, on or before the date due with respect to rental defaults, and with respect to nonrental defaults, shall fail to perform any of the other covenants of this Lease and shall fail to rectify the same within ten (10) days of written notice from the Lessor, it shall have the right to reenter the premises through lawful means and remove the Lessee from the Premises, with or without terminating the Lease, at the option of the Lessor. In the event the Lessor recovers possession of the premises as a result of the Lessee's default, and does not elect to terminate the Lease, Lessor shall have the right from time to time to make such repairs to the Premises as shall be determined necessary by the Lessor, and shall have the right to relet the Premises upon such terms and conditions that the Lessor, in its sole discretion, deems advisable, without interference by the Lessee. Upon such reletting, all rentals received by the Lessor shall be applied first to payment of any indebtedness other than rent due hereunder from the Lessee, second, to the payment of any costs and expenses of such reletting, including brokerage fees, actual attorney fees, and the cost of alterations and repairs, third to the payment due and unpaid hereunder. The residue, if any, shall be held by the Lessor and applied to the payment of future rent as it becomes due. If rent received from reletting the premises is less than rent payable by the Lessee for that month, the Lessee shall pay any deficiency to the Lessor. Such deficiency shall be calculated and paid monthly. No such reentry or taking possession of the premises by the Lessor shall be construed as an election by the Lessor to terminate the Lease, unless a written notice of such intention is given to the Lessee, or unless termination of the Lease is declared by a court of competent jurisdiction. However, notwithstanding any such reletting without termination, the Lessor may at any time elect to terminate the Lease for any previous breach. However, notwithstanding any provision herein to the contrary, the Lessee's obligations and agreements hereunder shall survive termination of the Lease.

19. **Right of Entry.** The Lessor or its agents, after giving prior notice to the Lessee, shall have the right to enter the Premises during normal business hours in order to examine it, to show it to prospective purchasers or lessees, or to make such repairs, alterations, improvements, or additions as the Lessor may deem necessary or desirable. The Lessor shall be allowed to take all material into and upon the Premises that may be required therefore without the same constituting an eviction of the Lessee in whole or in part. The rent shall not abate while repairs, alterations, improvements or additions are being made, whether by reason of loss or interruption of the business of the Lessee or otherwise. If the Lessee shall not be personally present to open and permit an entry into the Premises at any time when for any reason an entry therein shall be necessary or permissible, the Lessor or his agents may enter the Premises by a master key, but may forcibly enter the Premises only in an emergency situation (during such entry the Lessor or his agents shall accord reasonable care to the Lessee's property), without in any manner affecting the obligations and covenants of this Lease.

20. **Notices.** All notices to or demands upon the Lessor or the Lessee desired or required shall be in writing. Any notices or demands sent to a party shall be deemed to have been duly and sufficiently given if personally delivered or mailed by United States first class mail in an envelope properly stamped and addressed to the party at the address appearing below its signature hereon, or at such other address as that party may have last furnished in writing to the other party for such purpose. The effective date of such notice shall be the date it is personally delivered or one business day following its delivery to the United States Post Office for mailing.

21. **Nonwaiver.** No default in the payment of rent or any other amount required to be paid under the terms of this Lease, or the failure of the Lessor to enforce the provisions of this Lease under any default by the Lessee shall be construed as creating a custom of deferring payment or as in any way modifying the terms and conditions of this Lease, or as a waiver of the Lessor's right to exercise any privilege given to it by law or under the terms of this Lease. The Lessor may not be deemed to have waived any of its rights, except to the extent that the same shall have been reduced to writing and signed by the Lessor, and such waiver shall be limited to its own terms. The parties declare that time is of the essence with respect to the covenants under this Lease. If any terms or provisions of this Lease or the application thereof shall be declared to be invalid by a court of competent jurisdiction, the remainder of this Lease shall not be affected thereby, and each of the remaining terms and conditions of this Lease shall be valid and enforceable in accordance with their term to the fullest extent permitted by law.

22. **Governing Law.** This Lease shall be governed by, and construed in accordance with the laws of the State of Michigan. If any provision of the Lease or the application of it shall, to any extent, be invalidated or unenforceable, the remainder of the Lease shall not be affected thereby.

23. **Heirs and Assigns.** The covenants and conditions of this Lease are binding on the respective heirs, successors, representatives and assignees of the parties.

24. **Usage.** Whenever used, the singular shall include the plural and the plural shall include the singular, and the use of any gender shall be applicable to all genders.

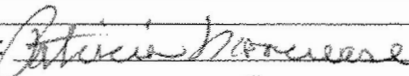
25. **Rights are Cumulative.** It is agreed that each and every of the rights, remedies, and benefits provided by this Lease and the Financing Documents shall be cumulative, and shall not be exclusive of any other rights, remedies, and benefits allowed by law.

**IN WITNESS WHEREOF** the parties have set their hands on the date above noted.

SIGNATURES ON FOLLOWING PAGE

WITNESSED

CLOTHILDE R. SMITH CHARITABLE FOUNDATION

By: 

Its: 

OLD REDFORD ACADEMY



Sam Williams, President



**EXHIBIT A**  
**DESCRIPTION OF PREMISES**

The land referred to is described as follows:

The Assessed Description for the above parcel is as follows:

The East 38.25 feet on the South line being the East 48 feet on the North line of Lots 278 to 296, inclusive, all of Lots 297 to 305, inclusive, 312 to 330, inclusive, 337 to 355, inclusive, 362 to 380, inclusive, also vacated alleys and vacated streets, Milldale Subdivision No. 1, as recorded in Liber 55, Page 5 of Plats, Wayne County Records.

Commonly known as : 8001 W. Outer Drive and 17360 Southfield Fwy.

Tax Parcel ID: Ward 22 Item 073476-94

# EXHIBIT B

## Lease Payment Schedule

Monthly Lease Payments			
	Monthly Rent	Monthly Authority Bond Servicing Costs	Total
October 2011 through and including November 2011	\$33,423.54	\$2,085.00	\$35,508.54
December 2011 through and including July 2012	\$48,906.47	\$418.00	\$49,324.47
October 2012 through and including November 2012	\$48,906.47	\$418.00	\$49,324.47
December 2012 through and including July 2013	\$48,879.40	\$413.00	\$49,292.40
October 2013 through and including November 2013	\$48,879.40	\$413.00	\$49,292.40
December 2013 through and including July 2014	\$48,120.48	\$408.00	\$48,528.48
October 2014 through and including November 2014	\$48,120.48	\$408.00	\$48,528.48
December 2014 through and including July 2015	\$48,074.91	\$403.00	\$48,477.91
October 2015 through and including November 2015	\$48,074.91	\$403.00	\$48,477.91
December 2015 through and including July 2016	\$48,230.57	\$399.00	\$48,629.57
October 2016 through and including November 2016	\$48,230.57	\$399.00	\$48,629.57
December 2016 through and including July 2017	\$48,124.99	\$393.00	\$48,517.99
October 2017 through and including November 2017	\$48,124.99	\$393.00	\$48,517.99
December 2017 through and including July 2018	\$48,221.55	\$387.00	\$48,608.55
October 2018 through and including November 2018	\$48,221.55	\$387.00	\$48,608.55
December 2018 through and including July 2019	\$48,282.46	\$381.00	\$48,663.46
October 2019 through and including November 2019	\$48,282.46	\$381.00	\$48,663.46
December 2019 through and including July 2020	\$48,307.73	\$376.00	\$48,683.73
October 2020 through and including November 2020	\$48,307.73	\$376.00	\$48,683.73
December 2020 through and including July 2021	\$48,297.80	\$369.00	\$48,666.80
October 2021 through and including November 2021	\$48,297.80	\$369.00	\$48,666.80
December 2021 through and including July 2022	\$48,162.44	\$362.00	\$48,524.44
October 2022 through and including November 2022	\$48,162.44	\$362.00	\$48,524.44
December 2022 through and including July 2023	\$48,212.98	\$354.00	\$48,566.98
October 2023 through and including November 2023	\$48,212.98	\$354.00	\$48,566.98
December 2023 through and including July 2024	\$48,210.27	\$347.00	\$48,557.27
October 2024 through and including November 2024	\$48,210.27	\$347.00	\$48,557.27
December 2024 through and including July 2025	\$48,154.32	\$338.00	\$48,492.32
October 2025 through and including November 2025	\$48,154.32	\$338.00	\$48,492.32
December 2025 through and including July 2026	\$48,270.73	\$330.00	\$48,600.73
October 2026 through and including November 2026	\$48,270.73	\$330.00	\$48,600.73
December 2026 through and including July 2027	\$48,320.81	\$320.00	\$48,640.81
October 2027 through and including November 2027	\$48,320.81	\$320.00	\$48,640.81
December 2027 through and including July 2028	\$48,529.72	\$311.00	\$48,840.72
October 2028 through and including November 2028	\$48,529.72	\$311.00	\$48,840.72
December 2028 through and including July 2029	\$48,433.16	\$300.00	\$48,733.16
October 2029 through and including November 2029	\$48,433.16	\$300.00	\$48,733.16
December 2029 through and including July 2030	\$48,495.43	\$289.00	\$48,784.43
October 2030 through and including November 2030	\$48,495.43	\$289.00	\$48,784.43
December 2030 through and including July 2031	\$48,027.08	\$277.00	\$48,304.08
October 2031 through and including November 2031	\$48,027.08	\$277.00	\$48,304.08
December 2031 through and including July 2032	\$48,037.01	\$265.00	\$48,302.01
October 2032 through and including November 2032	\$48,037.01	\$265.00	\$48,302.01
December 2032 through and including July 2033	\$48,170.11	\$252.00	\$48,422.11
October 2033 through and including November 2033	\$48,170.11	\$252.00	\$48,422.11
December 2033 through and including July 2034	\$48,185.90	\$238.00	\$48,423.90
October 2034 through and including November 2034	\$48,185.90	\$238.00	\$48,423.90
December 2034 through and including July 2035	\$48,309.98	\$223.00	\$48,532.98

## EXHIBIT B

### Lease Payment Schedule

Monthly Lease Payments			
	Monthly Rent	Monthly Authority Bond Servicing Costs	Total
October 2035 through and including November 2035	\$48,309.98	\$223.00	\$48,532.98
December 2035 through and including July 2036	\$48,302.31	\$207.00	\$48,509.31
October 2036 through and including November 2036	\$48,302.31	\$207.00	\$48,509.31
December 2036 through and including July 2037	\$48,388.04	\$190.00	\$48,578.04
October 2037 through and including November 2037	\$48,388.04	\$190.00	\$48,578.04
December 2037 through and including July 2038	\$48,327.13	\$172.00	\$48,499.13
October 2038 through and including November 2038	\$48,327.13	\$172.00	\$48,499.13
December 2038 through and including July 2039	\$48,345.18	\$153.00	\$48,498.18
October 2039 through and including November 2039	\$48,345.18	\$153.00	\$48,498.18
December 2039 through and including July 2040	\$48,369.09	\$132.00	\$48,501.09
October 2040 through and including November 2040	\$48,369.09	\$132.00	\$48,501.09

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# **CERTIFICATE OF USE AND OCCUPANCY**

## **PERMANENT**

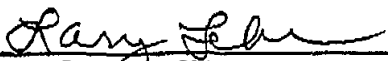
Michigan Department of Labor & Economic Growth  
Bureau of Construction Codes & Fire Safety/Building Division  
P. O. Box 30254  
Lansing, MI 48909  
(517) 241-9317

Safety Inspection  
Old Redford Academy  
Formerly Benedictine High School  
8001 W Outer Drive  
Detroit, Michigan  
Waye County

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

**Conditions: THIS APPROVAL EXCLUDES THE BASEMENT**

**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

February 18, 2005

# CERTIFICATE OF USE AND OCCUPANCY

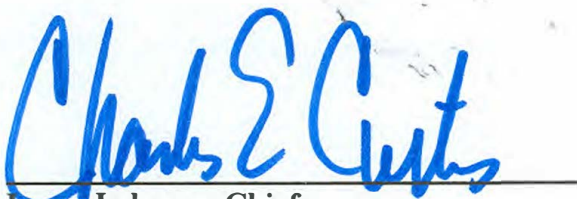
## PERMANENT

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

Building Permit No. B028416  
Old Redford Academy/9<sup>th</sup> Grade Addition  
8001 W Outer Drive  
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

February 10, 2010

## Financing Documents

Elementary Site

LEASE FINANCING AGREEMENT

Among

MICHIGAN PUBLIC EDUCATIONAL FACILITIES AUTHORITY

and

CLOTHILDE R. SMITH CHARITABLE FOUNDATION

and

OLD REDFORD ACADEMY

Dated as of December 1, 2005



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## LEASE FINANCING AGREEMENT

This is a lease financing agreement (hereinafter "Agreement" or "Financing Agreement") made and entered into as of December 1, 2005 among the MICHIGAN PUBLIC EDUCATIONAL FACILITIES AUTHORITY (the "Authority"), CLOTHILDE R. SMITH CHARITABLE FOUNDATION (the "Foundation"), and OLD REDFORD ACADEMY (the "Academy").

### PREMISES

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

The School Code authorizes public school academies to finance their activities, without limitation, by purchase, gift, grant, devise, bequest, lease, sublease, installment purchase agreement and land contract.

The Foundation, a Michigan nonprofit corporation, has been created for the purpose of furthering charitable, educational, scientific or literary purposes and assisting public school academies in providing quality educational experiences, including, but not limited to owning facilities for lease to the Academy.

The Foundation has or will acquire, construct, install, furnish and equip educational facilities to be leased to the Academy.

Under the terms of the Lease (as defined herein) the Foundation will be the owner of the facilities and have legal title to the Project (as defined herein).

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

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

### ARTICLE I. DEFINITIONS

Words and phrases capitalized herein shall have the meanings ascribed to them in the Master Indenture and in Resolution No. 2005-4 adopted by the Authority on November 28, 2005. In addition, the following words and phrases as used throughout this Agreement shall have the following meanings unless the context or use clearly indicates another or different meaning or intent:

"Additional Payments" means all payments required of the Academy by this Agreement other than Lease Payments, including, but not limited to the Authority Servicing Fee.

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

"Authority Servicing Fee" means an amount equal to .000125 of the outstanding aggregate principal amount of the Series 2005 Bonds to be collected by the Trustee on each Payment Date and deposited in the Old Redford Revenue Account and paid to the Authority as provided in Section 501 hereof.

"Authorized Academy Representative" means the President of the Academy or any other officer of the Academy authorized by a resolution adopted by the Board of the Academy.

"Authorizing Body" means Central Michigan University.

"Bond Documents" means this Agreement, the Subordination and the Bond Purchase Agreement dated December 8, 2005 relating to the Series 2005 Bonds.

"Bond Payment Date" means with respect to the Series 2005 Bonds, each June 1 and December 1 commencing June 1, 2006.

"Closing Date" means the date of the initial delivery of the Series 2005 Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations

proposed and promulgated from time to time thereunder and under the predecessor code.

"Completion Certificate" means the certificate provided for in Section 604 hereof, in the form of Exhibit D hereto.

"Completion Date" means the date of the final completion of the Project as certified in the Completion Certificate.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated as of the date of delivery of the Series 2005 Bonds.

"Debt Service Coverage Ratio" means for any period the ratio of (a) the amount of revenues (including, without duplication, proceeds of state aid notes available during such period) of the Academy available (after payment of operating expenses and debt service on any state aid notes issued by the Academy but before payment of subordinated management fees and other subordinated fees and expenses) in such period to pay debt service on obligations of the Academy, to (b) the amount of scheduled debt service on all obligations of the Academy (including all obligations under this Agreement) other than state aid notes in such period.

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

"Fiscal Year" means the twelve (12) month period beginning July 1 and ending June 30.

"Foundation" means Clothilde R. Smith Charitable Foundation, a Michigan nonprofit corporation, or its successors or assigns or any surviving, resulting or transferee corporation.

"Foundation's Address" means Clothilde R. Smith Charitable Foundation, 26211 Central Park Blvd, Suite 300, Southfield, Michigan 48076.

"Historical Coverage Ratio" means as of any date of determination, the actual Debt Service Coverage Ratio during each of the three most recently completed Fiscal Years of the Academy.

"Indenture" means, collectively, the Master Indenture and the First Supplemental Indenture, each between the Authority and U.S. Bank National Association, as Trustee, and each dated as of December 1, 2005, as the same may be amended or supplemented in accordance with their terms.

"Lease" means, collectively, the lease between the Foundation and the Academy covering the Premises, dated as of December 1, 2005.

"Lease Payments" means the amounts payable by the Academy under the Lease which have been assigned to the Authority pursuant to Section 405 hereof.

"Management Agreement" means the amended and restated management agreement dated August 12, 2004 between the Academy and Innovative Teaching Solutions, Inc., a Michigan Corporation, and any other subsequent management agreement between the Academy and a management company.

"Mortgage" means the mortgages and liens created thereby granted by the Foundation pursuant to Section 606 of this Agreement.

"Nonarbitrage Certificate" means, collectively, the Nonarbitrage Certificate delivered by the Authority and the Nonarbitrage and Tax Compliance Certificate delivered by the Academy in connection with the initial delivery of the Series 2005 Bonds.

"Pledged State Aid" has the meaning given in Section 405 hereof.

"Premises" means the premises leased to the Academy by the Foundation in the Lease and described on Exhibit C attached hereto.

"Principal Amount" means \$11,110,000 being the aggregate principal amount of the Series 2005 Bonds.

The term "principal," when used with reference to the principal of the Series 2005 Bonds, means principal of the Series 2005 Bonds and, where appropriate, any premium in addition to principal due upon redemption of the Series 2005 Bonds.

"Project" means the acquisition, installation, construction, reconstruction, renovation, equipping and furnishing of educational facilities to be located in Detroit, Michigan as more fully described on Exhibit C hereto.

"Project Costs" means (a) obligations of the Authority, the Academy or the Foundation incurred for labor and materials and to contractors, builders and materialmen in connection with the acquisition, construction and installation of the Project; (b) the cost of acquiring necessary interests in land and any costs incidental thereto, including costs of assuring title of the Foundation to the Project, and recording fees; (c) the cost of bonds and of insurance of all kinds that may be required or necessary during the course of construction of the Project which is not paid by the contractor or contractors or otherwise provided for; (d) all costs of engineering services, including the expenses of the Foundation or the Academy for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent upon the proper construction of the Project; (e) all other costs which the Academy or the Foundation shall be required to pay, under the terms of any contract or contracts, for the acquisition, construction, installation, reconstruction, renovating, equipping and furnishing of the Project; (f) Costs of Issuance not to exceed \$216,073.08 with respect to payments from the Series 2005A Bond proceeds; (g) other costs of a nature comparable to those described in clauses (a) through (f) above which the Academy or the Foundation shall be required to pay as a result of the damage, destruction, condemnation or taking of the Project or any portion thereof; (h) interest on the Series 2005 Bonds or any interim obligation during the period of construction of the Project; or (i) any other costs incurred by the Academy or the Foundation which are properly chargeable to the Project and which may be financed by the Series 2005 Bonds under the Act.

"Projected Coverage Ratio" means as of any date of determination the projected Debt Service Coverage Ratio for the then current and for each of the five next succeeding Fiscal Years of the Academy, including for such purpose both expected revenue resulting from the facilities, if any, to be financed by the obligation to be incurred and debt service on the obligation expected to be incurred.

"Reserve Fund Payment" means any payment which the Academy has agreed to make in the last paragraph of Section 401 hereof.

"Requisition Certificate" means a certificate required by Section 601 in the form of Exhibit B or in a form approved by an Authorized Officer of the Authority and the Trustee.

"Subordination" means the subordination contained in Section 406 hereof and any separate subordination agreement given pursuant to Section 406.

"Tax-Exempt Organization" means a not-for-profit organization described in Section 501(c)(3) of the Code, and exempt from tax under Section 501(a) of the Code, or any successor provision of similar import hereafter enacted.

ARTICLE II.  
REPRESENTATIONS

Section 201. Representations by the Foundation

The Foundation makes the following representations and warranties:

- (a) The Foundation has received a determination from the Internal Revenue Service that it is a Tax-Exempt Organization. The Foundation is a nonprofit corporation which is duly incorporated, organized, existing and in good standing under the laws of the State of Michigan, is qualified to conduct its business in the State of Michigan, has the requisite power and authority to conduct its business, to own its properties and to execute and deliver, and to perform all of its obligations under this Agreement, the Lease, the Mortgage and the Bond Purchase Agreement, and by proper action this Agreement, the Lease, the Mortgage and the Bond Purchase Agreement have been duly authorized, executed and delivered by, and assuming due authorization by the other parties thereto, if any, are valid and binding obligations of the Foundation.
- (b) Neither the authorization, execution or delivery of this Agreement, the Lease, the Mortgage, the Bond Purchase Agreement and the Continuing Disclosure Agreement, the consummation of the transactions contemplated by this Agreement, the Lease, the Mortgage, the Bond Purchase Agreement, the Indenture and the Continuing Disclosure Agreement, nor the fulfillment of or compliance with the terms and conditions of this Agreement, the Lease, the Mortgage, the Bond Purchase Agreement and the Continuing Disclosure Agreement will require any consent or approval of the governing board of the Foundation which has not been obtained, or violate any provision of law, any order of any court or other agency of government, the Articles of Incorporation or bylaws of the Foundation or any indenture, agreement or other instrument to which the Foundation is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or, except as provided hereunder, result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Foundation.
- (c) No litigation or governmental proceeding is pending or, to the knowledge of the officers of the Foundation, threatened against the Foundation which could have a material adverse effect on its financial condition or business, or the authority or incumbency of its officers or directors.
- (d) The financial statements, if any, of the Foundation which have been furnished to the Underwriter (as defined in the Bond Purchase Agreement) are complete and accurate in all respects and present fairly the financial condition of the Foundation as of their respective dates and the results of its operations for the periods covered thereby in accordance with generally accepted accounting

principles, and since the date of the most recent financial statements of the Foundation which have been furnished to the Underwriter, there has not been any material adverse change, financial or otherwise, in the condition of the Foundation or in the results of its operations, and there has not been any material transaction entered into by the Foundation other than transactions in the ordinary course of business.

- (e) The Foundation does not have any material contingent obligations which are not disclosed in its most recent financial statements furnished to the Underwriter.
- (f) The Foundation intends to cause the Project to be operated at all times during the term of this Agreement as a "public school academy" as that term is defined in the Revised School Code. All property which is to be financed or refinanced with the net proceeds of the Series 2005 Bonds will be owned by the Foundation.
- (g) Moneys which will be made available from the Authority under this Agreement and other sources will be sufficient to pay for the Project.
- (h) Any amounts payable to the Foundation by the Academy under the Lease or otherwise and not assigned by this Agreement to the Authority are hereby fully subordinated to the obligations assigned to the Authority.
- (i) The Project is needed by the Academy and does not result in an unnecessary duplication of existing facilities and has been well planned.
- (j) Except for preliminary expenditures for architectural, engineering, surveying, soil testing, and similar costs (not including costs of land acquisition, site preparation, and similar costs incident to commencement of construction) that were incurred prior to commencement of acquisition, construction or rehabilitation of the facilities comprising the Project, and did not exceed in the aggregate 20 percent of the issue price of the Series 2005 Bonds, and except for costs of issuance and other costs not in excess of the lesser of \$100,000 or 5 percent of the proceeds of the Series 2005A Bonds, no proceeds of the 2005A Bonds were or will be allocated to the reimbursement of an expenditure for costs of the Project paid more than 60 days prior to November 1, 2005, which is the date on which the Board of Directors of the Foundation adopted a resolution declaring official intent to finance such costs of the Project with debt.
- (k) The funds disbursed under this Agreement will not exceed the cost of the Project and incidental costs related thereto and to the issuance of the Series 2005 Bonds.
- (l) The Foundation is not in default in any material respect under any order, writ, judgment, injunction, decree, determination or award or any indenture, agreement, lease or instrument. The Foundation is not in default under any law, rule or regulation wherein such default could materially adversely affect the



Foundation or the ability of the Foundation to perform its obligations under this Agreement, the Lease or the Mortgage.

- (m) No more than five percent of the proceeds from the sale of the Series 2005A Bonds will be used directly or indirectly to acquire, construct or renovate facilities used during the period the Series 2005 Bonds will be outstanding by non-exempt persons (i.e. persons or entities which are not state or local governments or subdivisions thereof or Tax-Exempt Organizations), or pursuant to contracts or other agreements with non-exempt persons resulting in control over some portion of the Project or earning the user a portion of the revenues produced by such portion of the Project (except as permitted in the Nonarbitrage Certificate), or for purposes which would cause the realization of unrelated trade or business income (as defined in Section 513 of the Code); no portion of the proceeds from the sale of the Series 2005A Bonds will be or was loaned to any non-exempt person; and no portion of the Project will be owned by any non-exempt person.
- (n) The weighted average maturity of the Series 2005A Bonds is not greater than 120% of the average reasonably expected economic life of the facilities being financed or refinanced by the Series 2005A Bonds, as determined pursuant to Section 147(b) of the Code.
- (o) None of the proceeds of the Series 2005 Bonds will be used to provide, directly or indirectly, any airplane, skybox or other private luxury box, facility used primarily for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. No more than 2% of the proceeds of the Series 2005A Bonds will be used to pay costs of issuing the Series 2005 Bonds.
- (p) No part of the Project constitutes residential rental property for family units (as set forth in Section 145(d) of the Code). For this purpose, residential rental property for family units means those properties which are used other than on a transient basis and which are available to members of the general public, comprised of housing units which contain separate and complete facilities for living, sleeping, eating, cooking and sanitation.
- (q) There are no contracts or other arrangements providing for private business use or ownership of any property to be financed by proceeds of the Series 2005A Bonds by any person other than an organization described in Section 501 (c)(3) of the Code (but only to the extent that such property is used in furtherance of the exempt purposes or function of such Section 501(c)(3) organization) or a unit of state or local government, and the Foundation covenants not to enter into any such contracts or arrangements during the term of this Agreement, including any contracts or arrangements for the provision of medical services, food services, management services, or any other types of services, except contracts and arrangements which satisfy the requirements of Rev. Proc. 97-13 or other applicable regulations under the Code.

- (r) The Foundation will comply with the provisions of Section 148 of the Code. The Foundation covenants, for the benefit of itself, the Authority and the owners from time to time of the Series 2005 Bonds, that it will not cause or permit any proceeds of the Series 2005A Bonds to be invested in a manner contrary to the provisions of Section 148 of the Code, and that it will assume compliance with such provisions on behalf of the Authority (including, without limitation, performing required calculations, the keeping of proper records and the timely payment to the Department of the Treasury of the United States, in the name of the Authority, of all amounts required to be so paid by Section 148 of the Code), and the Foundation shall follow the procedures set forth in the rebate instructions memorandum attached as Exhibit A to the Nonarbitrage and Tax Compliance Certificate.
- (s) Except as permitted by Code Section 149(b), the Series 2005 Bonds are not federally guaranteed. For this purpose, a bond is federally guaranteed if (i) the payment of principal or interest is guaranteed (in whole or in part) by the United States or any agency or instrumentality thereof, (ii) 5% or more of the issue is to be (x) used in making loans the principal or interest with respect to which is to be guaranteed (in whole or in part) by the United States (or an agency of instrumentality thereof) or (y) invested directly or indirectly in federally insured deposits or accounts, or (iii) the payment of principal or interest on such bond is otherwise indirectly guaranteed (in whole or in part) by the United States (or an agency or instrumentality thereof).
- (t) There are no other obligations that were sold or are to be sold within 15 days of the sale of the Series 2005 Bonds that (i) were or are to be sold pursuant to the same plan of financing with the Series 2005 Bonds and (ii) are reasonably expected to be paid from substantially the same source of funds as the Series 2005 Bonds, determined without regard to guaranties from unrelated parties.
- (u) The Foundation shall not enter into any contracts or other arrangements which do not comply with (m) and (q) above.
- (v) The Foundation will not pay or enter into a transaction that reduces the arbitrage rebate to be paid to the United States because the transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield on the Series 2005 Bonds not been relevant to either party.
- (w) The Project will be completed not later than December, 2006.
- (x) The Project will be constructed and equipped in such manner as to conform with all applicable zoning, planning, building, environmental and other regulations of the governmental authorities having jurisdiction of the Project.
- (y) To the best of the knowledge of the Foundation, no authorizations, consents or approvals of governmental bodies or agencies are required in connection with

the execution and delivery by the Foundation of this Agreement, the Lease, the Mortgage, the Bond Purchase Agreement, or the Continuing Disclosure Agreement or in connection with the carrying out by the Foundation of its obligations under this Agreement, the Lease, the Mortgage, the Bond Purchase Agreement, or the Continuing Disclosure Agreement, which have not been obtained or, if not obtained on the date of this Agreement, are expected to be obtained in the normal course of business at or prior to the time such authorizations, consents or approvals are required to be obtained.

- (z) There are no actions or proceedings pending or, to the knowledge of the Foundation, threatened before any court or administrative agency which will, in the reasonable judgment of the Foundation, materially adversely affect the ability of the Foundation to meet its obligations under this Agreement, the Lease, the Mortgage, the Bond Purchase Agreement, or the Continuing Disclosure Agreement.
- (aa) No director or officer of the Authority has any interest of any kind in the Foundation which would result, as a result of the issuance of the Series 2005 Bonds, in a substantial financial benefit to such persons other than as a member of the general public.
- (bb) The information furnished by the Foundation and used by the Authority in preparing its Nonarbitrage Certificate pursuant to the Code and the information statement pursuant to Section 149(e) of the Code (Form 8038), and the information contained in the notices of public hearing published in the Detroit Free Press on November 4, 2005 is true, accurate and complete as of the date of the issuance of the Series 2005 Bonds.
- (cc) The Foundation has complied and intends to comply with its obligations, covenants and representations under the Bond Documents, to the extent such obligations affect the tax-exempt status of the Series 2005A Bonds.
- (dd) None of the proceeds of the Series 2005 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.
- (ee) No later than December 31, 2005, the Foundation shall furnish or cause to be furnished, payment and performance bonds in such form and in such amounts as approved by Bond Counsel, the Attorney General, the Authority and the Trustee and as otherwise satisfactory to Bond Counsel, the Attorney General the Authority and the Trustee.

#### Section 202. Representations of the Authority

The Authority makes the following representations:

- (a) The Authority is a body corporate and politic established and acting pursuant to the Enabling Legislation with full authority under the Enabling Legislation to issue the Series 2005 Bonds and execute and enter into the Agreement, the Indenture and the Bond Purchase Agreement.
- (b) All of the proceedings approving the Agreement, the Indenture, and the Bond Purchase Agreement were conducted by the Authority at meetings which complied with Act 267, Michigan Public Acts, 1976, as amended.
- (c) No member of the Authority is directly or indirectly a party to or in any manner whatsoever interested in the Agreement, Indenture, Series 2005A Bonds or the proceedings related thereto.

**Section 203. Representations of the Academy**

- (a) The Academy is a public school academy established in accordance with the provisions of the Revised School Code (the "School Code") and has, and on the Closing Date, will have, full legal right, power and authority (i) to enter into the Lease, the Subordination, the Management Agreement, the Continuing Disclosure Agreement and this Agreement, and (ii) to sell, pledge and assign to the Authority the state aid payments to be allocated and paid to the Academy as provided herein and the Academy has duly authorized and approved the execution and delivery of and the performance by the Academy of its obligations contained in the Lease, the Subordination, the Management Agreement, the Continuing Disclosure Agreement and this Agreement; and the Lease, the Subordination, the Management Agreement, the Continuing Disclosure Agreement and this Agreement have been duly authorized, executed and delivered by, and assuming due authorization by the other parties thereto, if any, are valid and binding obligations of the Academy.
- (b) Neither the authorization, execution or delivery of this Agreement, the Lease, the Subordination, the Management Agreement, the Bond Purchase Agreement and the Continuing Disclosure Agreement, the consummation of the transactions contemplated by this Agreement, the Lease, the Subordination, the Management Agreement, the Bond Purchase Agreement, the Indenture and the Continuing Disclosure Agreement, nor the fulfillment of or compliance with the terms and conditions of the Agreement, the Lease, the Subordination, the Management Agreement, the Bond Purchase Agreement and the Continuing Disclosure Agreement will require any consent or approval of the governing board of the Academy or its Authorizing Body which has not been obtained, or violate any provision of law, any order of any court or other agency of government, the Charter, Articles of Incorporation or bylaws of the Academy or any indenture, agreement or other instrument to which the Academy is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under its Charter or any such indenture, agreement or other instrument, or, except as provided hereunder, result in the creation or imposition of any lien,

charge or encumbrance of any nature whatsoever upon any of the property or assets of the Academy.

- (c) No litigation or governmental proceeding is pending or, to the knowledge of the officers of the Academy, threatened against the Academy which could have a material adverse effect on its financial condition or business, its power to make payments under the Lease or this Agreement or the authority or incumbency of its officers or directors.
- (d) The financial statements of the Academy which have been furnished to the Underwriter are complete and accurate in all respects and present fairly the financial condition of the Academy as of their respective dates and the results of its operations for the periods covered thereby in accordance with generally accepted accounting principles, and since the date of the most recent financial statements of the Academy which have been furnished to the Underwriter there has not been any material adverse change, financial or otherwise, in the condition of the Academy or in the results of its operations, and there has not been any material transaction entered into by the Academy other than transactions in the ordinary course of business.
- (e) The Academy does not have any material contingent obligations which are not disclosed in its most recent financial statements furnished to the Underwriter.
- (f) The Academy intends to cause the Project to be operated at all times during the term of this Agreement as a "public school academy" as that term is defined in the Revised School Code. All property which is to be financed or refinanced with the net proceeds of the Series 2005 Bonds will be leased by the Academy.
- (g) Moneys which will be made available from the Authority under this Agreement and other sources will be sufficient to pay for the Project.
- (h) The Academy reasonably believes that the revenues and income generally available or to become available to the Academy will be sufficient for allocation to and payment of the Series 2005 Bonds and interest thereon when due.
- (i) The Project is needed by the Academy and does not result in an unnecessary duplication of existing facilities and has been well planned.
- (j) Except for preliminary expenditures for architectural, engineering, surveying, soil testing, and similar costs (not including costs of land acquisition, site preparation, and similar costs incident to commencement of construction) that were incurred prior to commencement of acquisition, construction, renovation or rehabilitation of the facilities comprising the Project, and did not exceed in the aggregate 20 percent of the issue price of the Series 2005 Bonds, and except for costs of issuance and other costs not in excess of the lesser of \$100,000 or 5 percent of the proceeds of the Series 2005A Bonds, no proceeds of the 2005A Bonds were or will be allocated to the reimbursement of an expenditure for costs

of the Project paid more than 60 days prior to November 1, 2005, which is the date on which the governing board of the Academy adopted a resolution declaring official intent to finance such costs of the Project with debt.

- (k) Proceeds of the Series 2005 Bonds will not exceed the cost of the Project and incidental costs related thereto and to the issuance of the Series 2005 Bonds.
- (l) The Academy is not in default in any material respect under any order, writ, judgment, injunction, decree, determination or award or any indenture, agreement, lease or instrument. The Academy is not in default under any law, rule or regulation wherein such default could materially adversely affect the Academy or the ability of the Academy to perform its obligations under this Agreement, the Lease, the Subordination or the Management Agreement.
- (m) No more than five percent of the proceeds from the sale of the Series 2005A Bonds will be used directly or indirectly to acquire, construct or renovate facilities used during the period the Series 2005A Bonds will be outstanding by non-exempt persons (i.e. persons or entities which are not state or local governments or subdivisions thereof or Tax- Exempt Organizations), or pursuant to contracts or other agreements with non-exempt persons resulting in control over some portion of the Project or earning the user a portion of the revenues produced by such portion of the Project (except as permitted in the Nonarbitrage Certificate), or for purposes which would cause the realization of unrelated trade or business income (as defined in Section 513 of the Code); no portion of the proceeds from the sale of the Series 2005 Bonds will be or was loaned to any non-exempt person; and no portion of the Project will be owned by any non-exempt person.
- (n) The weighted average maturity of the Series 2005A Bonds is not greater than 120% of the average reasonably expected economic life of the facilities being financed or refinanced by the Series 2005A Bonds, as determined pursuant to Section 147(b) of the Code.
- (o) None of the proceeds of the Series 2005A Bonds will be used to provide, directly or indirectly, any airplane, skybox or other private luxury box, facility used primarily for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. No more than 2% of the proceeds of the Series 2005A Bonds will be used to pay costs of issuing the Series 2005A Bonds.
- (p) No part of the Project constitutes residential rental property for family units (as set forth in Section 145(d) of the Code). For this purpose, residential rental property for family units means those properties which are used other than on a transient basis and which are available to members of the general public, comprised of housing units which contain separate and complete facilities for living, sleeping, eating, cooking and sanitation.

- (q) There are no contracts or other arrangements providing for private business use or ownership of any property to be financed by proceeds of the Series 2005 Bonds by any person other than an organization described in Section 501 (c)(3) of the Code (but only to the extent that such property is used in furtherance of the exempt purposes or function of such Section 501(c)(3) organization) or a unit of state or local government, and the Academy covenants not to enter into any such contracts or arrangements during the term of this Agreement, including any contracts or arrangements for the provision of medical services, food services, management services, or any other types of services, except contracts and arrangements which satisfy the requirements of Rev. Proc. 97-13 or other applicable regulations under the Code.
- (r) The Academy will comply with the provisions of Section 148 of the Code. The Academy covenants, for the benefit of itself, the Authority and the owners from time to time of the Series 2005 Bonds, that it will not cause or permit any proceeds of the Series 2005 Bonds to be invested in a manner contrary to the provisions of Section 148 of the Code, and that it will assume compliance with such provisions on behalf of the Authority (including, without limitation, performing required calculations, the keeping of proper records and the timely payment to the Department of the Treasury of the United States, in the name of the Authority, of all amounts required to be so paid by Section 148 of the Code), and the Academy shall follow the procedures set forth in the rebate instructions memorandum attached as Exhibit A to the Nonarbitrage and Tax Compliance Certificate of the Academy.
- (s) Except as permitted by Code Section 149(b), the Series 2005 Bonds are not federally guaranteed. For this purpose, a bond is federally guaranteed if (i) the payment of principal or interest is guaranteed (in whole or in part) by the United States or any agency or instrumentality thereof, (ii) 5% or more of the issue is to be (x) used in making loans the principal or interest with respect to which is to be guaranteed (in whole or in part) by the United States (or an agency or instrumentality thereof) or (y) invested directly or indirectly in federally insured deposits or accounts, or (iii) the payment of principal or interest on such bond is otherwise indirectly guaranteed (in whole or in part) by the United States (or an agency or instrumentality thereof).
- (t) There are no other obligations of the Academy that were sold or are to be sold within 15 days of the sale of the Series 2005 Bonds that (i) were or are to be sold pursuant to the same plan of financing with the Series 2005 Bonds and (ii) are reasonably expected to be paid from substantially the same source of funds as the Series 2005 Bonds, determined without regard to guaranties from unrelated parties.
- (u) The Academy shall not enter into any contracts or other arrangements which do not comply with (m) and (q) above.

- (v) The Academy will not pay or enter into a transaction that reduces the arbitrage rebate to be paid to the United States because the transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield on the Series 2005 Bonds not been relevant to either party.
- (w) The Project will be completed not later than December 1, 2006.
- (x) The Project will be constructed and equipped in such manner as to conform with all applicable zoning, planning, building, environmental and other regulations of the governmental authorities having jurisdiction of the Project.
- (y) To the best of the knowledge of the Academy, no authorizations, consents or approvals of governmental bodies or agencies are required in connection with the execution and delivery by the Academy of this Agreement, the Lease, the Subordination, the Management Agreement, the Bond Purchase Agreement, or the Continuing Disclosure Agreement or in connection with the carrying out by the Academy of its obligations under this Agreement, the Lease, the Subordination, the Management Agreement, the Bond Purchase Agreement, or the Continuing Disclosure Agreement, which have not been obtained or, if not obtained on the date of this Agreement, are expected to be obtained in the normal course of business at or prior to the time such authorizations, consents or approvals are required to be obtained.
- (z) There are no actions or proceedings pending or, to the knowledge of the Academy, threatened before any court or administrative agency which will, in the reasonable judgment of the Academy, materially adversely affect the ability of the Academy to meet its obligations under this Agreement, the Lease, the Subordination, the Management Agreement, the Bond Purchase Agreement, or the Continuing Disclosure Agreement.
- (aa) No director or officer of the Authority has any interest of any kind in the Academy which would result, as a result of the issuance of the Series 2005 Bonds, in a substantial financial benefit to such persons other than as a member of the general public.
- (bb) The information furnished by the Academy and used by the Authority in preparing its Nonarbitrage Certificate pursuant to the Code and the information statement pursuant to Section 149(e) of the Code (Form 8038), and the information contained in the notices of public hearing published in the Detroit Free Press on November 4, 2005 is true, accurate and complete as of the date of the issuance of the Series 2005 Bonds.
- (cc) The Academy has complied and intends to comply with its obligations, covenants and representations under the Bond Documents, to the extent such obligations affect the tax-exempt status of the Series 2005A Bonds.



- (dd) None of the proceeds of the Series 2005 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.
- (ee) The Academy shall promptly pay the Costs of Issuance upon notification by the Authority. The term "Costs of Issuance" shall mean and include underwriter's discount, placement agent fees, printing charges, letter of credit fees and related charges of a letter of credit, rating agency charges, trustee fees, bond counsel fees, and other counsel fees and issuance fees of the Authority.
- (ff) The Academy will utilize the Project for public school purposes so long as the Series 2005 Bonds remain outstanding and will use its best efforts to operate the school in an efficient manner and maintain its Charter in good standing. The Academy will own, operate and utilize the Project, including maintaining the student population of the Project to the extent required to carry out all of its obligations under this Agreement.
- (gg) With regard to work on the Project which constitutes construction of improvements to the Project, if any, that will be financed with the proceeds of the Series 2005 Bonds, the Academy will comply with Michigan Public Act 166 of 1965, as amended, MCL 408.551 et seq.

### ARTICLE III. THE SERIES 2005 BONDS AND THE PROCEEDS THEREOF

#### Section 301. Series 2005 Bonds

The Authority has authorized the issuance and sale of the Series 2005 Bonds in the Principal Amount. The Authority intends to deliver Series 2005 Bonds subject to the terms of the Bond Purchase Agreement. The proceeds of the Series 2005 Bonds shall be deposited as follows: (a) in the Related Revenue Account, a sum equal to the accrued interest paid by the purchaser of the Series 2005 Bonds, if any, and capitalized interest in the amount of \$293,970.83 from proceeds of the Series 2005 Bonds; (b) in the Costs of Issuance Fund, \$232,390.37 from proceeds of the Series 2005B Bonds in the Series 2005B subaccount; (c) in the Related Reserve Account \$799,762.50 from proceeds of the Series 2005A Bonds and (d) in the Related Proceeds Account, \$9,500,300.30 consisting of the remaining balance of the proceeds to be received from the sale of the Series 2005 Bonds. The obligations of the Authority, the Foundation and the Academy under this Agreement are expressly conditioned upon delivery of the Series 2005 Bonds and receipt of the proceeds thereof.

#### Section 302. Additional Bonds

The Authority may, but shall not be required to, authorize the issuance of the Additional Bonds upon the terms and conditions provided in Section 205 of the Indenture. Failure by the Authority to issue Additional Bonds shall not release the Foundation or the Academy from any provisions of this Agreement, regardless of the reason for such failure.

### 15 LEASE FINANCING AGREEMENT

Section 303. Investment of Funds and Accounts

Any moneys held as a part of any Fund or Account shall be invested, reinvested or applied by the Trustee in accordance with the provisions of the Indenture and in compliance with the terms of the Nonarbitrage Certificate.

Neither the Foundation nor the Academy shall invest, reinvest or accumulate any moneys deemed to be proceeds of the Series 2005 Bonds pursuant to the Code in such a manner as to cause the Series 2005 Bonds to be "arbitrage bonds" within the meaning of the Code.

Section 304. Rebate Payments to United States

The Foundation and the Academy, jointly and severally, each for itself and for the Authority, agrees that it shall calculate and make all necessary payments of investment earnings required to be rebated to the United States pursuant to the terms of the Indenture and the Nonarbitrage Certificate. The Foundation and the Academy, jointly and severally, each hereby further agrees that it shall comply with the procedures outlined in section 4 of Exhibit A to the Foundation's and the Academy's Nonarbitrage and Tax Compliance Certificate and shall furnish to the Trustee and the Authority within thirty (30) days following each Computation Date (as defined in the Foundation's and the Academy's Nonarbitrage and Tax Compliance Certificate) the computations required thereby. The Trustee has no duty to confirm the accuracy of the computations made by the Foundation and the Academy and may assume that the computations are correct. The Foundation and the Academy shall provide to the Trustee and the Authority evidence of each payment of rebate, if any, within 30 days of each such payment.

ARTICLE IV.

LEASE PAYMENTS, OWNERSHIP, TERM, ASSIGNMENT,  
SCHOOL AID PLEDGE, OTHER OBLIGATIONS

Section 401. Lease Payments, Ownership, Term

The Lease is incorporated herein by this reference and to the extent that a conflict in terms exists between this Agreement and the Lease the specific terms of this Agreement shall govern. The Academy agrees in its Lease to make monthly installments of annual rental in amounts not less than the Lease Payments set forth on Exhibit A hereto (the "Lease Payments") on the Payment Dates required by Section 405 below. The Foundation and the Academy each hereby agrees that it will not sell, assign title to, lease, or, except as provided in Section 411, obtain further financing with respect to the leased premises except with the written permission of the Authority while Lease Payments remain outstanding under this Agreement. The Foundation and the Academy each agrees that the term of the Lease is equal to or longer than the date of the final Lease Payment hereunder. The Foundation and the Academy agree that the Authority may pledge this Agreement as security for its obligations to pay Series 2005 Bonds issued under the Indenture.

If on a Bond Payment Date the balance in the Old Redford Revenue Account is for any reason insufficient to pay principal and interest on the Series 2005 Bonds then due, whether by

maturity, redemption, or acceleration, the Academy shall forthwith pay the amount of any such deficiency to the Trustee.

The Academy agrees that if at any time moneys are withdrawn from the Old Redford Reserve Account to pay principal or interest on the Series 2005 Bonds, the Academy shall promptly, not later than 120 days thereafter, deposit with the Trustee a sum sufficient to restore the Old Redford Reserve Account to the Reserve Account Requirement.

**Section 402. Assignment to Authority**

The Foundation immediately and irrevocably assigns to the Authority that portion of the payments owing to the Foundation under the Lease equal to the Lease Payments, pursuant to this Agreement and in consideration thereof the Authority has directed the Trustee to disburse from the Series 2005 Proceeds Account established under the Indenture the lesser of the amounts on deposit therein, or the Project Costs, as provided in this Agreement. The Academy's obligation to the Authority is an absolute and unconditional general obligation of the Academy and shall remain in full force and effect until the amounts owed hereunder shall have been paid by the Academy to the Authority, and such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation any of the following:

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

The Authority shall have no liability for the performance of any obligations of the Academy or the Foundation except as expressly set forth in this Agreement. The Academy and the Foundation each represent and warrant that the assignment contained in this Section 402 to the Authority does not violate the Academy's Charter, the Foundation's Articles of Incorporation or Bylaws, or any law or any agreement, contract, or loan agreement to which it is a party and that the Lease and this Agreement have been duly executed and delivered by the Academy and the Foundation.

#### Section 403. Payment Provisions

The Academy agrees to pay to the Authority the Lease Payments set forth in Exhibit A hereto on the Payment Dates set forth in Section 405 below.

The Academy shall have the option to prepay all or a portion of Lease Payments and direct the redemption of the corresponding amount of Series 2005 Bonds then outstanding pursuant to the redemption of Bonds permitted by the Indenture. The Academy shall give written notice to the Authority and the Trustee of its exercise of its option to prepay its Lease Payments and thereby redeem all or a portion of the Series 2005 Bonds outstanding, which notice shall be provided at least sixty days (or such lesser number of days as shall be acceptable to the Authority and the Trustee) prior to the payment date on which Series 2005 Bonds are to be prepaid.

On or prior to the payment date on which Series 2005 Bonds are to be redeemed, the

Academy shall deposit cash funds with the Trustee which, when added to funds on hand with the Trustee and available therefor, are sufficient to pay the principal and premium, if any, and interest on the Series 2005 Bonds being redeemed and to pay all fees, costs and expenses of the Authority and Trustee accruing through final payment of such Bonds being redeemed.

In addition, the Academy may at its option at any time prepay all or any part of the Lease Payments, provided that if the Series 2005 Bonds are not subject to redemption, the Academy shall make appropriate provisions with the Trustee to hold the Lease Payments in escrow until the Series 2005 Bonds mature or are subject to redemption. Such prepayment shall not in any way alter or suspend any obligations of the Academy under this Agreement except to the extent such prepayment of the Academy results in a credit against Lease Payments or the payment and retirement of Series 2005 Bonds in accordance with the Indenture.

In the event the Academy prepays Lease Payments in an amount of money (or in any manner satisfactory to the Trustee and the Authority) which, together with amounts then on deposit in the Revenue Fund and available therefor, shall be sufficient (i) to retire and redeem at the earliest date(s) permitted under the Indenture all the then outstanding Series 2005 Bonds at the applicable redemption price(s), and (ii) to pay any interest accruing on the Series 2005 Bonds to maturity or redemption, and shall also make provision satisfactory to the Authority and the Trustee for all fees, costs and expenses including rebate payments accruing through the final payment of the Series 2005 Bonds, then the Lease Payments shall be deemed fully repaid and cancelled, and the Mortgage shall be discharged.

In the event of a default in the payment of the Lease Payments when due, the amount of such default shall bear interest (the "additional interest") at a rate equal to the rate of interest which is two percent above the Authority's cost of providing funds (as determined by the Authority) to make payment on the Series 2005 Bonds of the Authority but in no event in excess of the maximum rate of interest permitted by law. The additional interest shall continue to accrue until the authority has been fully reimbursed for all costs incurred by the Authority (as determined by the Authority) as a consequence of the Academy's default. Such additional interest shall be payable on the Payment Date following demand of the Authority.

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

#### Section 404. Payment General Obligation

The obligation of the Academy to pay Lease Payments, Reserve Fund Payments and Additional Payments is a general obligation of the Academy. The Academy shall and hereby agrees to include in its budget and pay each year, until this Agreement is paid in full, such sum or sums as may be necessary each year to make payments of the Lease Payments, Reserve Fund Payments and Additional Payments, when due.

#### Section 405. State School Aid Pledge

The Academy pledges to pay its Lease Payments, Reserve Fund Payments, Additional Payments, and all other amounts required hereby or hereunder from its State School Aid to be allocated to it and payable to its Authorizing Body (the "Pledged State Aid"). Unless otherwise agreed to in writing by the Authority, 97% of each installment of State School Aid (such monies to be used to pay the Lease Payments, Reserve Fund Payments and Additional Payments, when due) shall, pursuant to the agreement of the Authorizing Body, be transmitted directly by the State Treasurer to the Trustee commencing on or before January 20, 2006, and thereafter on or before the 20th of each February, March, April, May, June, July, August, October, November, December, and January (each a "Payment Date"); provided however that if the School Aid Act shall be modified to provide for a schedule of school aid payments materially different from that now in effect, the Authority, by written notice to the Trustee, the State Treasurer, the Foundation, the Academy and the Authorizing Body, may designate different payment dates to provide for timely receipt of Lease Payments consistent with such revised school aid payment schedule which shall thereupon be and become the "Payment Dates" hereunder. If the Payment Date falls on a Saturday, Sunday, or legal holiday, the Lease Payment shall be due on the previous regular business day. The Lease Payments, Reserve Fund Payments and Additional Payments to the Authority shall be made first from the State School Aid allocated to the Academy during the month of the Lease Payment, Reserve Fund Payment or Additional Payment as the case may be. If, for any reason, the State School Aid allocated to the Academy during the month of the Lease Payment or Additional Payment is insufficient to pay the Lease Payments and Additional

Payments, then in that event, the Academy pledges to use any and all other available funds to meet the Lease Payment obligation. If on any due date for any Lease Payment, the funds with the Trustee are insufficient to pay the Lease Payment and Additional Payments, then the Academy, pursuant to Section 17a(3) of the School Aid Act to the extent necessary to meet the payment obligation, assigns to the Authority and authorizes and directs the State Treasurer to intercept and/or advance not to exceed 97% of any payment which is dedicated for distribution or for which the appropriation authorizing payment has been made under the School Aid Act; and in such event pursuant to Section 17a(3) of the School Aid Act, the Authority is authorized, pursuant to the agreement of the Authorizing Body, to intercept and/or seek an advancement of 97% of the Pledged State Aid (but not more than an amount in the aggregate equal to 20% of State School Aid in any Fiscal Year) to be allocated or distributed to the Authorizing Body with respect to the Academy. The Trustee, on behalf of the Authority, shall immediately notify (or cause notice to be given to) the Academy and the Authorizing Body that it will immediately commence to intercept and/or receive an advancement of the Pledged State Aid and beginning immediately the Authority shall intercept 97% of the Pledged State Aid (but not more than an amount in the aggregate equal to 20% of State School Aid in any Fiscal Year) to be distributed to the Authorizing Body with respect to the Academy. Notwithstanding the foregoing, however, the amount to be applied by the Trustee to Lease Payments hereunder in any Fiscal Year of the Academy shall not exceed 20% of the amount of State School Aid payable to the Academy by the State in such Fiscal Year.

The intercepted and/or advanced amount shall be applied on the following priority basis: (i) the amount required to pay the Lease Payments, Reserve Fund Payments and Additional Payments when due shall be held by the Trustee for such purpose, (ii) any other amounts owing to the Authority under the Lease or this Agreement, and (iii) to the extent in excess of the amount required to make payment in full of the Lease Payments, Reserve Fund Payments and Additional Payments, any amounts remaining to be immediately distributed to the Authorizing Body. The process set forth above shall continue until sufficient funds are deposited with the Trustee to pay all Lease Payments, Reserve Fund Payments and Additional Payments. Section 17a(3) of the School Aid Act does not require the State to make an appropriation to any authorizing body, public school academy, other school district or intermediate school district and shall not be construed as creating an indebtedness of the State.

The pledge of State School Aid pursuant to this paragraph is subject to the reservation by the Academy of the right to make additional pledges of State School Aid to secure other obligations as provided in Section 411 hereof.

#### **Section 406. Lease Subordination, Non Disturbance and Attornment**

With regard to any real estate that the Academy occupies as a tenant for school purposes, the Academy subordinates to the Trustee, and subordinates to any mortgage in which the Trustee is a mortgagee, all of the Academy's rights, title and interest in such real estate, including the Academy's leasehold interest in the real estate. The Academy subordinates its leasehold interest to the Trustee and agrees that, regardless of the respective execution dates and recording dates of the Academy's leasehold interest and the Trustee's mortgage interest, the mortgage interest and any extension, renewal, modification or replacement of the mortgage interest is a lien prior and superior to the leasehold interest in all respects. The Academy agrees that its leasehold interest is

subordinate to the Trustee's mortgage interest regardless of increases in the mortgage debt and/or modifications in the obligations under the mortgage. Modifications in the mortgage debt and/or the mortgage may be made without notice to the Academy and such modifications will not affect or impair the Academy's subordination in any manner. If requested to do so by the Trustee, the Academy will sign a separate recordable subordination agreement to give public record notice of this subordination. So long as the Academy is not in default under its leasehold obligations (including, in particular, its obligations to make timely lease payments), the Trustee shall not disturb the Academy's leasehold interest. In the event that the Trustee succeeds to the interest of the Foundation under a lease, the Trustee shall be bound by all of the terms and conditions of the lease, and the Academy agrees, from and after such event, to attorn to the Trustee (or to the purchaser at any foreclosure sale of the leasehold real estate), with all rights and obligations under the lease to continue as though the interest of the Academy had not been terminated or such foreclosure proceedings had not been brought, and the Academy will have the same remedies against the Trustee (or the purchaser) for breach of the lease as the Academy would have had against the prior landlord; provided, however, that neither the Trustee (nor the purchaser) are: (a) liable for any act or omission of any prior landlord; or (b) subject to any offsets or defenses which the Academy might have against any prior landlord; or (c) bound by any rent payment which the Academy might have made for more than the current month to any prior landlord; or (d) bound by any amendments or modifications of the lease made without the consent of the Trustee (or the purchaser); or (e) responsible for the retention, application, disposition and/or return of any security deposit paid to any prior landlord, unless the Trustee (or the purchaser) has actually received for its own account as landlord the full amount of the security deposit; or (f) responsible to the Academy in an amount greater than the Trustee's (or purchaser's) interest in the leasehold real estate at the time that the Academy asserts responsibility. Further, the Trustee's liability to the Academy terminates automatically when the mortgage debt is satisfied.

**Section 407. Continuing Obligation**

The obligations of the Academy under this Agreement shall continue in force until payment in full of the Lease Payments, Reserve Fund Payments and Additional Payments.

**Section 408. Assignment by Authority**

The Foundation and the Academy hereby each consent to any assignments now or hereafter made by the Authority of the Authority's rights under this Agreement and acknowledge that no further action or consent by the Academy or the Foundation is necessary to effectuate such an assignment.

**Section 409. Authorized Academy Representative**

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

**Section 410. Obligations of the Foundation and Academy Unconditional**

The obligation of the Academy to pay the Lease Payments shall be an absolute and unconditional general obligation of the Academy and shall not be subject to diminution by set-off, recoupment, counterclaim, abatement or otherwise. Until the Series 2005 Bonds have been fully paid (or provision made therefor) in accordance with the Indenture, the Academy (i) shall not suspend or discontinue any Lease Payments, (ii) shall perform and observe all of its other obligations contained in this Agreement and (iii) shall not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, defect in title to the Premises or the Project, failure to complete the Project, any acts or circumstances that may constitute failure of consideration, destruction of, damage to or condemnation of the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of Michigan or any political subdivision of either, or any failure of the Authority to perform and observe any of its obligations arising out of or connected with the Agreement. It is the intent and expectation of the parties hereto that the Lease Payments will be sufficient for the payment in full of the Series 2005 Bonds, including (i) the total interest to become due and payable on the Series 2005 Bonds to the dates of payment thereof, (ii) the total principal amount of the Series 2005 Bonds, (iii) the redemption premiums, if any, that shall be payable on the redemption of the Series 2005 Bonds prior to their stated payments dates, and (iv) all additional interest, additional principal and any other amounts payable to the Trustee as and when required by the Series 2005 Bonds or this Financing Agreement. In the event, however, of any deficiency in the payment of such amounts regardless of the reason for such deficiency, the Academy agrees that upon notice of the deficiency from the Trustee or the Authority it shall then immediately pay the amount of the deficiency to the Trustee on behalf of the Authority. The obligations of the Academy under this paragraph shall survive the termination of this Financing Agreement and shall not be limited by the terms of the Lease.

#### Section 411. Other Obligations

The Academy covenants and agrees that, without the prior written consent of the Trustee, it will not incur indebtedness for borrowed money, guarantee the obligations of others or incur other pecuniary obligations, except:

- (a) obligations incurred in the ordinary course of business;
- (b) obligations contained in the Management Agreement which are in all respects subordinated in priority to the Lease Payments, Reserve Fund Payments and Additional Payments;
- (c) state aid notes issued pursuant to Act No. 451, Public Acts of Michigan, 1976, as amended;
- (d) obligations being issued to finance or refinance capital improvements which are on a parity of security with the security for the Lease Payments, Reserve Fund Payments and Additional Payments hereunder with respect to the pledged State School Aid, if the Academy delivers to the Trustee, prior to incurring such obligation, a written certificate signed by an Authorized Academy Representative certifying a Historical Coverage Ratio of not less than 1.40 and a Projected Coverage Ratio of not less than 1.40 disregarding for purposes of such



certificate any debt service on the obligation to be incurred expected to be paid with proceeds of such obligation;

- (e) purchase money obligations secured only by the property being financed and a pledge of State School Aid provided that the aggregate amount of such purchase money obligations outstanding at any one time shall not exceed 15% of the State School Aid received by the Academy in the most recently completed Fiscal Year.

Obligations incurred pursuant to Section 4.11(d) may be secured by the Mortgage if (a) the Obligations are acquired or funded with proceeds of Additional Bonds of the Authority, and (b) the facilities being financed or refinanced thereby are also pledged or mortgaged as parity security for Lease Payments, Reserve Fund Payments and Additional Payments.

#### ARTICLE V. OTHER COSTS AND EXPENSES OF THE FOUNDATION AND THE ACADEMY

##### Section 501. Authority Fees and Expenses

The Academy and the Foundation, jointly and severally, covenant and agree to promptly pay the Costs of Issuance (as defined in Section 203(ee)) upon notification by the Authority and to pay the Authority Servicing Fee on January 1 of each year while any of the Series 2005 Bonds remain outstanding.

##### Section 502. Fees and Expenses of Trustee

The Academy and the Foundation, jointly and severally, agree to pay the fees of the Trustee under the Indenture for its services as Trustee in connection with the Series 2005 Bonds, the duties and services of such Trustee being set out in the Indenture, and shall pay the Trustee, in addition, all out-of-pocket counsel fees, taxes and other expenses reasonably incurred by it in performing its duties and in entering into the Indenture. Except to the extent expenses of the Trustee incurred in connection with the issuance of the Series 2005 Bonds are paid from proceeds of sale of the Series 2005 Bonds, all payments for Trustee fees and expenses and paying agent fees shall be promptly paid in accordance with statements rendered by the Trustee, for itself and shall be made directly to the Trustee. The provisions of this Section 502 shall be subject to any agreement as to fees and expenses of the Trustee between the Trustee, the Academy and the Foundation.

##### Section 503. Indemnification of the Authority

(a) The Authority and its members, officers, agents and employees (the "Indemnified Persons") shall not be liable to the Foundation or the Academy for any reason. The Foundation and the Academy, jointly and severally, shall, to the extent permitted by law, indemnify and hold the Authority and the Indemnified Persons harmless from any loss, expense (including reasonable counsel fees) or liability of any nature due to any and all suits, actions, legal or administrative proceedings, or claims arising or resulting from, or in any way connected

with (i) the financing, construction, operation, use or maintenance of the Project, (ii) any act, failure to act or misrepresentation by any person, firm, corporation or governmental agency, including the Authority, in connection with the issuance, sale or delivery of any of the Series 2005 Bonds, (iii) any act or failure to act by the Authority in connection with this Agreement or any other document involving the Authority in this matter, and (iv) the selection and appointment of firms providing services related to the Bond transaction. If any suit, action or proceeding is brought against the Authority or any Indemnified Person, that suit, action or proceeding shall be defended by counsel to the Authority, the Academy or the Foundation, as the Authority shall determine. If the defense is by counsel to the Authority, which is the Attorney General of Michigan or may, in some instances, be private, retained counsel, the Foundation and the Academy, jointly and severally, shall indemnify the Authority and Indemnified Persons for the reasonable costs of that defense, including reasonable counsel fees. If the Authority determines that the Foundation or the Academy shall defend the Authority or Indemnified Persons, the Foundation or the Academy, as determined by the Authority, shall immediately assume that defense at its own cost. Neither the Foundation nor the Academy shall be liable for any settlement of any proceedings made without its consent (which consent shall not be unreasonably withheld).

(b) Neither the Academy nor the Foundation shall be required to indemnify the Authority or any Indemnified Person under subsection (a), if a court with competent jurisdiction finds that the liability in question was caused by the willful misconduct or sole gross negligence of the Authority or the involved Indemnified Person, unless the court determines that, despite the adjudication of liability but in view of all circumstances of the case, the Authority or the Indemnified Person(s) is (are) fairly and reasonably entitled to indemnity for the expenses which the court considers proper.

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

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

#### Section 504. Indemnification of the Trustee

Subject to the limitations described in Section 503, the Foundation and the Academy, jointly and severally, shall, to the extent permitted by law, indemnify and hold the Trustee harmless against any loss, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of the Indenture, including the costs and expense of defense against any such claim of liability. In the event of the occurrence of any claim indemnified against under this paragraph, the Trustee shall promptly notify the Foundation and the Academy of the existence of the claim and shall give the Foundation and the Academy such assistance and cooperation in the defense thereof as may be

reasonably requested. The Foundation and the Academy, jointly and severally, shall defend any such claim through legal counsel of its choice, and the Foundation and the Academy shall have exclusive authority to defend, settle or otherwise dispose of such claim as it deems advisable in the exercise of its sole discretion.

The obligations of the Foundation and the Academy under this Section 504 shall survive any assignment or termination of this Agreement and the resignation or removal of the Trustee.

#### Section 505. Taxes and Other Costs

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

#### Section 506. Authority and Trustee Right to Perform Foundation and Academy Obligations

In the event the Foundation or the Academy shall fail to perform any of its obligations under the Agreement, the Authority and the Trustee may, but shall be under no obligation to, perform such obligation and pay all costs related thereto, and all such costs so advanced by the Authority or the Trustee shall become an additional obligation of the Foundation and the Academy, jointly and severally, to the Authority or the Trustee, secured under the Indenture, payable on demand with interest thereon at 2% per annum in excess of the average rate per annum borne by the Series 2005 Bonds from the date of advancement until payment, but in no event in excess of the maximum rate permitted by law.

#### Section 507. Insurance

The Academy shall continuously insure, or cause to be insured, against such risks and in such amounts with respect to the Project as are generally insured against by businesses of like size and character, including at least, but not limited to:

- (a) All risk property insurance to the extent of the full insurable value of the Project (recognizing that certain portions thereof may not be exposed to certain risks) including without limitation coverage for loss or damage by fire, with standard extended coverage, vandalism and malicious mischief endorsements.
- (b) Public liability insurance with reference to the Project with limits of not less than \$1,000,000 for bodily injury or death per occurrence and \$1,000,000 for property damage per occurrence and with aggregate combined limits of not less than \$2,000,000.

- (c) Workers' compensation insurance, if required under Michigan law, or a program of self-insurance complying with the requirements of Michigan law.
- (d) Builder's all risk insurance during the course of the construction of the Project and during the course of any other construction, renovation or similar undertaking with respect to property covered by the Mortgage.
- (e) Business interruption insurance covering actual loss in operating revenues in an amount not less than \$1,000,000.00

All required insurance policies shall be with qualified insurance companies under Michigan law and may be written with exceptions and exclusions comparable to those in similar policies carried by other businesses engaged in public education and located in the State of Michigan and may be provided as part of so-called blanket coverage policies. Hazard and public liability insurance policies shall name the Authority and the Trustee as additional insureds as their interests may appear, and the Trustee shall also be named as mortgagee and loss-payee. All insurance claims may be adjusted by the Academy only, subject to the written approval of the Trustee, which approval shall not be unreasonably withheld, and all insurance proceeds for loss or damage to the Project shall be payable to the Trustee for deposit in the Revenue Fund or the Proceeds Fund in accordance with the provisions of Section 607. The Academy shall provide the Authority and the Trustee annually with certificates of the respective insurers specifying that the required insurance is in force and effect and shall not expire or be canceled or materially modified except upon thirty (30) days' prior written notice to the Academy, the Authority and the Trustee.

## ARTICLE VI. CONSTRUCTION AND ACQUISITION OF PROJECT

### Section 601. Proceeds Fund Disbursements

Subject to the conditions set forth below and Section 3.3 of the First Supplemental Indenture, unless an Event of Default has occurred and is continuing, the Trustee shall disburse out of the Costs of Issuance Fund and the Proceeds Fund the lesser of (a) the Project Costs paid or incurred or (b) the Series 2005 Bond proceeds deposited in the Costs of Issuance Fund and the Proceeds Fund and investment income in the Costs of Issuance Fund and the Proceeds Fund. Such disbursements shall be used to pay the Project Costs so long as there are moneys in the Costs of Issuance Fund and the Proceeds Fund, upon presentation of a Requisition Certificate executed by the Academy in the form shown on Exhibit B attached hereto or in a form approved by the Authorized Officer of the Authority. The Trustee shall rely fully upon any such Requisition Certificate delivered pursuant to this Section 601 and shall not be required to make any investigation in connection therewith.

No disbursement from the Costs of Issuance Fund or the Proceeds Fund relating to improvements to real property shall be made by the Trustee pursuant to this Agreement unless the Requisition Certificate requesting such disbursement is accompanied by an endorsement to the policy of title insurance delivered to the Trustee pursuant to Section 706 hereof which shall:

- (i) Update such policy to the date of endorsement and not more than six (6) days prior to the date of disbursement;
- (ii) Insure the priority of the Mortgage over filed and unfilled mechanics' and materialmen's liens through the date of endorsement; and
- (iii) Increase the amount of the title insurance in force to include the total amount of the Costs of Issuance Fund or the Proceeds Fund then sought to be disbursed relating to the acquisition of or improvements to real property, together with all prior disbursements relating to the acquisition of or improvements to real property.

In the event the moneys in the Costs of Issuance Fund and the Proceeds Fund are insufficient to pay all Project Costs, the Foundation and the Academy, jointly and severally, nevertheless agree to pay all remaining Project Costs. The Authority does not make any warranty, either expressed or implied, that the moneys which will be paid into the Costs of Issuance Fund and the Proceeds Fund will be sufficient to pay Project Costs.

#### **Section 602. Recovery Under Breach of Warranty**

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

#### **Section 603. Obligation to Complete the Project**

The Foundation shall proceed diligently to complete the Project substantially in accordance with the descriptions which have been provided to the Authority. The Foundation shall make available to the Authority and the Trustee such other information concerning the Project as any of them may reasonably request. The Foundation may revise the plans, subject to the general limitations of this Agreement. The Foundation shall notify in writing the Authority and the Trustee of any material changes in the Project and upon request shall provide the Authority or the Trustee such changes and opinions of counsel as to the conformity of such changes with the general limitations of this Agreement.

#### **Section 604. Completion Certificate**

The Completion Date of the acquisition, construction and installation of the Project and the payment of the entire Project Costs shall be evidenced to the Trustee and the Authority by the Completion Certificate.

**Section 605. Use of Surplus Funds**

As soon as practicable and in any event within 60 days from the date of delivery of the Completion Certificate, the Academy shall direct the Trustee to transfer any balance remaining in the Costs of Issuance Fund and the Proceeds Fund (i.e. "Surplus Bond Proceeds") (other than the amounts retained by the Trustee for payment of any Project Costs not then due and payable or being contested) to the Related Revenue Account, for use in accordance with the Indenture.

**Section 606. Mortgage and Title Insurance**

At or prior to the Closing Date, the Foundation shall execute, deliver and cause to be recorded or provide for the recording of the Mortgage securing performance by the Foundation of its obligations under this Agreement and the payment of the Lease Payments, Reserve Fund Payments and Additional Payments by the Academy and the performance of the Academy's obligations under this Agreement.

At or prior to the Closing Date, the Foundation shall deliver to the Trustee a policy of mortgage title insurance on the Premises subject only to Permitted Encumbrances. The title policy shall provide for title insurance in an amount equal to the acquisition cost of the Premises plus the financed costs of improvements to the Premises, if any.

At the request of the Academy, the Trustee shall release the Mortgage on The Medbury Site upon payment or defeasance in accordance with Section 1401 of the Indenture of the Medbury Applicable Percentage of each maturity of the Series 2005 Bonds.

At the request of the Academy, the Trustee shall release the Mortgage on The Jefferson Site upon payment or defeasance in accordance with Section 1401 of the Indenture of the Jefferson Applicable Percentage of each maturity of the Series 2005 Bonds.

**Section 607. Application of Insurance and Condemnation**

In the event (i) the Project is damaged or destroyed, or (ii) failure of title to all or part of the Project occurs or title to or temporary use of the Project is taken by condemnation or by the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Academy and the Foundation shall promptly give written notice thereof to the Authority and the Trustee. As soon as practicable, but not later than 60 days after such damage or condemnation, the Academy shall elect in writing whether to restore all or part of the Project or to prepay this Agreement. The Academy may only restore all or part of the Project if it demonstrates to the Trustee that (i) it has sufficient money available to it (including insurance proceeds) to undertake such restoration, and (ii) such restoration will not cause interest on the Series 2005A Bonds to be included in gross income for federal income tax purposes. If the Academy chooses to restore all or part of the Project, the Trustee shall deposit the proceeds of such condemnation or insurance in the Proceeds Fund, which shall be reactivated and drawn down in the same manner as provided for the Proceeds Fund in Section 601. If the Academy shall elect to restore the Project, it shall proceed to do so with reasonable dispatch. If the Project shall have been so damaged or destroyed, or if failure of title or condemnation or taking of such part thereof shall have been taken so that the Project may

not be reasonably restored within a period of 12 consecutive months (or such longer period of time as is acceptable to the Trustee) to its condition immediately preceding such damage or destruction or failure of title, or if the Academy is thereby prevented from carrying on its normal operations for a period of 12 consecutive months (or such longer period of time as is acceptable to the Trustee), or if the cost of restoring the Project is reasonably deemed by the Academy to be uneconomic and the Academy abandons the Project, then all proceeds of such insurance or condemnation shall be transferred to the Revenue Fund and used for redemption of the Series 2005 Bonds.

ARTICLE VII.  
FURTHER OBLIGATIONS OF THE FOUNDATION AND THE ACADEMY

Section 701. Compliance With Laws

The Foundation and the Academy, jointly and severally, agree that they shall, throughout the term of the Agreement and at no expense to the Authority, promptly comply or cause compliance with all legal requirements of duly constituted public authorities which may be applicable to the Project or to the repair and alteration thereof, or to the use or manner of use of the Project.

Section 702. Maintenance of Legal Existence Qualification

During the term of the Agreement the Foundation shall maintain its corporate existence and its status as a Tax-Exempt Organization and shall not dissolve or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it without the prior written consent of the Authority.

Section 703. Reports and Access to Projects and Records

The Foundation and the Academy each covenant that promptly, but not later than one hundred twenty (120) days after the close of each Fiscal Year, it will file with the Authority and the Trustee (and upon written request with the original placement agent for the Series 2005 Bonds), in such quantity as the Authority may require, its audited financial statements for such Fiscal Year reflecting in reasonable detail the financial position and results of operation of the Foundation and the Academy, together with the audit report by a certified public accountant or firm of independent certified public accountants of suitable experience and responsibility. The Trustee may rely on the financial statements and certificates delivered to it and shall have no duty to analyze those documents or perform independent calculations.

The Foundation and the Academy each further covenant and agree that it will promptly file with the Authority a copy of all documentation, materials and notices filed by or on behalf of the Foundation pursuant to or in connection with the Continuing Disclosure Agreement or any other continuing disclosure undertaking relating to the Series 2005 Bonds or other debt incurred by or for the benefit of the Foundation or the Academy, respectively.

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

The Academy agrees to file directly with the Trustee: (a) as soon as available and in any event within 45 days after the end of each fiscal quarter (except within 90 days after the end of each fourth fiscal quarter), a copy of the unaudited year-to-date financial and budget reports of the Academy for the fiscal period then ended, including budgeted and actual data on student enrollment, revenues and expenses for such period; (b) as soon as available and in any event within 90 days after the end of each Fiscal Year, an end-of-year report on the operations of the Academy during such year; and (c) within 60 days after the end of each fiscal quarter of the Academy, a certificate of its Authorized Academy Representative (i) setting forth its Debt Service Coverage Ratio for the period of 12 consecutive months ending on the final day of such quarter, and (ii) only if such ratio is less than 1.40, (A) naming the management company engaged to provide recommendations consequent thereon as required by Section 709(b), and (B) reporting on such recommendations and the status and results of the Academy's compliance therewith. The Academy agrees that it shall be deemed to represent to the beneficial owners of the Series 2005 Bonds that all such filings present fairly, in all material respects, the information about the Academy purported to be shown.

#### Section 704. Covenant as to Non-Impairment of Tax-Exempt Status

Notwithstanding any other provision of any rights of the Foundation or the Academy under the Agreement, the Foundation and the Academy each hereby covenants that, to the extent permitted by law, it shall take all actions within its control and that it shall not fail to take any action as may be necessary to maintain the exclusion of the interest on the Series 2005A Bonds from gross income for federal income tax purposes, on behalf of itself and the Authority, including but not limited to, actions relating to the rebate of arbitrage earnings and the expenditure and investment of Series 2005A Bond proceeds and moneys deemed to be Series 2005A Bond proceeds, all as more fully set forth in the Nonarbitrage Certificate.

#### Section 705. Status of Foundation

The Foundation represents and covenants that it is duly organized and validly existing under the laws of the State of Michigan and has the legal power to execute, deliver and perform this Agreement and any other documents required thereby, and to operate and maintain the Project and other educational facilities of the Foundation. The Foundation further represents that it has received a written determination from the Internal Revenue Service that it is a Tax-Exempt Organization, and covenants and agrees (i) that it will not perform any acts or enter into any agreements or omit to perform any act or fulfill any requirement that shall have the effect of prejudicing the Foundation's tax-exempt status under the Code, (ii) that it will maintain, extend and renew its corporate existence under the laws of the State of Michigan and all franchises, rights and privileges to it granted and upon it conferred, and will not do, suffer or permit any act or thing to be done, whereby its right to transact its functions might or could be terminated or its operations and activities restricted or whereby the payment of the Lease Payments might or could be hindered, delayed or otherwise impeded. The Foundation further covenants that it will maintain its tax-exempt status under Federal income tax laws and regulations thereunder and



none of its revenues, income or profits, either realized or unrealized, and none of its other assets or property will be distributed to any of its employees, or inure to the benefit of any private person, association or corporation, other than for the lawful corporate purpose of the Foundation. The Foundation agrees that it will not change its corporate purposes without the prior written consent of the Trustee and the Academy.

**Section 706. Other Indebtedness of Foundation**

Until the Foundation shall have fulfilled all of its obligations under this Agreement, and the Lease Payments and Additional Payments shall have been paid in full, the Foundation will not incur any indebtedness or assume any obligations other than the Lease Payments as and to the extent permitted in the Lease without the prior written consent of the Trustee and the Academy.

**Section 707. Covenant Regarding Bond Purchases**

The Foundation and the Academy each covenant that neither it nor any related person will purchase Series 2005 Bonds in an amount related to the amount of proceeds of such Bonds.

**Section 708. Academy to Maintain Existence**

The Academy covenants and agrees that for so long as any Series 2005 Bond remain outstanding under the Indenture, it shall maintain its existence as a public school academy under Michigan law and shall continue to operate its facilities located at 17195 Redford, City of Detroit (the "Elementary School Campus") as a public school academy which will produce sufficient available revenues to pay the Lease Payments and all other amounts due and owing under this Financing Agreement, the Lease and the Management Agreement. Notwithstanding the foregoing, the Academy shall have the right to cease operations at the Elementary School Campus and obtain from the Trustee a release and discharge of the Mortgage with respect thereto upon (a) prepayment in full of the Lease Payments, and any prepayment premium required by the Authority, relating to the outstanding principal amount of the Series 2005 Bonds issued to provide funds to finance such campus as determined in the sole discretion of the Authority and (b) filing an opinion of Bond Counsel that such prepayment and release will not adversely affect the exclusion of interest on the Series 2005A Bonds from gross income for federal income tax purposes.

**Section 709. Academy to Employ Management Company**

The Academy covenants that, except to the extent the following requirement may be waived in writing by the Trustee, if the Debt Service Coverage Ratio in the period of 12 consecutive months ending on the final day of any fiscal quarter of the Academy is less than 1.40, the Academy (i) will obtain from its then currently employed management company, or, if none, will immediately employ Innovative Teaching Solutions, Inc. (or another qualified management company) to make, written recommendations to the Academy, not less than 60 days after the end of such fiscal quarter, on steps to take to achieve such Debt Service Coverage Ratio, and (ii) will, to the full extent permitted by law, follow such written recommendations. As long

as the Academy complies with the foregoing requirements, even if the described ratio is less than 1.40, that will not constitute a default under this Agreement.

**Section 710. Academy to File Compliance Certificates**

Within 60 days after the end of each fiscal quarter of the Academy, the Academy shall file with the Trustee a certificate of an Authorized Academy Representative certifying whether and how the Academy is in compliance with the provisions of Section 709.

**ARTICLE VIII.  
ACTIONS AFFECTING FOUNDATION AND AUTHORITY;  
INTEREST IN THE AGREEMENT**

**Section 801. Interest in the Agreement**

Neither the Academy nor the Foundation shall assign or transfer its rights or obligations under this Agreement, except as shall be permitted in this Agreement or consented to by the Authority and the Trustee.

**Section 802. Authority Assignment of the Agreement**

The Foundation and the Academy hereby each acknowledges and consents to the assignment and pledge pursuant to the Indenture by the Authority to the Trustee, as additional security for the Series 2005 Bonds, of this Agreement and all of the Authority's rights and powers under this Agreement, including the right to receive Lease Payments (but excluding the rights of the Authority to make all determinations and approvals and receive all notices accorded to it under this Agreement and to enforce in its own name and for its own benefit the provisions of Article V and Section 903 with respect to Authority fees and expenses, and public liability insurance proceeds and indemnity payments as the interests of the Authority shall appear).

**Section 803. Rights of Trustee Hereunder**

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

**Section 804. Authority Compliance With Indenture**

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

**Section 805. Supplements to Indenture**

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

ARTICLE IX.  
EVENTS OF DEFAULT AND REMEDIES

Section 901. Events of Default

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

- (a) Failure by the Academy to make a Lease Payment, Reserve Fund Payment or Additional Payment hereunder when due which remains unpaid on September 21 of any year.
- (b) Failure by the Foundation or the Academy to observe and perform any other obligations in the Agreement or in any other related or collateral documents on its part to be observed or performed for a period of forty-five days after written notice specifying such failure and requesting that it be remedied, given to the Foundation and the Academy by the Authority or the Trustee; provided, however, that if said Default shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if the Default, in the opinion of the Trustee, is correctable without material adverse effect on the Series 2005 Bonds and if corrective action is instituted within such period and diligently pursued until the Default is corrected.
- (c) The dissolution or termination of the Foundation or failure by the Foundation promptly to lift any execution, garnishment or attachment of such consequences as will materially impair its ability to carry out its obligations under the Agreement or the Foundation becomes insolvent or bankrupt, or makes an assignment for the benefit of creditors or consents to the appointment of a trustee or receiver for the Foundation or for the greater part of its properties; or a trustee or receiver is appointed for the Foundation or for the greater part of its properties without its consent and is not discharged within 40 days; or bankruptcy, reorganization or liquidation proceedings are commenced by or against the Foundation, and if commenced against the Foundation are consented to by it or remain undismissed for 40 days; or an order for relief is entered in any bankruptcy proceeding.
- (d) If any representation or warranty made by the Foundation or the Academy in any document delivered by the Foundation or the Academy to the purchaser(s) of the Series 2005 Bonds, the Trustee or the Authority in connection with the issuance, sale and delivery of the Series 2005 Bonds is untrue in any material respect.
- (e) If the Foundation or the Academy shall default under any other agreement for payment of money and such default shall not be cured within any period of grace provided in such agreement, if any, or if the Foundation or the Academy shall assign or convey or attempt to assign or convey any of its rights or obligations under this Agreement except as shall be permitted under the

Agreement, provided, however, that the Foundation or the Academy shall not be in default under this section, if it is contesting in good faith any default under any such other agreement for the payment of money, unless in the estimation of the Trustee the security of the Authority under the Agreement is materially endangered.

- (f) The occurrence of an Event of Default under the Indenture or the Lease.

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

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

#### Section 902. Remedies Upon an Event of Default

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

- (a) Declare all payments under the Agreement (i.e. Lease Payments) to be immediately due and payable, whereupon the payment date for the same shall become immediately accelerated and all such indebtedness shall become immediately due and payable;

- (b) Have access to and inspect, examine and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Foundation and the Academy only, however, insofar as they relate to the Project, the Premises or the Event of Default and remedying thereof;
- (c) Exercise and enforce all or any of its rights under the security interests granted in the Agreement or any related mortgage or security agreement; and/or
- (d) Petition a court of competent jurisdiction for the appointment of a receiver to take possession of and manage and operate all or any part of the assets of the Foundation and the Academy for the benefit of the Authority and the Trustee.

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

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

#### Section 903. Payment of Attorneys' Fees and Other Expenses

In the event the Foundation or the Academy should default under any of the provisions of the Agreement and the Authority and/or the Trustee should employ attorneys or incur other expenses for the collection of the Lease Payments, for the enforcement of performance or observance of any obligation of the Foundation or the Academy in the Agreement or of the foreclosure of any security interests granted in the Agreement, the Foundation or the Academy shall on demand therefor pay to the Authority and/or the Trustee, as the case may be, the reasonable fees of such attorneys and such other reasonable expenses so incurred.

#### Section 904. Limitation on Waivers

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

In the event any agreement contained in the Agreement should be breached by any party and thereafter waived by the other parties, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder nor a waiver of the same breach on a future occasion. By reason of the assignment and pledge of certain of the Authority's rights and interest in the Agreement to the Trustee, the Authority shall have no power to waive or release the Foundation or the Academy from any Event of Default or the performance or observance of any obligation or condition of the Foundation or the Academy under the

Agreement without prior written consent of the Trustee, but shall do so if requested by the Trustee, provided that prior to such waiver or release by the Authority, the Authority shall have been provided with an opinion of bond counsel of nationally recognized standing acceptable to the Authority that such action will not result in any pecuniary liability to it and the Authority shall have been provided such indemnification from the Trustee as the Authority shall deem necessary.

## ARTICLE X. MISCELLANEOUS

### Section 1001. Amounts Remaining in Funds

Any amounts remaining in the Related Revenue Account or the Related Proceeds Account upon expiration or sooner termination of the Agreement after payment in full of the Series 2005 Bonds (or provision therefor) in accordance with the Indenture, and all other costs and expenses of the Authority specified under this Agreement, and all the amounts required to be paid by the Foundation or the Academy under this Agreement and the Indenture shall have been fully paid, shall be applied as provided in the Indenture.

### Section 1002. Notices

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, postage prepaid, return receipt requested, addressed to the Authority, the Academy, the Foundation or the Trustee, as the case may be, at the Authority's Address, the Academy's Address, the Foundation's Address or the Trustee's Address, respectively, or hand delivered to the above at their respective addresses. A duplicate copy of each such notice, certificate or other communication given hereunder to the Authority, the Foundation or the Trustee shall also be given to the others.

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

### Section 1003. Amendment

The Agreement may not be amended or terminated without the prior written consent of the Trustee and the Authority and no amendment to the Agreement shall be binding upon either party hereto until such amendment is reduced to writing and executed by both parties hereto.

### Section 1004. Entire Agreement

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

Section 1005. Binding Effect

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

Section 1006. Severability

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

Section 1007. Execution in Counterparts

The Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 1008. Captions

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

Section 1009. Applicable Law

The Agreement shall be governed in all respects, whether as to validity, construction, performance or otherwise, by the laws of the State of Michigan.

Section 1010. Non-Liability of State

The Agreement shall not be construed to create any liability or indebtedness of the State of Michigan, or of any officer thereof.

Section 1011. Non-Liability of Authorizing Body

The Authority and the Trustee, on behalf of the Bondholders, each understands and agrees that the Authorizing Body has not agreed to assume, undertake or in any way guarantee payment of the Academy's obligations from any source of revenue available to the Authorizing Body, including the administrative fee deducted by the Authorizing Body from the state school aid payments received by the Authorizing Body for the Academy.

Section 1012. Academy and Foundation Bound by Indenture

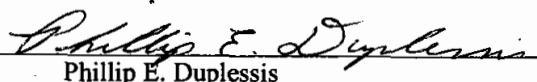
The Indenture has been submitted to and reviewed by the Academy and the Foundation, and the Academy and the Foundation each agrees to be bound by the terms of the Indenture.

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

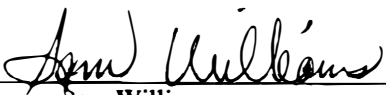
MICHIGAN PUBLIC EDUCATIONAL FACILITIES  
AUTHORITY

By:   
Thomas Metavis  
Its: Executive Director

CLOTHILDE R. SMITH CHARITABLE  
FOUNDATION

By:   
Phillip E. Duplessis  
Its: President

OLD REDFORD ACADEMY

By:   
Sarah Williams  
Its: President



# EXHIBIT A

## Lease Payment Schedule

MONTHLY LEASE PAYMENTS			
Period	Monthly Rent	Monthly Authority Bond Servicing Costs	Total
Jun. 2006 through and including Aug. 2006 (3 payments)	\$65,250.00	\$3,367.00	\$68,617.00
Oct. 2006 through and including July 2007 (10 payments)	75,773.80	1,370.00	\$77,143.80
Oct. 2007 through and including July 2008 (10 payments)	79,835.80	1,380.00	\$81,215.80
Oct. 2008 through and including July 2009 (10 payments)	79,965.30	1,350.00	\$81,315.30
Oct. 2009 through and including July 2010 (10 payments)	79,616.30	1,330.00	\$80,946.30
Oct. 2010 through and including July 2011 (10 payments)	79,546.30	1,300.00	\$80,846.30
Oct. 2011 through and including July 2012 (10 payments)	79,531.30	1,280.00	\$80,811.30
Oct. 2012 through and including July 2013 (10 payments)	79,866.30	1,250.00	\$81,116.30
Oct. 2013 through and including July 2014 (10 payments)	79,831.30	1,230.00	\$81,061.30
Oct. 2014 through and including July 2015 (10 payments)	79,641.30	1,195.00	\$80,836.30
Oct. 2015 through and including July 2016 (10 payments)	79,801.30	1,165.00	\$80,966.30
Oct. 2016 through and including July 2017 (10 payments)	79,938.30	1,130.00	\$81,068.30
Oct. 2017 through and including July 2018 (10 payments)	79,584.00	1,100.00	\$80,684.00
Oct. 2018 through and including July 2019 (10 payments)	79,472.00	1,060.00	\$80,532.00
Oct. 2019 through and including July 2020 (10 payments)	79,786.50	1,025.00	\$80,811.50
Oct. 2020 through and including July 2021 (10 payments)	79,701.30	980.00	\$80,681.30
Oct. 2021 through and including July 2022 (10 payments)	79,832.00	950.00	\$80,782.00
Oct. 2022 through and including July 2023 (10 payments)	79,563.00	895.00	\$80,458.00
Oct. 2023 through and including July 2024 (10 payments)	79,722.50	850.00	\$80,572.50
Oct. 2024 through and including July 2025 (10 payments)	79,901.90	800.00	\$80,701.90
Oct. 2025 through and including July 2026 (10 payments)	79,934.40	750.00	\$80,684.40
Oct. 2026 through and including July 2027 (10 payments)	79,820.00	695.00	\$80,515.00
Oct. 2027 through and including July 2028 (10 payments)	79,558.80	630.00	\$80,188.80
Oct. 2028 through and including July 2029 (10 payments)	79,550.60	580.00	\$80,130.60
Oct. 2029 through and including July 2030 (10 payments)	79,872.10	500.00	\$80,372.10
Oct. 2030 through and including July 2031 (10 payments)	79,693.90	440.00	\$80,133.90
Oct. 2031 through and including July 2032 (10 payments)	79,574.00	360.00	\$79,934.00
Oct. 2032 through and including July 2033 (10 payments)	79,736.00	285.00	\$80,021.00
Oct. 2033 through and including July 2034 (10 payments)	82,500.00	250.00	\$82,750.00
Oct. 2034 through and including July 2035 (10 payments)	92,500.00	0.00	\$92,500.00

EXHIBIT B

REQUISITION CERTIFICATE

TO: U.S. Bank National Association, Trustee, and  
Michigan Public Educational Facilities Authority

FROM: Old Redford Academy (the "Academy")

RE: \$\_\_\_\_\_ Michigan Public Educational Facilities Authority Public School  
Academy Facilities Program Revenue Bonds (Old Redford Academy Project), Series  
2005

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

The undersigned certifies that:

1. The expenditures for which moneys are requisitioned hereby represent proper charges against the Proceeds Fund for the above-named Series 2005 Bonds, have not been included in a previous requisition and have been properly recorded on the Academy's books.
2. The moneys requisitioned hereby are not greater than those necessary to meet obligations due and payable or to reimburse the Academy or the Foundation for its funds actually advanced for the costs of the Project.
3. The moneys requisitioned hereby do not cause the 2% limitation on Costs of Issuance to be exceeded.
4. After payment of moneys hereby requested, there will remain in the Proceeds Fund or otherwise available sufficient funds available to complete the Project.
5. The moneys requisitioned hereby in the amount of \$\_\_\_\_\_ relate to improvements to real property.

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

OLD REDFORD ACADEMY

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

B-1

## EXHIBIT C

The Project consists of the acquisition, installation, construction, reconstruction, renovation, equipping and furnishing of educational facilities located on the land described below.

The land consists of parcels of land located in the City of Detroit, Wayne County, Michigan, described in the Mortgage and Exhibit A to the Lease.

EXHIBIT D

COMPLETION CERTIFICATE

TO: Michigan Public Educational Facilities Authority (the "Authority") and  
U.S. Bank National Association (the "Trustee")

FROM: Old Redford Academy (the "Academy")

RE: \$ \_\_\_\_\_ Michigan Public Educational Facilities Authority Public School  
Academy Facilities Program Revenue Bonds (Old Redford Academy Project)  
Series 2005

The undersigned does hereby certify:

1. The construction, installation, equipping and furnishing of the Project have been completed in accordance with the descriptions submitted to the Authority and in such manner as to conform with all requirements of the Agreement, as of the date of this Certificate (the "Completion Date").

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

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

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

(b) Payments being contested:

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

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

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

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

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

OLD REDFORD ACADEMY

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

**BOND PURCHASE AGREEMENT**

by and among

**MICHIGAN PUBLIC EDUCATIONAL FACILITIES AUTHORITY**

and

**OLD REDFORD ACADEMY**

and

**CLOTHILDE R. SMITH CHARITABLE FOUNDATION**

and

**NATCITY INVESTMENTS, INC.**

**Dated: December 8, 2005**

**Relating to:**

**\$10,865,000**

**MICHIGAN PUBLIC EDUCATIONAL FACILITIES AUTHORITY  
LIMITED OBLIGATION REVENUE BONDS  
(OLD REDFORD ACADEMY PROJECT), SERIES 2005A**

and

**\$245,000**

**MICHIGAN PUBLIC EDUCATIONAL FACILITIES AUTHORITY  
LIMITED OBLIGATION REVENUE BONDS  
(OLD REDFORD ACADEMY PROJECT), SERIES 2005B  
FEDERALLY TAXABLE**

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## **BOND PURCHASE AGREEMENT**

\$10,865,000

MICHIGAN PUBLIC EDUCATIONAL FACILITIES AUTHORITY  
LIMITED OBLIGATION REVENUE BONDS  
(OLD REDFORD ACADEMY PROJECT), SERIES 2005A

and

\$245,000

MICHIGAN PUBLIC EDUCATIONAL FACILITIES AUTHORITY  
LIMITED OBLIGATION REVENUE BONDS  
(OLD REDFORD ACADEMY PROJECT), SERIES 2005B  
FEDERALLY TAXABLE

This Bond Purchase Agreement is dated December 8, 2005, by and among the Michigan Public Educational Facilities Authority (the "Issuer"), Old Redford Academy, a Michigan public school academy (the "Academy"), the Clothilde R. Smith Charitable Foundation (the "Foundation"), and NatCity Investments, Inc., as managing underwriter, on behalf of itself and Robert W. Baird & Co. Incorporated (collectively, the "Underwriter").

### **1. Background.**

(a) The Foundation has requested that the Issuer issue its Limited Obligation Revenue Bonds (Old Redford Academy Project), Series 2005A in the aggregate principal amount of \$10,865,000 (the "Tax Exempt Bonds") and its Limited Obligation Revenue Bonds (Old Redford Academy Project), Series 2005B Federally Taxable in the aggregate principal amount of \$245,000 (the "Taxable Bonds" and together with the Tax Exempt Bonds, the "Bonds").

(b) The Bonds will be issued under a Master Indenture, dated as of December 1, 2005 (the "Master Indenture"), between the Issuer and U.S. Bank National Association, as Trustee (the "Trustee"), as supplemented by a First Supplemental Indenture, dated as of December 1, 2005 (the "First Supplemental Indenture" and together with the Master Indenture, the "Indenture"). The proceeds of the Bonds will be used to (i) pay capitalized interest; (ii) fund a debt service reserve fund; (iii) pay certain costs of issuance relating to the Bonds, including, without limitation, the costs of preparing and reproducing or printing the Indenture, the Academy Documents (as defined below), the Bonds, the Bond Resolution and any other resolutions of the Issuer, the Official Statement, the expenses, if any, incurred in connection with the qualification of the Bonds under state securities laws, administrative fees, Underwriter's fees, the fees and disbursements of Bond Counsel and Underwriter's counsel, the fees and disbursements of the Academy's Counsel, the Trustee's fees, and the Issuer's fee; and (iv) purchase the right to receive lease payments from the Academy under the Lease Financing Agreement (as defined below)(collectively, the "Project").



(c) The Lease Financing Agreement dated December 1, 2005 (the "Lease Financing Agreement"), among the Authority, the Academy, and the Foundation will be entered into for the purpose of financing the costs of (i) the acquisition of land and an existing approximately 20,000 square foot school building, (ii) the partial demolition of the existing school building, (iii) the construction of approximately 60,000 square feet of new space in replacement thereof and in addition thereto; and (iv) the renovation, furnishing and equipping thereof, all to be located at 17195 Redford, City of Detroit, Wayne County, Michigan 48219 and occupied by the Academy for use as a public school academy (collectively, the "Facility").

(d) The Foundation will acquire the Facility pursuant to the terms of the Lease Financing Agreement and the Academy will lease the Facility from the Foundation pursuant to a Lease Agreement dated December 1, 2005 (the "Lease"). The Foundation's right to receive periodic payments and exercise remedies under the Lease Financing Agreement will be assigned by the Foundation to the Issuer pursuant to the terms of the Lease Financing Agreement. The Academy's assigned lease payments under the Lease Financing Agreement (the "Academy Repayments") will be sufficient to pay the principal of, premium, if any, and interest on the Bonds when due.

(e) The Bonds will be issued pursuant to Executive Order No. 2002-3, compiled at §12.192 of the Michigan Compiled Laws, the Shared Credit Rating Act, Act No. 227 of the Public Acts of 1985 of the State, as amended, and the Michigan Strategic Fund Act, Act No. 270, Public Acts of Michigan, 1984, as amended (collectively, the "Enabling Legislation"), and a resolution of the Issuer adopted on November 28, 2005 (as further described in subparagraph (b)(1) of Paragraph 2 hereof, the "Bond Resolution"), will mature and are to bear interest as set forth in Exhibit A attached hereto (the Bonds being more fully described in the Official Statement hereafter mentioned).

(f) In order to secure the Academy's obligation to make payments under the Lease Financing Agreement, the Academy will irrevocably assign a portion of the state school aid funds to be received by the Academy from the State of Michigan during each fiscal year (the "State Aid Payments"). Pursuant to the terms of the State Aid Agreement entered into by and among the Academy, the Trustee, the Issuer, the State Treasurer of the State of Michigan and Central Michigan University, as the Academy's authorizing body and fiscal agent, dated as of December 1, 2005 (the "State Aid Agreement"), the State Aid Payments will be paid to the Trustee and disbursed in accordance with the terms of the Indenture. The Lease Financing Agreement, the Indenture, the State Aid Agreement and this Bond Purchase Agreement are sometimes hereafter collectively referred to as the "Academy Documents."

(g) It is intended that the Project will conform with the provisions of the laws of the State of Michigan, including the Enabling Legislation, and that the Underwriter may offer the Bonds to the public without registration of any security under the Securities Act of 1933, as amended (the "Securities Act") or the Investment Company Act of 1940, as amended (the "Investment Company Act") or qualification of any indenture under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act").

(h) The Issuer acknowledges that the Underwriter proposes to make a public offering of the Bonds. Such offering will be made pursuant to an Official Statement relating to the Bonds as it may be amended or supplemented.

2. Purchase and Sale.

(a) Upon the terms and conditions and upon the basis of the representations, warranties and covenants set forth herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter, all (but not less than all) of the Bonds, which are to mature, to bear interest, and to be subject to redemption prior to maturity as set forth in Exhibit A attached hereto, at an aggregate purchase price equal to \$10,826,454.00 which equals the par value of the Bonds of \$11,110,000.00, less the Underwriter's discount of \$222,200.00, less a net original issue discount of \$61,346.00. As a condition precedent to the purchase and sale of the Bonds, the Issuer, the Academy and the Foundation agree to enter into the Lease Financing Agreement.

(b) At the Closing (as defined in Paragraph 9 below) the Issuer, the Foundation and/or the Academy shall deliver or cause to be delivered to the Underwriter, together with such reasonable number of certified copies thereof as it may request:

(1) A copy of the resolution authorizing execution of this Bond Purchase Agreement by the Issuer, issuance and delivery of the Bonds and execution and delivery of the Indenture and the Lease Financing Agreement certified by an officer of the Issuer as having been duly adopted by the Issuer and being in full force and effect as of the Closing Date (as defined in Paragraph 9 hereof).

(2) An executed copy of the Indenture.

(3) An executed copy of the Lease Financing Agreement.

(4) An executed copy of the State Aid Agreement.

(5) A request and authorization to the Trustee on behalf of the Issuer and signed by the Executive Director or other duly authorized official of the Issuer to authenticate and deliver the Bonds to Cede & Co., as nominee for DTC, upon payment to the Trustee, for the account of the Authority, of a sum specified in such request and authorization; and the proceed of such payment shall be paid to the Trustee and deposited pursuant to, and as specified in, the Indenture; and

(6) Such other documents, opinions and certificates referred to herein, duly executed and delivered.

(c) The Academy and the Foundation consent to and ratify the distribution by the Underwriter of the Preliminary Official Statement and consent to the distribution by the Underwriter of the Official Statement, as appropriate in connection with the offer and sale of the Bonds.

3. Issuer's Representations and Warranties.

The Issuer makes the following representations and warranties:

(a) The Issuer is and will be at the Closing Date duly organized and existing as a public body corporate and politic under and by virtue of the laws of the State of Michigan, including the Enabling Legislation.

(b) The Issuer has full legal right, power and authority (i) to adopt the Bond Resolution, (ii) to enter into this Bond Purchase Agreement, the Lease Financing Agreement, the State Aid Agreement and the Indenture, (iii) to issue, sell and deliver the Bonds to the Underwriter as provided herein, provided that the Governor of the State of Michigan (the "Governor") issues her approval letter for the Tax Exempt Bonds, and (iv) to carry out and consummate all other transactions contemplated by each of the aforesaid documents, and the Issuer has complied with the provisions of the Enabling Legislation in all matters relating to such transactions.

(c) The Issuer has duly authorized the execution, delivery and due performance of this Bond Purchase Agreement, the Indenture, the State Aid Agreement and the Lease Financing Agreement, the delivery of the Official Statement and the taking of any such action as may be required on the part of the Issuer to carry out, give effect to and consummate the transactions contemplated by such instruments.

(d) The Bond Resolution has been duly adopted by the Issuer and is in full force and effect and constitutes the legal, valid and binding action of the Issuer, and this Bond Purchase Agreement, the Indenture, the State Aid Agreement and the Lease Financing Agreement, when executed and delivered by the parties thereto, will constitute legal, valid and binding obligations of the Issuer, except as limited by applicable insolvency, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally, and except to the extent that the enforceability thereof may be limited by application of general principles of equity.

(e) When delivered to and paid for by the Underwriter at the closing in accordance with the provisions of this Bond Purchase Agreement, the Bonds will have been duly authorized, executed, issued and delivered and, assuming due authentication, will constitute legal, valid and binding limited obligations of the Issuer, except as limited by applicable insolvency, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally, of the character referred to in the Enabling Legislation, in conformity with, and entitled to the benefit and security of the Enabling Legislation, the Indenture and the Lease Financing Agreement; provided, however, that the Bonds and the interest obligation thereon shall never constitute a debt or liability of the State or any agency or employee thereof within the meaning of any constitutional or statutory provision or limitation or a general obligation of the Issuer and shall never create or constitute any indebtedness, liability or obligation of the State or constitute a pledge of the faith and credit of the State or the general funds or assets of the Issuer (including funds pertaining to other loans or activities) but shall be a limited obligation of the Issuer payable solely from the Security, as defined in the Indenture.

(f) No consents or authorizations of or by any governmental or public agency, authority or person (except as may be required under the securities or “blue sky” laws of any state and the Governor’s approval letter for the Tax Exempt Bonds) not already obtained are required by the Issuer in connection with the issuance and sale of the Bonds, the execution and delivery of, or the performance of its obligations under, this Bond Purchase Agreement, the Bonds, the Indenture, the State Aid Agreement and the Lease Financing Agreement.

(g) The execution, delivery and performance of this Bond Purchase Agreement and of the Indenture, the Bonds, the State Aid Agreement and the Lease Financing Agreement and compliance with the provisions of each of such instruments, will not conflict with or constitute a breach of, or a default under, any commitment, agreement or other instrument to which the Issuer is a party or by which it is bound, or under any existing law, regulation, judgment, order or decree to which the Issuer is subject.

(h) There is no action, suit, proceeding or investigation, at law or in equity, or before any court, public board or body, served upon the Issuer, or to the best of the knowledge of the Issuer, threatened or otherwise affecting the Issuer, wherein an unfavorable decision, ruling or finding would materially and adversely affect the transactions contemplated by this Bond Purchase Agreement or which would in any way adversely affect the validity or enforceability of the Bonds, the Indenture, the State Aid Agreement and the Lease Financing Agreement or this Bond Purchase Agreement (or any other instrument which is executed by the Issuer which is required or contemplated for use in consummating the transactions contemplated thereby).

(i) Any certificate relating to the Bonds signed by any authorized representative of the Issuer and delivered to the Underwriter at or before the Closing Date shall be deemed a representation and warranty by the Issuer to the Underwriter as to the truth of the statements therein contained.

(j) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Issuer is a bond issuer whose arbitrage certifications may not be relied upon.

(k) The information contained under the heading “THE ISSUER” in the Preliminary Official Statement and the Official Statement, as of their respective dates, is true and correct and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(l) Each of the representations and warranties of the Issuer contained in the Lease Financing Agreement and in the Indenture are true and correct on and as of the date hereof and are hereby made to the Underwriter on and as of the date hereof as if set forth herein at length.

4. Academy and Foundation Representations and Warranties.

The Academy and the Foundation make the following representations and warranties:

(a) The material appearing in the Preliminary Official Statement and the Official Statement including the exhibits thereto (the "Official Statement"), and any amendment or supplement that may be authorized by the Academy or the Foundation for use with respect to the Bonds (other than the information contained in the sections captioned "THE ISSUER", "THE BONDS - Book-Entry-Only System", "UNDERWRITING", EXHIBIT E and EXHIBIT F as to which no representation is made) (hereinafter referred to as the "Academy's portion of the Official Statement," as the case may be) does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect.

(b) The Academy has taken or has caused to be taken all necessary action for execution and delivery of the Academy Documents and each will be a legal, valid and binding obligation of the Academy enforceable in accordance with its terms (except as limited by applicable insolvency, reorganization, moratorium and similar laws in effect from time to time and affecting the rights of creditors, generally, and except to the extent that the enforceability thereof may be limited by applicable insolvency, reorganization, moratorium and similar laws in effect from time to time and by the application of general principles of equity) and the performance by the Academy thereunder does not and will not conflict with or result in a breach of any of the unwaived provisions of, or constitute a default under, any agreement or instrument by which the Academy is bound, including, without limitation, the Academy's Articles of Incorporation, Bylaws and its Charter contract with Central Michigan University, or result in a violation of law, administrative regulation or court decree to which the Academy or any of its property is subject.

(c) The Academy (i) is a nonprofit corporation and has been duly organized and is now validly existing and in good standing as a public school academy under the laws of the State of Michigan and (ii) has duly and validly obtained all certificates, licenses and permits from all public authorities, federal, state or local, as are now required by such authorities to enable it to carry on its business as and where now conducted, and no other approvals are needed for the Project other than those which the Academy needs and expects to obtain in connection with the acquisition and installation of the Project.

(d) The Academy Repayments will be sufficient to pay the principal of, premium, if any, and interest on the Bonds when due.

(e) Neither the Securities and Exchange Commission nor any state securities administrator has issued and delivered to the Academy or, to the best of the Academy's knowledge, is threatening to issue any order preventing or suspending the use of the Official Statement or the issue, offer or sale of the Bonds.

(f) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body, known by the Academy to be pending or threatened against or affecting the Academy or the Foundation, nor to the best of the knowledge

of the Academy is there any basis therefore, wherein an unfavorable decision, ruling or finding would, in any way, materially adversely affect the transactions contemplated by the Bond Purchase Agreement or the Official Statement or which, in any way, would adversely affect the validity or enforceability of the Bonds, the Indenture, the Bond Purchase Agreement, or the Academy Documents.

(g) The Academy will not take or omit to take any action which action or omission would in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided for in the Lease Financing Agreement.

(h) Any Certificate signed by an authorized officer of the Academy or the Foundation and delivered to the Issuer or the Underwriter shall be deemed a representation and warranty by the Academy or the Foundation, as the case may be, to such parties as to the statements made therein.

(i) The Foundation has taken or has caused to be taken all necessary action for execution and delivery of the Lease Financing Agreement and all other documents to be entered into by the Foundation pursuant to the issuance of the Bonds (the "Foundation Documents") and each will be a legal, valid and binding obligation of the Foundation enforceable in accordance with its terms (except as limited by applicable insolvency, reorganization, moratorium and similar laws in effect from time to time and affecting the rights of creditors, generally, and except to the extent that the enforceability thereof may be limited by applicable insolvency, reorganization, moratorium and similar laws in effect from time to time and by the application of general principles of equity) and the performance by the Foundation thereunder does not and will not conflict with or result in a breach of any of the unwaived provisions of, or constitute a default under its articles of incorporation or bylaws or, any agreement or instrument by which the Foundation is bound, or result in a violation of law, administrative regulation or court decree to which the Foundation or any of its property is subject.

(j) The Foundation (i) is a nonprofit corporation and has been duly organized and is now validly existing and in good standing under the laws of the State of Michigan and (ii) has duly and validly obtained all certificates, licenses and permits from all public authorities, federal, state or local, as are now required by such authorities to enable it to carry on its business as and where now conducted, and no other approvals are needed for the Project other than those which the Foundation needs and expects to obtain in connection with the acquisition and installation of the Project.

(k) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body, known by the Foundation to be pending or threatened against or affecting the Academy or the Foundation, nor to the best of the knowledge of the Foundation is there any basis therefore, wherein an unfavorable decision, ruling or finding would, in any way, materially adversely affect the transactions contemplated by the Bond Purchase Agreement or the Official Statement or which, in any way, would adversely affect the validity or enforceability of the Bonds, the Indenture, the Bond Purchase Agreement, the Lease Financing Agreement or the Lease.

(l) The Foundation will not take or omit to take any action which action or omission would in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided for in the Lease Financing Agreement.

5. Covenants of the Issuer.

The Issuer covenants as follows:

(a) The Issuer will observe all covenants of the Issuer in the Indenture and the Lease Financing Agreement.

(b) The Issuer will reasonably cooperate with the Underwriter in qualifying the Bonds for offer and sale under the securities or blue sky laws of such jurisdiction of the United States as the Underwriter may request; provided, however, that the Issuer shall not be obligated to consent to service of process, be subject to taxation in any such jurisdiction or be required to pay any costs or expenses of qualification of the Bonds in any such jurisdiction.

6. Covenants of the Academy and the Foundation.

The Academy and the Foundation covenant as follows:

(a) The Academy and the Foundation will cooperate with the Underwriter in qualifying the Bonds for offer and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may reasonably request; provided, however, that neither the Academy nor the Foundation shall be obligated to consent to service of process in any such jurisdiction, qualify as a foreign corporation, or be subject to taxation in any such jurisdiction.

(b) Before amending or supplementing the Official Statement, the Academy or the Foundation, as the case may be, will furnish to the Underwriter a copy of each such proposed amendment or supplement. No amendment or supplement to the Official Statement will contain material information substantially different from that contained in the Official Statement on the date it was issued which is unsatisfactory in form or substance to the Underwriter unless such information is required by law.

(c) The Academy and the Foundation will take such action as may be reasonably requested to facilitate the timely consummation of the transactions contemplated by this Bond Purchase Agreement.

(d) The Academy and the Foundation will operate and maintain the Project as provided in and subject to all the terms and provisions of the Lease Financing Agreement and will observe all covenants in the Lease Financing Agreement.

(e) The Academy and the Foundation will not take any action or permit any action to be taken, or cause or permit any circumstance within its control to arise or continue, if such action would adversely affect the exclusion of interest on the Tax Exempt Bonds from gross income for federal tax purposes.

(f) In the event the Bonds are not delivered by the Issuer to the Underwriter, the Academy will pay the reasonable expenses to be paid by it pursuant to Paragraph 12 hereof.

7. Additional Covenants of the Parties.

The Issuer, the Underwriter, the Academy and the Foundation agree to advise each other promptly of the institution of any proceeding by any government agency or of any other material occurrence affecting the use of the Official Statement in connection with the offer and sale of the Bonds.

8. Indemnification.

(a) To the extent permitted by law, the Academy and the Foundation agree to indemnify and hold harmless the Underwriter and each person, if any, who controls the Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the 1934 Act (each an "Indemnified Party") against any and all losses, claims, damages, liabilities, joint or several, and expenses (including reasonable costs of investigation) to which any Indemnified Party may become subject, insofar as such losses, claims, damages, liabilities or actions in respect thereof caused by any untrue statement or alleged untrue statement of a material fact contained in the Academy's portion of the Official Statement or in any amendment or supplement thereto, or caused by any omission or alleged omission to state therein a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Academy's duty to indemnify and hold the Issuer harmless is specified in, and is controlled by, Section 503 of the Lease Financing Agreement, the provisions of which are incorporated herein notwithstanding that the Lease Financing Agreement has not been executed as of the date hereof.

(b) If any action or claim shall be brought or asserted against the Underwriter or any person so controlling the Underwriter based upon the Official Statement or any amendment or supplement thereto and in respect of which indemnity may be sought from the Academy or the Foundation pursuant to subparagraph (a) of this Paragraph 8, the Underwriter or such person shall promptly notify the Academy and the Foundation in writing, and the Academy or the Foundation shall assume the defense thereof, including the employment of counsel and the payment of all expenses. The Underwriter and such person shall have the right to employ separate counsel in any such action and participate in the defense thereof, but such employment of separate counsel shall be at the expense of the Underwriter or such person, as the case may be, unless (i) the employment thereof has been specifically authorized by the Academy and the Foundation, or (ii) the Academy and the Foundation have failed to assume the defense and employ counsel, or (iii) the named parties to any such action (including any impleaded parties) include both the Underwriter or such person and the Academy and the Foundation, and the Underwriter or such person shall have been advised by such counsel that there may be one or more legal defenses available to it which are inconsistent with those available to the Academy and the Foundation (in which case the Academy and the Foundation shall not have the right or obligation to assume the defense of such action on behalf of the Underwriter or such person), it being understood, however, that the Academy and the Foundation shall not, in connection with any such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and



expenses of more than one separate firm of attorneys for the Underwriter and controlling persons, which firm shall be designated in writing by the Underwriter. The Academy and the Foundation shall not be liable for any settlement of any such action effected without its written consent, but if settled with the written consent of the Academy and the Foundation, or if there be a final judgment for the plaintiff in any such action, the Academy and the Foundation agree to indemnify and hold harmless the Underwriter and any such controlling person from and against any loss or liability by reason of such settlement and judgment.

(c) The Underwriter agrees to indemnify and hold harmless the Academy and the Foundation to the same effect as the foregoing indemnity from the Academy and the Foundation to the Underwriter, but only with respect to information furnished in writing by or on behalf of the Underwriter expressly for use in connection with the Official Statement.

In case any action or claim shall be brought against the Academy or the Foundation based upon the Official Statement, and in respect of which indemnity may be sought from the Underwriter, the Underwriter shall have the rights and duties given to the Academy and the Foundation, and the Academy and the Foundation shall have the rights and duties given to the Underwriter by subparagraph (b) of this Paragraph 8. The indemnity agreement of this subparagraph (c) shall extend upon the same terms and conditions to each officer of the Academy and the Foundation and to each person, if any, who controls the Academy or the Foundation within the meaning of the Securities Act of 1933.

(d) The indemnity agreements contained in this Paragraph 8 and the representations and warranties of the Academy and the Foundation set forth in Paragraph 4 shall remain operative and in full force and effect after the Closing Date, regardless of any investigation made by or on behalf of the Underwriter or any person so controlling the Underwriter or by or on behalf of the Academy or the Foundation. A successor of the Underwriter, the Foundation or the Academy, as the case may be, shall be entitled to the benefits of the indemnity agreements contained in this Paragraph 8.

9. The Closing.

On December 13, 2005 (the "Closing Date"), or on such other business day as shall have been agreed upon by the Issuer, the Academy and the Underwriter, the Issuer will deliver the Bonds to the Underwriter through the facilities of The Depository Trust Company ("DTC"), in New York, New York, duly executed and authenticated, and the Underwriter will accept delivery and pay the purchase price of the Bonds as set forth herein, in immediately available funds if the Closing occurs no later than 1:00 p.m., Bloomfield Hills, Michigan time, on the Closing Date, payable to the order of the Trustee for the account of the Issuer. Delivery of documents (other than the Bonds and payments as aforesaid) shall be made at the offices of Dickinson Wright PLLC, Bloomfield Hills, Michigan. Such payment and delivery is hereinafter called the "Closing," and such date and time are called the "Closing Date." The Bonds shall bear proper CUSIP numbers (provided, however, that neither the failure to print such numbers on any of the Bonds nor any error with respect to such numbers shall constitute cause for a failure or refusal by the Underwriter to accept the delivery of or pay for the Bonds in accordance with the terms of this Agreement), and shall be delivered on the Closing Date to DTC, in registered form as one

bond per maturity registered in the name of Cede & Co. The Bonds will be made available through DTC at least 24 hours before the Closing Date.

10. Conditions of the Underwriter's Obligations.

The Underwriter's obligation hereunder to purchase and pay for the Bonds shall be subject to the performance by the Issuer of its obligations and agreements to be performed hereunder at or prior to the Closing; to the performance by the Academy of its obligations and agreements to be performed hereunder at or prior to the Closing; and to the accuracy in all material respects of the representations and warranties of the Issuer and the Academy contained herein as of the date hereof and as of the Closing Date, as set forth in or contemplated by the Official Statement, and shall also be subject to the following conditions:

(a) On the Closing Date, the Indenture, the Academy Documents, and the Bond Resolution shall be in full force and effect, and the Indenture, the Academy Documents, the Official Statement and the Bond Resolution shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter.

(b) The Bonds shall have been duly authorized, executed and authenticated in accordance with the provisions of the Indenture.

(c) (1) There shall not have been any outbreak or escalation of major hostilities, nor shall there have occurred any other national or international calamity or crisis, the effect of such outbreak, escalation, calamity or crisis on the financial markets of the United States of America being such as, in the opinion of the Underwriter, would make it impracticable for the Underwriter to sell the Bonds, (2) nor shall there have occurred a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by United States or Michigan state authorities, (3) nor shall there have been any material adverse change or any development involving such prospective material adverse change in the affairs, operations, business, financial condition or prospects of the Academy or the Foundation or the financial or securities markets which, in the reasonable opinion of the Underwriter, either (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (ii) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading.

(d) No order, decree or injunction of any court of competent jurisdiction, nor any order, ruling, regulation or Offering Circular by the Securities and Exchange Commission or any state securities administrator, shall have been made with the purpose or effect of prohibiting or limiting the issuance, offering or sale of the Bonds as contemplated hereby.

(e) On or prior to the Closing Date, the Underwriter shall have received the following documents:

(1) A copy of the resolution authorizing execution of this Bond Purchase Agreement by the Issuer, issuance and delivery of the Bonds and execution and delivery of the Indenture and the Lease Financing Agreement certified by an officer of the Issuer as having been duly adopted by the Issuer and being in full force and effect on the date hereof;

- (2) Each of the documents referred to in Paragraph 2(b) hereof;
- (3) The approving and supplemental opinions, dated the Closing Date, of Dickinson Wright PLLC, Bloomfield Hills, Michigan, as bond counsel ("Bond Counsel");
- (4) The approving opinion, dated the Closing Date, of the Attorney General of the State of Michigan;
- (5) The opinions, dated the Closing Date, of (i) Clark Hill PLC, Birmingham, Michigan, as counsel for the Underwriter, (ii) Collins & Blaha, Southfield, Michigan, as counsel to the Academy, and (iii) the Trustee, in form and substance satisfactory to the Issuer and its counsel, the Attorney General of the State of Michigan, the Underwriter, counsel to the Underwriter, and Bond Counsel;
- (6) A closing certificate, dated the Closing Date, signed by an authorized officer of the Issuer, to the effect that:
- (A) the Bond Resolution has not been amended, modified or supplemented and remains in full force and effect;
- (B) each of the representations and warranties of the Issuer set forth in Paragraph 3 hereof are true, accurate and complete in all material respects as of the Closing Date; and
- (C) each of the agreements of the Issuer as set forth in this Bond Purchase Agreement to be complied with at or prior to the Closing Date has been complied with.
- (7) A closing certificate, dated the Closing Date, signed by the Academy's authorized representative to the effect that:
- (A) The representations and warranties contained herein are true and correct and that the Academy has complied with all its agreements herein contained;
- (B) The material appearing in the Academy's portion of the Official Statement does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect;
- (C) No event has occurred and is continuing which with the lapse of time or the giving of notice, or both, would constitute an Event of Default by the Academy under the Academy Documents.
- (8) A certificate, dated the Closing Date, signed by an authorized officer or officers of the Trustee, to the effect that the Trustee is a national banking association, duly organized and existing under the laws of the United States, and has full power and authority to conduct its activities, to execute, deliver and perform its obligations under the Indenture, and to carry out the transactions contemplated thereby; and that the Indenture constitutes the legal,

valid and binding obligation of the Trustee enforceable against the Trustee in accordance with its terms except as limited by (i) bankruptcy, insolvency, reorganization, moratorium or other laws relating to, or affecting generally, the enforcement of creditors' rights and remedies, and (ii) the availability of equitable remedies, including specific performance and injunctive relief.

(9) A closing certificate, dated the Closing Date, signed by an authorized officer of the Foundation.

(10) A closing certificate, dated the Closing Date, signed by an authorized officer of Central Michigan University, as the Academy's authorizing body.

(11) The organizational documents of the Academy, certified by an authorized officer of the Academy.

(12) Letter confirming that the Bonds have been rated BBB- by Standard & Poor's Ratings Services.

(13) A letter from the Academy's auditors consenting to the inclusion of the Academy's audited financial statements and auditors letter for the year ending June 30, 2005, as an appendix to the Official Statement.

(14) An executed copy of the Continuing Disclosure Agreement.

(15) Evidence of the Governor's issuance of the requisite approval letter for the Tax Exempt Bonds.

(16) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may deem necessary to evidence the truth and accuracy as of the Closing Date of the Issuer's, the Foundation's and the Academy's representations herein contained and the due performance or satisfaction by the Issuer, the Foundation and the Academy at or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the Issuer, the Foundation and the Academy, respectively.

If the Issuer or the Academy shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate, and neither the Underwriter nor the Issuer shall be under further obligation hereunder.

11. Conditions of the Issuer's Obligations.

The Issuer's obligations hereunder to sell and deliver the Bonds shall be subject to the performance by the Underwriter of its obligations to be performed hereunder at or prior to the Closing; to the performance by the Academy and the Foundation of the obligations and agreements to be performed by them at or prior to the Closing hereunder and to the accuracy in all material respects of the representations and warranties of the Underwriter, the Foundation and the Academy contained herein as of the date hereof and as of the Closing Date, as set forth in or

contemplated by the Official Statement, and shall also be subject to the Issuer having received, at or prior to the Closing Date, the following documents:

- (a) The opinions of counsel referred to in Paragraphs 10(e)(3)-(5) hereof; and
- (b) The certificates described in Paragraphs 10(e)(7)-(10) hereof; and
- (c) The approval letter described in Paragraph 10(e)(15) hereof.

12. Payment of Expenses.

(a) Whether or not the Bonds are delivered by the Issuer to the Underwriter, the Underwriter shall be under no obligation to pay any expenses incident to the performance of the obligations of the Issuer hereunder except for those expenses authorized in advance by the Underwriter in writing. All reasonable expenses and costs incident to the authorization, issuance, printing, sale and delivery, as the case may be, of the Bonds, the Indenture, and the Academy Documents shall be paid by the Academy, including without limitation (i) the preparation and printing of the Official Statement; (ii) any documentary, stamp or other transfer taxes in connection with the original issue of the Bonds hereunder; (iii) all filing, registration and recording fees and expenses; (iv) the Trustee's fees; (v) the Issuer's fees; (vi) the fees and disbursements of Bond Counsel and Underwriter's counsel; (vii) the fees and expenses, if any, related to the blue sky qualification of the Bonds and the costs related thereto; (viii) CUSIP fees; (ix) fees of The Depository Trust Company; and (x) the interest carrying costs arising in connection with the transaction contemplated hereunder as a result of the receipt by the Underwriter of clearing house funds and the same day payment by the Underwriter of immediately available federal funds.

(b) Any liability of the Issuer under this Bond Purchase Agreement or any certificates rendered hereunder or in connection herewith shall be limited to the security and source of payment pledged for payment of principal of and interest on the Bonds under the Indenture, and in the event the transactions contemplated by this Bond Purchase Agreement do not take place, regardless of the reason therefor, the Issuer shall have no liability whatsoever.

(c) The Issuer shall be under no obligation to pay any fees or expenses incident to this Bond Purchase Agreement or any transaction contemplated hereby, nor shall the proceeds of the Bonds be used for such fees or expenses except as provided in the Lease Financing Agreement or Indenture. To the extent Bond proceeds are not available for payment of such fees and expenses, such fees and expenses shall be paid by the Academy.

13. Notices.

Any notice or other communication to be given hereunder (i) to the Issuer shall be given by mailing the same in writing to the Michigan Public Educational Facilities Authority, Richard H. Austin State Office Building, 1st Floor, 430 W. Allegan, Lansing, Michigan 48901, Attention: Executive Director; (ii) to the Underwriter shall be given by mailing the same in writing to NatCity Investments, Inc., 333 W. Fort Street, 16th Floor, Detroit, Michigan 48226; (iii) to the Academy shall be given by mailing the same in writing to Old Redford Academy, 17195 Redford, Detroit, Michigan 48219 and (iv) to the Foundation shall be given by mailing the same

to Clothilde R. Smith Charitable Foundation, 29260 Laurel Drive, Farmington Hills, Michigan 48331.

14. No Pecuniary Liability of Issuer.

It is understood that the representations, warranties and covenants of the Issuer contained herein are made by the Issuer, and in due reliance thereon, in order to facilitate the offering of the Bonds by the Underwriter and that the same shall not create any general obligation or liability of the Issuer.

No covenant or agreement contained in the Bonds or in this Bond Purchase Agreement shall be deemed a covenant or agreement of any trustee, officer, member, official (elected or appointed), agent or employee of the Issuer in his or her individual capacity, and no such person shall be personally liable for the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

15. Benefit and Survival.

This Bond Purchase Agreement is made solely for the benefit of the Issuer, the Academy, the Foundation and the Underwriter (including their respective successors or assigns) and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Issuer's, the Foundation's and Academy's representations and agreements in this Bond Purchase Agreement shall remain operative and in full force and effect and shall survive delivery of and payment for the Bonds hereunder, regardless of (a) any investigation made by or on behalf of the Underwriter, (b) delivery of and payment for the Bonds hereunder and (c) any termination of this Bond Purchase Agreement.

16. Governing Law.

This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Michigan.

17. Counterparts.

This Bond Purchase Agreement may be executed in any number of counterparts.

*[SIGNATURES FOLLOW NEXT PAGE]*

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

**NATCITY INVESTMENTS, INC  
ROBERT W. BAIRD & CO. INCORPORATED**

By: NATCITY INVESTMENTS, INC

By: 

Its: Vice President

**MICHIGAN PUBLIC EDUCATIONAL  
FACILITIES AUTHORITY**

By: 

Thomas J. Cetavis

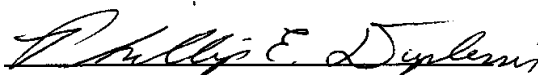
Its: Executive Director

**OLD REDFORD ACADEMY**

By: 

Its: President

**CLOTHILDE R. SMITH CHARITABLE  
FOUNDATION**

By: 

Its: President

*[SIGNATURE PAGE TO BOND PURCHASE AGREEMENT]*

## **EXHIBIT A**

### **BOND REDEMPTION, PRICING AND INTEREST RATE INFORMATION**

#### **REDEMPTION**

##### ***Optional Redemption***

The Tax Exempt Bonds maturing on or after December 1, 2016 are subject to redemption at the option of the Academy in whole or in part on any day commencing on or after December 1, 2015, which date shall be the first day for which notice of redemption may be given under the Indenture, at a redemption price of 100% of the principal amount to be redeemed, together with accrued interest to the date fixed for redemption.

##### ***Mandatory Sinking Fund Redemption***

The Tax Exempt Bonds maturing December 1, 2013, are subject to mandatory sinking fund redemption on December 1, 2009, and on each December 1 thereafter, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Revenue Fund established pursuant to the Indenture as follows:

#### **Term Bond Maturing**

**December 1, 2013**

<b><u>Date</u></b>	<b><u>Principal Amount</u></b>
December 1, 2009	\$ 190,000
December 1, 2010	195,000
December 1, 2011	205,000
December 1, 2012	215,000
December 1, 2013*	230,000

\* Maturity Date

Exhibit A-1



The Tax Exempt Bonds maturing December 1, 2022, are subject to mandatory sinking fund redemption on December 1, 2016, and on each December 1 thereafter, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Revenue Fund established pursuant to the Indenture as follows:

**Term Bond Maturing  
December 1, 2022**

<u>Date</u>	<u>Principal Amount</u>
December 1, 2016	\$ 265,000
December 1, 2017	280,000
December 1, 2018	290,000
December 1, 2019	305,000
December 1, 2020	325,000
December 1, 2021	340,000
December 1, 2022*	360,000

\* Maturity Date

The Tax Exempt Bonds maturing December 1, 2030, are subject to mandatory sinking fund redemption on December 1, 2023, and on each December 1 thereafter, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Revenue Fund established pursuant to the Indenture as follows:

**Term Bond Maturing  
December 1, 2030**

<u>Date</u>	<u>Principal Amount</u>
December 1, 2023	\$ 375,000
December 1, 2024	400,000
December 1, 2025	425,000
December 1, 2026	450,000
December 1, 2027	475,000
December 1, 2028	500,000
December 1, 2029	530,000
December 1, 2030*	565,000

\* Maturity Date

Exhibit A-2

The Tax Exempt Bonds maturing December 1, 2035, are subject to mandatory sinking fund redemption on December 1, 2031, and on each December 1 thereafter, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Revenue Fund established pursuant to the Indenture as follows:

**Term Bond Maturing  
December 1, 2035**

<u>Date</u>	<u>Principal Amount</u>
December 1, 2031	\$ 595,000
December 1, 2032	630,000
December 1, 2033	670,000
December 1, 2034	710,000
December 1, 2035*	750,000

\* Maturity Date

Exhibit A-3

**PRICING AND INTEREST RATE**

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**TAX EXEMPT BONDS**

<b>Maturity</b>	<b>Par Amount</b>	<b>Coupon</b>	<b>Yield</b>	<b>Purchase Price</b>
12/1/2008	\$ 100,000	4.250%	4.280%	99.915
12/1/2013*	1,035,000	5.000%	4.790%	101.375
12/1/2014	240,000	5.000%	5.130%	99.072
12/1/2015	250,000	5.000%	5.200%	98.457
12/1/2022*	2,165,000	5.250%	5.450%	97.801
12/1/2030*	3,720,000	5.875%	5.920%	99.414
12/1/2035*	3,355,000	6.000%	6.000%	100.000
	<u>\$10,865,000</u>			

\* Term Bonds

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**TAXABLE BONDS**

<b>Maturity</b>	<b>Par Amount</b>	<b>Coupon</b>	<b>Yield</b>	<b>Purchase Price</b>
12/1/2007	\$ 165,000	6.500%	6.500%	100.000
12/1/2008	80,000	6.500%	6.500%	100.000
	<u>\$245,000</u>			

5206628v.6 25714/103065

Exhibit A-4

## **FUTURE ADVANCE MORTGAGE**

1. **Date.** This Mortgage together with an assignment of leases and rents and security agreement is dated as of December 1, 2005.

2. **Parties.** The parties to this Mortgage are the CLOTHILDE R. SMITH CHARITABLE FOUNDATION, a Michigan nonprofit corporation, whose address is 26211 Central Park Boulevard, Suite 300, Southfield, Michigan 48076 (the "Mortgagor" or the "Foundation"), OLD REDFORD ACADEMY, a Michigan public school academy, whose address is 17195 Redford, Detroit, Michigan 48219 (the "Academy") and U.S. BANK NATIONAL ASSOCIATION, a national banking association, having an address at 60 Livingston Ave., EP-MN-WS3C, St. Paul, Minnesota 55107 (the "Mortgagee" or "Trustee").

3. **Mortgage and Warranty of Property.** The following described premises, real property and Fixtures, and all other property rights related to the premises, real property and Fixtures, are referred to in this mortgage as the "Property." In Consideration of and to secure the Secured Obligations defined below, the Mortgagor mortgages and warrants to the Trustee, its successors and assigns, the land, premises and property located at 17195 Redford, City of Detroit, Wayne County, Michigan 48219, as more particularly described on Exhibit A attached hereto.

The Property includes, and the Mortgagor also mortgages and warrants to the Trustee:

(i) The privileges, licenses, appurtenances, improvements, buildings, tenements, hereditaments, easements, rights of way, riparian and littoral rights, and all other rights belonging to the above-described premises and which may hereafter attach thereto; and

(ii) All rents, issues, profits, revenues, proceeds, accounts and general intangibles arising from or relating to the land, premises and property described above or any business conducted thereon; and

(iii) All goods, equipment and fixtures of every kind and nature whatsoever, now or hereafter located in or upon such premises or any part thereof and used or useable in connection with any present or future operation of such premises which are or become fixtures on the real estate (hereinafter collectively called "Fixtures"), whether now owned or hereafter acquired by the Mortgagor, including, without limitation, all heating, air conditioning, ventilation, lighting, incinerating and power equipment, engines, signs, security systems, fences, hoists, cranes, compressors, pipes, pumps, tanks, motors, plumbing, cleaning, fire prevention, fire extinguishing, apparatus, elevators, escalators, shades, awnings, screens, storm doors and

windows, appliances, attached cabinets, shelving, window treatments, partitions, carpeting, communications equipment, rubbish removal equipment, fire extinguishing equipment, snow removal equipment, cleaning and other supplies, materials, furnishings, furniture, office and other equipment, all curtain fixtures, partitions and attached floor covering now or hereafter acquired or located therein or thereon, and all fixtures, apparatus, equipment or articles now or hereafter acquired or located therein or thereon used to supply heat, gas, air conditioning, water, light, power, sprinkler protection, waste removal, refrigeration (whether single units or centrally controlled), and ventilation, including (without restricting the foregoing): all fixtures, apparatus, equipment and articles, it being understood that the enumeration of any specific articles of property shall in no way exclude or be held to exclude any items of property not specifically mentioned, ground maintenance equipment, and similar types of equipment, all of which is deemed to be real estate and mortgaged by this Mortgage; and

(iv) All rights to make Property divisions that are exempt from the platting requirements of the Michigan Land Division Act, as amended from time to time.

(v) All or any part of the oil and gas located in, on or under oil and gas properties, and all or any of the rents and profits from oil and gas properties, and the income from the sale of oil and gas produced or to be produced from oil and gas properties (in accordance with MCLA 565.81 et seq.), insurance proceeds, royalties, mineral, oil and gas rights, air rights, water, water rights and water stock thereof and all replacements and additions thereto, for so long and during such times as Mortgagor may own, have an interest in or be entitled thereto (which are pledged primarily and on a parity with said real estate and not secondarily). All additions to and replacements of the foregoing property and all categories of collateral listed above and all like or similar property of Mortgagor now existing or hereafter acquired and used or useable in connection with the aforesaid property and all categories of collateral listed above shall also be deemed to be subject to this Mortgage; and

(vi) All and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and the reversion or reversions, remainder or remainders, rents, income, issues and profits thereof; and also all the estate, right, title, interest, property, claim and demand whatsoever of the Mortgagor of, in and to the same and of, in and to every part and parcel thereof; and

(vii) All right, title and interest of Mortgagor, if any, in and to the land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the above described real estate to the center line thereof, described in Exhibit A attached hereto; and

(viii) Any and all awards, payments or proceeds, including interest thereon, and the right to receive the same, which may be made with respect to the Property as a result of (a) the exercise of the right of eminent domain, (b) the alteration of the grade of any street, (c) any insured casualty, (d) real and/or personal property tax refunds or (e) any other injury to or decrease in the value of the Property, to the extent of all amount which may be secured by this Mortgage at the date of receipt of any such award, payment or proceeds by Mortgagee, and of the reasonable counsel fees, costs and disbursements incurred by Mortgagee in connection with the collection of such award, payment or proceeds. Mortgagor agrees to execute and deliver,

from time to time, such further instruments as may be requested by Mortgagee to confirm such assignment to Mortgagee of any such award, payment or proceeds.

4. Title to Property, Priority of Lien and Permitted Encumbrances. The Mortgagor does and will own good and marketable title to the Property, free of all easements, liens, mortgages, security interests, encroachments, leasehold interests, rights, claims, and other interests of any nature (herein "Interests"), other than Interests which are set forth in the policy of title insurance for the Property issued by Stewart Title of Detroit and those set forth on Exhibit B hereto (collectively, the "Permitted Encumbrances"). The Mortgagor will forever warrant and defend the Property against any and all Interests, other than Permitted Encumbrances, and the lien created by this Mortgage is and will be kept as a first lien upon the Property, unless otherwise agreed in writing by the Trustee. The Mortgagor will pay when due all obligations which, if unpaid, may become a lien on the Property. Upon request, the Mortgagor will, at the Mortgagor's cost, provide the Trustee with a title insurance policy and other evidence of title as the Trustee may request from time to time which must be in form and substance satisfactory to the Trustee.

5. Secured Obligations. This Mortgage is a "future advance mortgage" within the meaning of Act No. 348 of Michigan Public Acts of 1990, MCL 565.901, *et seq.*, as amended from time to time. This Mortgage secures the following obligations to the Trustee (collectively referred to in this Mortgage as the "Secured Obligations"):

A. The obligation of the Academy to make monthly Lease Payments to the Mortgagor assigned to the Michigan Public Educational Facilities Authority (the "Authority") and pledged by the Authority to the Trustee and payable directly to the Trustee as provided in that certain Lease Financing Agreement dated as of December 1, 2005 (the "Financing Agreement") among the Academy, the Foundation and the Authority, and any extensions, renewals, modifications, or replacements thereof; and

B. ALL EXISTING AND FUTURE OBLIGATIONS OF THE ACADEMY, THE AUTHORITY AND/OR THE MORTGAGOR TO THE TRUSTEE, AS SUCH, INCLUDING FUTURE ADVANCES, WHETHER OR NOT THE INSTRUMENTS EVIDENCING SUCH OBLIGATIONS ARE DESCRIBED ABOVE; and

C. Payment and performance of the provisions of this Mortgage, including without limitation all sums expended by the Trustee to perform such provisions, and to exercise all existing and future assignments of leases and/or rents arising from the Property; and

D. Payment and performance of all advances (including future advances), notes, undertakings, obligations, liabilities, agreements, assignments, guarantees, or promises of or by the Academy, the Authority and/or the Mortgagor to or with the Trustee, whether due, existing or arising, now or in the future, absolute or contingent, direct or indirect, however arising, evidenced or acquired by the Trustee, and including obligations originally owing by the Academy, the Authority and/or the Mortgagor to a third party and assigned by such third party to the Trustee; and

E. Payment and performance of all existing and future obligations (including the kinds of obligations described above) to the Trustee of any persons or entities for which the Academy, the Authority and/or the Mortgagor is or becomes an accommodation party, surety or guarantor or whose obligations this Mortgage is given to secure; and

F. If more than one person appears as the Academy, the Authority and/or the Mortgagor, the Secured Obligations include, without limitation, all of the joint, several and individual obligations of each such person to the trustee; and

G. If the proceeds of any of the Secured Obligations created in the future are utilized to pay and/or renew any then pre-existing Secured Obligations, such future Secured Obligations will be presumed to be renewals or extensions of such pre-existing Secured Obligations; and

H. All extensions, renewals, modifications and replacements of the foregoing.

6. Payment and Performance of Secured Obligations. The Mortgagor and/or the Academy, as the case may be, will pay the Secured Obligations in accordance with their terms and will keep and perform all of the terms, conditions and covenants of the Secured Obligations.

7. Condition, Maintenance and Use of the Property. The Property is in good condition and will be maintained in good condition, sufficient for the use contemplated by the Mortgagor, and free of all material defects. None of the Permitted Encumbrances materially impair or restrict the use of the Property as contemplated by the Mortgagor. The Mortgagor will not commit, now or hereafter, waste on the Property and will maintain all of the Property in good condition and working order satisfactory to the Trustee and will make all repairs and replace all fixtures necessary to maintain the utility and value of the Property and keep it in compliance with all applicable laws, regulations, and ordinances. The Mortgagor will do everything necessary to keep in force any manufacturer's and seller's warranties with respect to the Fixtures. The Mortgagor will hold all valid permits and licenses necessary to operate and maintain the Property as contemplated by the Mortgagor, and the Property will be used only for lawful purposes and in compliance with all applicable laws, regulations and ordinances. The Mortgagor will promptly repair, restore, replace or rebuild each part of the Property which may be damaged or destroyed by fire or other casualty or which may be affected by any eminent domain proceedings, notwithstanding application by the Trustee of the insurance proceeds or eminent domain award to payment of the Secured Obligations.

8. Payment of Taxes. The Mortgagor will pay and discharge, or will cause the Academy to pay and discharge, all taxes, assessments, fees, licenses, liens, and charges at any time levied upon or assessed against the Mortgagor or the Property before the same become delinquent. The Mortgagor will not do anything or permit anything to be done which would impair the lien of this Mortgage. Notwithstanding the foregoing, the Mortgagor will not be required to pay any tax, assessment, fee, license, lien, or charge so long as the Mortgagor is in good faith contesting the validity thereof by proper proceedings. If such contest is made, the Mortgagor will provide security for the payment of such tax, assessment, fee, license, lien, or charge in a manner satisfactory to the Trustee.

9. Insurance. The Mortgagor will carry, or will cause the Academy to carry, insurance against such risks, with such companies, and in such amounts as is required under the Financing Agreement (including but not limited to, hazard insurance and flood insurance, if the Property is located within a flood hazard area). Each policy will be in a form in conformance with the requirements set forth in the Financing Agreement with standard mortgagee clauses making all loss payable to the Trustee. The Mortgagor will promptly pay all premiums therefore, and deliver to the Trustee all such policies of insurance. All insurance policies will provide that notice of nonrenewal or cancellation must be given to the Trustee at least thirty (30) days before such nonrenewal or cancellation. Any insurance money received by the Trustee shall be paid, either in whole or in part, to the Mortgagor for the purpose of defraying the costs and expenses of repair, restoration or replacement of the Property damaged or destroyed, or be retained and applied toward the payment of any of the Secured Obligations, in the order as set forth in the Financing Agreement, with the excess, if any, over the Secured Obligations to be repaid to the Mortgagor, without impairing the Mortgagor's duties under this Mortgage or the Secured Obligations. In the event of loss with respect to the Property, the Mortgagor will promptly notify the Trustee thereof and the Trustee may make any proof of loss not promptly made by the Mortgagor. In the event of foreclosure or other disposition of the Property in partial or full payment of the Secured Obligations, the Trustee will be entitled to all of the Mortgagor's right, title and interest in and to all policies of insurance with respect to the Property, including, without limitation, the right to collect any unearned premium refund relating to such policies.

10. Escrow of Taxes and Insurance. [Omitted]

11. Assignment of Awards and Tax Refunds. The Mortgagor hereby assigns to the Trustee, in their entirety, all judgments, decrees and awards for injury or damage to the Property, all awards pursuant to proceedings for condemnation thereof, and all refunds of local, state or federal income or other taxes relating to the Property or the disposition thereof by the Mortgagor (the "Claims"). Subject to the provisions of the Financing Agreement, including but not limited to the restoration provisions contained therein, the Mortgagor authorizes the Trustee, at its sole election (and as to refunds of taxes, after default), to apply the Claims, or the proceeds thereof, to the Secured Obligations in such manner as the Trustee may elect; and the Mortgagor hereby authorizes the Trustee, at its option (and as to refunds of taxes, after default), in the name of the Mortgagor, to appear and participate in any proceeding related to the Claims and to execute and deliver valid receipts, discharges, and settlements for, and to appeal from, any award, judgment or decree with respect to the Claims.

12. Trustee's Right to Perform. If the Mortgagor defaults in the payment of any taxes, assessments or charges (or in providing security as provided in Section 8), in procuring or maintaining insurance in maintaining the Property, or in performing any of the other obligations of this Mortgage, then the Trustee may, at its option, but shall not be obligated to, (notwithstanding anything to the contrary contained in any of the Secured Obligations), take any action or pay any amount required to be taken or paid by the Mortgagor hereunder. The cost of such action or payment by the Trustee will be immediately paid by the Mortgagor, will be added to the Secured Obligations, will be secured hereby, and will bear interest at the highest rate specified in the Secured Obligations from the date incurred by the Trustee until fully paid. No such action taken or amount paid by the Trustee will constitute a waiver of any default of the Mortgagor hereunder.



13. Removal of the Property. Except for maintenance in the ordinary course of business, the Mortgagor will not, without the prior written consent of the Trustee, materially alter, remove or demolish any timber, topsoil, minerals, fixture, building, or improvement forming part of the Property.

14. Transfer of the Property. The Trustee is relying upon the integrity of the Mortgagor and its promises to perform the covenants of this Mortgage. The Mortgagor will not sell, transfer, convey, assign, rent for a period exceeding one year, dispose of, or further encumber, voluntarily or involuntarily, its interest in any of the Property by deed, land contract, mortgage or otherwise, without the prior written consent of the Trustee. Subject to the foregoing, if the ownership of the Property, or any part thereof, becomes vested in a person other than the Mortgagor, the Trustee may deal with such successor or successors in interest in the same manner as with the Mortgagor, without in any manner vitiating or discharging the Mortgagor's liability hereunder or upon the Secured Obligations. The Mortgagor and/or the Academy, as the case may be, will at all times continue to be primarily liable on the Secured Obligations until fully discharged or until the Mortgagor and/or the Academy is formally released in writing by the Trustee.

15. Additional Documents. At any time, upon request of the Trustee, the Mortgagor will execute and deliver or cause to be executed and delivered to the Trustee and, where appropriate, will cause to be recorded and/or filed at such time and in such offices and places designated by the Trustee, any and all such other and further mortgages, financing statements, instruments of further assurance, certificates and other documents as may be necessary or desirable to effectuate, complete, perfect, continue or preserve the obligation of the Mortgagor under this Mortgage and the lien of this Mortgage as a first lien upon all the Property (except Permitted Encumbrances), as evidenced by an opinion of counsel to the Mortgagor delivered to the Trustee. If the Mortgagor fails to comply with the foregoing sentence, the Trustee may execute, record, file, rerecord and refile any and all such mortgages, financing statements, instruments, certificates and documents for and in the name of the Mortgagor and the Mortgagor hereby irrevocably appoints the Trustee as its agent and attorney in fact to do so. The Mortgagor agrees to execute, acknowledge and deliver, from time to time, such financing statements or other instruments as may be requested by the Trustee or required by the aforementioned opinion of counsel to confirm, protect and perfect the lien of this Mortgage on any Fixtures under the provisions of the Uniform Commercial Code or other applicable statutes in effect in Michigan or otherwise, and this Mortgage will also constitute a security agreement with reference to the Fixtures, and upon the Mortgagor's default the Trustee will, in addition to all other remedies herein provided, have the remedies provided for under the Uniform Commercial Code in effect in Michigan.

16. Observance of Lease Assignment. Mortgagor, pursuant to Act No. 210 of Michigan Public Acts of 1953, as amended, does hereby sell, assign, transfer and set over to Mortgagee all of its right, title and interest in and to all leases, subleases, tenancy, occupancy, rental, use, sale or license agreements (hereinafter collectively referred to as "leases"), existing as of the date hereof, or hereinafter executed, covering all or any part of the property, together with any and all extensions and renewals of any of said leases, and also together with any and all guarantees of the lessee's obligations under said leases, and any and all extensions and renewals thereof, the rents, accounts, issues, income, profits, proceeds, security deposits and any other

payments now owing or which shall hereafter become owing by virtue of all of said leases, all or any part of the oil and gas located in, on or under oil and gas properties, and all or any of the rents and profits from oil and gas properties, and the income from the sales of oil and gas produced or to be produced from oil and gas properties (in accordance with MCLA 565.81 et seq.), and all extensions, amendments and renewals thereof, and all moneys payable thereunder, to have and to hold unto the Mortgagee as security for the mortgage indebtedness. NOTICE OF ABSOLUTE ASSIGNMENT OF RENTS: (a) Mortgagor acknowledges and agrees that the assignment of rents hereunder to Mortgagee is and is intended to be an absolute present assignment of rents pursuant to MCLA 554.231 et seq. and MCLA 565.81 et seq. and that as such, upon the occurrence of a default and without any action by Mortgagee, Mortgagor shall have no further right to collect or otherwise receive such rents and that such rents will be the absolute and sole property of Mortgagee pursuant to said statute, (b) any rents collected or received by Mortgagor subsequent to such default shall be held in trust by Mortgagor for the benefit of Mortgagee and Mortgagor shall have no right thereto or interest therein, and (c) such rents, as the sole and absolute property of Mortgagee, will not under any circumstances be available to Mortgagor or any trustee of Mortgagor in any bankruptcy proceeding. This assignment shall continue and remain in full force and effect during any foreclosure proceedings relating to this Mortgage and the period of redemption, if any, and until all sums secured by this Mortgage, together with interest thereon, shall have been paid in full. If the entire balance secured hereunder shall be bid by Mortgagee at the foreclosure sale (by cash or otherwise) or a third party at such sale, said assignment shall nonetheless continue for the benefit of the successful bidder, with any rent collected by Mortgagee, purchaser at the foreclosure sale or their successors (net of operating expenses actually paid) to be applied in reduction of the redemption price. In the event of any default under the Note, this Mortgage or the other Loan Documents, Mortgagee shall have the full right and power to collect the assigned rents, income security deposits, issues, profits and proceeds by demand, suit or otherwise. All monies received by Mortgagee pursuant to said assignment shall be applicable at the option of Mortgagee in the manner hereinafter provided for the use of such funds if paid to a receiver appointed to manage the Property or in the manner hereinafter provide for the application of proceeds from sale of the Property in the event of a foreclosure. Mortgagor will not, without Mortgagee's prior written consent, make any lease of the Property except for actual occupancy by the lessee thereunder.

17. Waste and Receiver. The failure, refusal or neglect of the Mortgagor to pay any of the taxes assessed against the Property before any interest or penalty attaches thereto and to provide adequate security therefore will constitute waste hereunder and in accordance with the provisions of Act No. 236 of the Public Acts of Michigan for 1961. The failure, refusal or neglect of the Mortgagor to keep the Property adequately insured as herein provided, or to pay the premiums therefore, will likewise constitute waste hereunder and in accordance with the provisions of Act No. 236. Upon the happening of any act of waste and on proper application made therefor by the Trustee to a court of competent jurisdiction, the Trustee will forthwith be entitled to the appointment of a receiver of the Property and of the earnings, income, issue and profits thereof, with such powers as the court making such appointment will confer. The Mortgagor hereby irrevocably consents to such appointment and waives notice of any application therefor.

18. Reimbursement of Expenses. The Mortgagor will pay or reimburse the Trustee for expenses reasonably necessary or incidental to the protection of the lien and priority of this

Mortgage and for expenses incurred by the Trustee in seeking to enforce the provisions hereof and of the Secured Obligations (whether before or after default), including but not limited to costs of evidence of title to and survey of the Property, costs of recording this and other instruments, actual, reasonable attorney fees (including, but not limited to, fees incurred in participating or taking action in any bankruptcy or other insolvency proceeding of the Mortgagor), trustees' fees, court costs, and expenses of advertising, selling and conveying the Property. All such payments or reimbursements will be paid immediately to the Trustee, will be added to the Secured Obligations, will be secured by this Mortgage, and will bear interest at the highest rate specified in the Secured Obligations from the date incurred by the Trustee until fully paid.

19. Inspection and Reports. At all reasonable times, the Trustee and its agents may inspect the Property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed. Upon demand by the Trustee, the Mortgagor will promptly deliver to the Trustee all financial reports, statements, rent rolls, and other documents relating to the Property and the Mortgagor, as will be reasonably requested by the Trustee. Mortgagor hereby authorizes the Trustee to undertake or to have third parties undertake on its behalf (not more often than once in any 12-month period) environmental investigations regarding the Property and its operation including research into the previous and current ownership, use, and condition (by taking samples or borings or otherwise) of the Property for the purpose of attempting to determine whether: (i) Mortgagor or any current or past occupant of the Property has violated any federal, state or local laws involving the protection of the environment and/or the disposition of, or exposure to, hazardous or toxic substances, as now existing or as hereinafter amended or enacted, or any rules, regulations, guidelines or standards promulgated pursuant thereto; and (ii) whether any hazardous or toxic substances have been used or disposed of on the Property. Such investigations may be performed at any time before or after occurrence of an Event of Default and Mortgagor will permit the Trustee and persons acting on its behalf to have access to the Property and records concerning the Property for the purpose of conducting such investigations. The cost of all such investigations will be immediately paid by Mortgagor to the Trustee, and if not paid will be added to the Secured Obligations secured hereby and will bear interest at the highest rate specified in any of the Secured Obligations secured hereby from the date incurred by the Trustee until paid.

20. Events of Default. Occurrence of any one of the following events will constitute an "Event of Default" under this Mortgage:

- (a) An Event of Default under the Financing Agreement.
- (b) Breach or failure of payment under any of the terms, conditions, or covenants of this Mortgage for a period of ten (10) days after such payment is due; or
- (c) Breach, failure of performance, or default under any of the terms, conditions or covenants of this Mortgage for a period of forty-five (45) days after written notice and opportunity to cure.

21. Trustee's Rights Upon Default. Upon occurrence of an Event of Default all of the Secured Obligations (regardless of any contrary terms thereof) will, at the option of the Trustee,

be immediately due and payable without demand or notice, and the Trustee may take any one or more of the following actions not contrary to law:

(a) Foreclose this Mortgage by legal proceedings and collect its actual attorney fees as awarded by the Court;

(b) Sell, grant, and convey the Property, or cause the Property to be sold, granted and conveyed at public sale and to execute and deliver to the purchaser at such sale a good and sufficient deed or deeds of conveyance at law, pursuant to the statute in such case made and provided and out of the proceeds of such sale to retain the sums due under this Mortgage and all costs and charges of the sale (including, without limitation, the attorney fees provided by statute), rendering the surplus moneys, if any, to the Mortgagor or as otherwise provided by law, and in the event of a public sale and unless otherwise prohibited by law, the Property may be sold as one or more parcels, the Trustee may sell the Property for cash and/or secured credit, and the Trustee may give a warranty deed to the purchaser binding upon the Mortgagor and all claiming under the Mortgage;

(c) As to the Fixtures, exercise any of the rights and remedies of a creditor under the Uniform Commercial Code, any other law, and any Court Rule;

(d) Enter upon the Property and take other actions as the Trustee deems appropriate to perform the Mortgagor's obligations under this Mortgage, to inspect, repair, protect or preserve the Property, to investigate or test for the presence of any hazardous materials, and/or to appraise the Property, each of the rights under this subparagraph being specifically enforceable since there is not adequate monetary remedy available to the Trustee;

(e) Exercise any and all rights granted to the Trustee herein or in any of the Secured Obligations; and/or

(f) Take any other action allowed by law.

In addition to and without limitation of the foregoing, the Trustee shall not otherwise acquire possession of or take any other action with respect to the property subject to the Mortgage (the "Mortgaged Property"), if as a result of any such action, the Trustee would be considered to hold title to, to be a "mortgagee-in-possession of, or to be an "Owner" or "operator" of the Mortgaged Property within the meaning of the Comprehensive Environmental Responsibility Cleanup and Liability Act of 1980, as amended, from time to time, unless the Trustee has previously determined, based on a report prepared by a person who regularly conducts environmental audits, that:

(i) the Mortgaged Property is in compliance with applicable environmental laws or, if not, that it would be in the best interest of the owners of the Bonds to take such actions as are necessary for the Mortgaged Property to comply therewith; and

(ii) there are not circumstances present at the Mortgaged Property relating to the use, management or disposal of any hazardous wastes for which investigation, testing, monitoring, containment, clean-up or remediation could be required under any federal, state or local law or regulation, or that if any such materials are present for which such action

could be required, that it would be in the best economic interest of the owners of the Bonds to take such actions with respect to the Mortgaged Property.

The environmental audit report contemplated hereby shall not be prepared by an employee or affiliate of the Trustee, but shall be prepared by a person who regularly conducts environmental audits for purchasers of commercial property, as determined (and, if applicable, selected) by the Trustee, and the cost thereof shall be borne by the Academy or the Bondholders but in no event by the Authority.

22. Application of Payments After Default. Notwithstanding anything to the contrary contained in this Mortgage or in any of the Secured Obligations, upon occurrence of an Event of Default under this Mortgage, any proceeds of any foreclosure, voluntary sale, or other disposition of the Property will be applied by the Trustee to reduction of the Secured Obligations in such order as the Trustee will determine in its sole judgment and the Mortgagor will have no right to require the Trustee to apply such proceeds to any specific Secured Obligation.

23. Waiver of Marshalling. In the event of foreclosure of this Mortgage or the enforcement by the Trustee of any other rights and remedies under this Mortgage, the Mortgagor waives any right otherwise available in respect to marshalling of assets which secure the Secured Obligations or to require the Trustee to pursue its remedies against any other assets or any other party which may be liable for any of the Secured Obligations.

24. Subrogation. Any transferee of endorser, guarantor or surety or other party providing security who pays the Secured Obligations secured hereby in full may take over all or any part of the Property and will succeed to all rights of the Trustee in respect thereto and the Trustee will be under no further responsibility therefor. No party will succeed to any of the rights of the Trustee so long as any of the Secured Obligations remain unpaid to the Trustee.

25. Release of Security. The Mortgagor agrees that the Trustee may, without impairing the obligation of the Mortgagor hereunder: release any other obligors or guarantors from their obligations to pay or perform the Secured Obligations; release any security of any obligor or guarantor of the Secured Obligations before or after maturity of any of the Secured Obligations; take, release or enforce its rights with respect to any of the Property without being obliged first to do so to any other security, whether owned by the Mortgagor or any other person; and agree with any obligor of the Secured Obligations to extend, modify, forbear or make any accommodations with regard to the terms of the Secured Obligations owed by such obligor.

26. WAIVER OF RIGHTS REGARDING SALE BY ADVERTISEMENT. The Mortgagor understands, acknowledges, and agrees that, upon occurrence of an Event of Default, the Trustee has the right, at its option, to foreclose this Mortgage by advertisement pursuant to relevant Michigan statutes and that such statutes provide for notice of a sale solely by advertisement and posting and afford no right to a hearing to the Mortgagor. The Mortgagor hereby voluntarily and knowingly agrees and consents to the right of the Trustee, at its option, to foreclose this Mortgage by advertisement and waives its rights, if any, under the Constitution of the United States and/or the State of Michigan to notice or a hearing regarding such foreclosure by advertisement, except for the notice requirements described in the Michigan statutes providing for such sale.

Mortgagor hereby acknowledges that this Mortgage contains a POWER OF SALE and that in the event Mortgagee elects to foreclose by advertisement pursuant to the POWER OF SALE, in accordance with MCLA 600.3201 et seq., MORTGAGOR EXPRESSLY WAIVES NOTICE THEREOF (EXCEPT ANY NOTICE REQUIRED UNDER THE AFORESAID STATUTE), A HEARING PRIOR TO SALE AND ANY RIGHT, CONSTITUTIONAL OR OTHERWISE, THAT MORTGAGOR MIGHT OTHERWISE HAVE TO REQUIRE A JUDICIAL FORECLOSURE.

27. No Consent. Nothing in this Mortgage will be deemed or construed in any way as constituting the consent or request by the Trustee, express or implied, to any contractor, subcontractor, laborer, mechanic or materialman for the performance of any labor or the furnishing of any material for any improvement, construction, alteration or repair of the Property. The Mortgagor further agrees that the Trustee does not stand in any fiduciary relationship to the Mortgagor.

28. Indemnity. The Foundation, and any successor Mortgagor, each agree, in addition to payments of the Secured Obligations, to indemnify, defend, pay and hold harmless the Trustee and any holder of any of the Secured Obligations, and the officers, directors, employees, agents and affiliates of the Trustee and such holders (collectively called the "Indemnitees") from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs (including, without limitation, settlement costs), expenses or disbursements of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnitee will be designated a party thereto), which may be imposed on, incurred by, or asserted against that Indemnitee, in any manner relating to or arising out of this Mortgage and/or its enforcement, the Secured Obligations, the Trustee's relationship with Mortgagor, the sue or intended use of the proceeds of any of the Secured Obligations or any environmental matter (the "Indemnified Claims"); provided that Mortgagor will have no obligation to an Indemnitee hereunder with respect to Indemnified Claims if it has been determined by a final decision (after all appeals and the expiration of time to appeal) by a court of competent jurisdiction that such Indemnified Claims arose primarily from the gross negligence or willful misconduct of that Indemnitee. To the extent that the undertaking to indemnify, defend, pay and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, Mortgagor will contribute the maximum portion which it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of all Indemnified Claims incurred by the Indemnitees or any of them.

The foregoing indemnity set forth in this Section 28 will include, without limitation, indemnification by Mortgagor to each Indemnitee for any and all expenses and costs (including, without limitation, remedial, removal, response, abatement, clean-up, investigative, closure and monitoring costs), losses, claims (including claims for contribution or indemnity and including the costs of investigating or defending any claim and whether or not such claim is ultimately defeated, and whether such claim arose before, during or after Mortgagor's ownership, operation, possession or control of the Property, or before, on or after the date hereof, and including also any amounts paid incidental to any compromise or settlement by the Indemnitees or any Indemnitee to the holders of any such claim), lawsuits, liabilities, obligations, actions,

judgments, suits, disbursements, encumbrances, liens, damages (including, without limitation, damages for contamination or destruction of natural resources), penalties and fines of any kind or nature whatsoever (including, without limitation, in all cases the reasonable fees and disbursements of counsel in connection therewith) incurred, suffered or sustained by that Indemnitee based upon, arising under or relating to any federal, state or local laws involving the protection of the environment and/or the disposition of, or exposure to, hazardous or toxic substances, as now existing or as hereinafter amended or enacted, or any rules, regulations, guidelines or standards promulgated pursuant thereto, based on, arising out of or relating to, in whole or in part, the exercise and/or enforcement of any rights or remedies by any Indemnitee under this Mortgage or any of the Secured Obligations, and including, but not limited to, taking title to, owning, possessing, operating, controlling, managing or taking any action in respect of the Property. The provisions of this indemnity section of this Mortgage will survive payment of the Secured Obligations, termination of this Mortgage and the resignation or removal of the Trustee.

29. Reinstatement of Mortgage. If any payment to the Trustee on any of the Secured Obligations is wholly or partially invalidated, set aside, declared fraudulent, or required to be repaid to the Mortgagor or anyone representing the Mortgagor or the Mortgagor's creditors under any Bankruptcy or insolvency act or code, under any state or federal law, or any common law or equitable principles, then this Mortgage will remain in full force and effect or be reinstated, as the case may be, until payment in full to the Trustee of the repaid amounts, and of the Secured Obligations. If this Mortgage must be reinstated, the Mortgagor agrees to execute and deliver to the Trustee new mortgages, if necessary, in form and substance acceptable to the Trustee, covering the Property.

30. Miscellaneous. All persons signing this Mortgage on behalf of a corporation, partnership, trust or other entity warrant to the Trustee that they are duly and properly authorized to execute this Mortgage. Nothing in this Mortgage will waive or restrict any right of the Trustee granted in any other document or by law. No delay on the part of the Trustee in the exercise of any right or remedy will operate as a waiver. No single or partial exercise by the Trustee of any right or remedy will preclude any other future exercise of that right or remedy or the exercise of any other right or remedy. No waiver or indulgence by the Trustee of any default will be effective unless in writing and signed by the Trustee, nor will a waiver on one occasion be construed as a bar to or waiver of that right on any future occasion. Acceptance of partial or late payments owing on any of the Secured Obligations at any time will not be deemed a waiver of any default. All rights, remedies and security granted to the Trustee herein are cumulative and in addition to other rights, remedies or security which may be granted elsewhere or by law. Any inspection, audit, appraisal or examination of the Property by or on behalf of the Trustee will be solely for its benefit and will not create any duty or obligation to the Mortgagor or any other person. Whenever possible, each provision of this Mortgage will be interpreted in such manner as to be effective and valid under applicable law. If any provision hereof will be declared invalid or illegal it will be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of the provision or the remaining provisions of this Mortgage. Notice from the Trustee to the Mortgagor, if mailed, will be deemed given when mailed to the Mortgagor, postage prepaid, at the Mortgagor's address set forth at the beginning of this Mortgage or at any other address of the Mortgagor in the records of the Trustee. Any reference to the Trustee will include any holder of the Secured Obligations and any holder will succeed to the Trustee's rights

under this Mortgage. This Mortgage will bind the respective successors and assigns of the Mortgagor. If any payment applied by the Trustee to the Secured Obligations is subsequently set aside, recovered, rescinded or otherwise required to be returned or disgorged by the Trustee for any reason (pursuant to bankruptcy proceedings, fraudulent conveyance statutes, or otherwise), the Secured Obligations to which the payment was applied will for the purposes of this Mortgage be deemed to have continued in existence, notwithstanding the application, and will be secured by this Mortgage as fully as if the Trustee had not received and applied the payment.

31. Joint and Several Obligations. If two or more persons execute this Mortgage as the Mortgagor, the obligations and grants of liens of such persons herein will be joint, several, and individual.

32. WAIVER OF JURY TRIAL. THE MORTGAGOR AND THE TRUSTEE EACH HEREBY KNOWINGLY AND VOLUNTARILY, WITHOUT COERCION AND AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, WAIVE ALL RIGHTS TO A TRIAL BY JURY OF ALL DISPUTES BETWEEN THEM ARISING OUT OF THIS MORTGAGE, ANY OF THE SECURED OBLIGATIONS, OR ANY ALLEGED ACT OR NEGLECT OF THE TRUSTEE. NEITHER THE MORTGAGOR NOR THE TRUSTEE WILL SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THIS WAIVER OF JURY TRIAL MAY NOT BE MODIFIED IN ANY RESPECT OR RELINQUISHED BY ANY PARTY EXCEPT IN A WRITTEN INSTRUMENT EXECUTED BY ALL PARTIES.

33. Environmental Covenants.

(a) The Mortgagor has not, nor will not, use Hazardous Materials on, under, from or affecting the Property, or any part thereof, in any manner which violates federal, state or local laws, ordinances, rules, regulations or policies. The Mortgagor is unaware of any prior owner or occupant of the Property, or any part thereof, which has used Hazardous Materials on, under, from, or affecting the Property, or any part thereof, in any manner which violates federal, state or local laws, ordinances, rules, regulations or policies ("Environmental Laws"). The Mortgagor shall conduct and complete all investigations, studies, sampling and testing, and all removal and other actions necessary to clean up and remove all Hazardous Materials on, under, from or affecting the Property, or any part thereof, if the Mortgagor is required by applicable federal, state or local laws, ordinances, rules, regulations and policies to undertake such acts (for purposes hereof, "Hazardous Materials" include any hazardous or toxic substances or related materials defined in any federal, state or local law, ordinance, rule, regulation or policy). The Mortgagor shall indemnify, defend and hold harmless Mortgagee and its successors or assigns and their respective employees, attorneys, agents, advisors, trustees, shareholders, officers and directors from and against any claims, suits, demands, penalties, fines, liabilities, settlements, damages, costs or expenses of whatever kind or nature, including attorneys' fees, to the extent the same arose, occurred or existed on or prior to the date, if any, that title passes to the Mortgagee through foreclosure, deed in lieu of foreclosure or otherwise, related to: (i) the presence, use, disposal, release or threatened release, discharge or emission of any Hazardous Materials on, over, under, from or affecting the Property or the soil, water, vegetation, buildings,



personal property, persons or animals thereon; (ii) any personal injury, including, but not limited to, sickness and death, or property damage, real or personal, including the loss of the use thereof, arising out of or related to any Hazardous Materials on the Property; (iii) any lawsuit brought or threatened, including any settlement thereof, or governmental order or directive relating to any Hazardous Materials on the Property; and/or (iv) any violation, including any such violations which arose, occurred or existed prior to possession of the Property by Mortgagor, of the Environmental Laws applicable to the Property to the extent the same arose or existed on or prior to the date, if any, that title passes to Mortgagee, through foreclosure, deed in lieu of foreclosure or otherwise.

(b) The provisions of subparagraph (a) of Paragraph 33 shall be in addition to any and all other obligations and liabilities the Mortgagor may have to Mortgagee hereunder, under the Financing Agreement, and in common law and shall survive the repayment of all Secured Obligations and the satisfaction of all of the other obligations of the Mortgagor hereunder, to the extent that Mortgagee shall incur any liability with respect to Hazardous Materials after the discharge of this Mortgage.

34. Future Advance Notice Language. Notice is hereby given that the indebtedness secured hereby may increase as a result of any defaults hereunder by Mortgagor due to, for example, and without limitation, unpaid interest or late charges, unpaid taxes or insurance premiums which Mortgagee elects to advance, defaults under leases that Mortgagee elects to cure, attorney fees or costs incurred in enforcing the Financing Agreement or other expenses incurred by Mortgagee in protecting the Property, the security of this Mortgage or Mortgagee's rights and interests.

35. Subordination by Lessee. By execution of this Mortgage, the Academy subordinates to the Trustee and to the lien of this Mortgage all of the Academy's present and future rights, title and interest in the Property, including, without limitation, all of the Academy's present and future rights, title and interest as a lessee of the Property.

36. Recordable Events. The provisions set forth in this Mortgage are not intended to evidence an additional recordable event, as may be proscribed by Act 459 of the Public Acts of Michigan of 1996, but rather are included in this Mortgage for purposes of complying with applicable law.

**[SIGNATURES FOLLOW NEXT PAGE]**

IN WITNESS WHEREOF, each Mortgagor and Academy execute and deliver this Mortgage as of the date set forth in Paragraph 1 above.

**MORTGAGOR:**

CLOTHILDE R. SMITH CHARITABLE FOUNDATION,  
a Michigan nonprofit corporation

By: Phillip E. Duplessis

Its: PRESIDENT

STATE OF MICHIGAN     )  
                                      )ss  
COUNTY OF WAYNE     )

The foregoing instrument was acknowledged before me this 13<sup>th</sup> day of December 2005 by Phillip E. Duplessis, the Authorized Officer of the Clothilde R. Smith Charitable Foundation, a Michigan nonprofit corporation, on behalf of said corporation.

Susan F. Snyder

Notary Public, State of Michigan

County of: Calhoun

My Commission Expires: 7-5-08

Acting in the County of: Calhoun

[SIGNATURES CONTINUE NEXT PAGE]

**ACADEMY,  
as Subordinated Lessee:**

**OLD REDFORD ACADEMY,  
a Michigan public school academy**

By: *Sam Williams*

Its: President

STATE OF MICHIGAN     )  
                                      )ss  
COUNTY OF WAYNE     )

The foregoing instrument was acknowledged before me this 13<sup>th</sup> day of December 2005 by SAM WILLIAMS, the Authorized Officer of Old Redford Academy, a Michigan public school academy, on behalf of said academy.

*Susan F. Snyder*

Notary Public, State of Michigan

County of: Oakland

My Commission Expires: 7-5-08

Acting in the County of: Oakland

## **EXHIBIT A**

### **LEGAL DESCRIPTION OF THE PROPERTY**

#### **Parcel A:**

A parcel of land located West of and including parts of Lots 8, 9, and 10 of Bosworth Court Subdivision of Part of Lot 1 of Fair Plains Subdivision on Southeast ¼ of Section 9, Town 1 South, Range 10 East, Redford Village (now City of Detroit), Wayne County, Michigan, recorded in Liber 42, Page 67, of Plats, Wayne County Records, also including Part of said Lot 1 of Fair Plains Subdivision. Parcel A being more particularly described as commencing at the intersection of Northwestern line of Redford Ave, 66 feet wide, with the North line of McNichols Road 66 feet wide; thence North 60 degrees 22 minutes 07 seconds East 541.19 feet along the Northwestern line of Redford Ave (66 feet wide) to the point of beginning; thence North 29 degrees 52 minutes 09 seconds West 243.97 feet (North 29 degrees 37 minutes West 246.20 record); thence South 79 degrees 06 minutes 35 seconds West 24.29 feet; thence North 29 degrees 00 minutes 00 seconds East 196.54 feet along the Northwestern line of said Lot 8; thence South 57 degrees 20 minutes 22 seconds East 51.52 feet; thence South 46 degrees 20 minutes 38 seconds West 12.66 feet; thence South 29 degrees 03 minutes 46 seconds East 59.59 feet; thence North 83 degrees 50 minutes 45 seconds East 77.66 feet; thence South 79 degrees 43 minutes 20 seconds East 61.83 feet; thence North 86 degrees 39 minutes 13 seconds East 147.18 feet to the Southeast corner of said Lot 11; thence South 58 degrees 00 minutes 37 seconds East 116.94 feet; thence along the Northwestern line of said Redford Ave the following two courses South 31 degrees 38 minutes 22 seconds West 14.85 feet; thence South 60 degrees 22 minutes 07 seconds West 448.06 feet to the point of beginning.

Commonly known as 17185 Redford, 17201 Redford, 17225 Redford, 17235 Redford and part of 17129 Bosworth Court.

Tax Parcel numbers: Ward 22, Item 014189; Ward 22, Item 014190; Ward 22, Item 014191; Ward 22, Item 014192; and part of Ward 22, Item 007489-90

Said Parcel A includes the following parcels:

#### **Parcel C:**

A part of the SE ¼ of Section 9, Town 1 South, Range 10 East, also that part of Lot 1 Fair Plains Subdivision described as follows: Beginning at a point distant from the intersection of the northerly lines of McNichols Road and Redford Avenue north 60 degrees 23 minutes 30 seconds east 472 feet; thence north 60 degrees 19 minutes 30 seconds east 262.50 feet to said point of beginning; thence north 43 degrees 25 minutes west 111.31 feet; thence north 60 degrees 54 minutes east 202.50 feet along the southeasterly line of Bosworth Court Subdivision; thence south 29 degrees 33 minutes east 108 feet; thence s 60 degrees 19 minutes 30 seconds west 173.08 feet along the northerly line of Redford Avenue to the point of beginning.

Commonly known as 17225 Redford

Tax Parcel Number Ward 22, Item 014191

**Parcel D:**

A part of Lot 1, Fair Plains Subdivision and part of the Southeast ¼ of Section 9, Town 1 South, Range 10 East, City of Detroit, Wayne County, Michigan, commencing at the NW corner of Redford Avenue and McNichols Road; thence north 60 degrees 23 minutes 30 seconds east along the northwesterly line of Redford Avenue 472 feet; thence north 60 degrees 19 minutes 30 seconds east 457.98 feet to the point of beginning; thence north 29 degrees 33 minutes west 107.3 feet to a point; thence south 60 degrees 54 minutes west 20 feet to a point; thence south 29 degrees 33 minutes east 107.3 feet to the northwesterly line of Redford Avenue; thence north 60 degrees 19 minutes 30 seconds east 20 feet along the northwesterly line of Redford Avenue to the point of beginning;

Also all that part of the southeast ¼ of Section 9, Town 1 South, Range 10 East, describes as: Beginning at a point on the west line of Redford Avenue, said point being south 31 degrees 28 minutes 40 seconds west 219.45 feet from the southwest corner of said Redford Avenue and Grand River Avenue, as now widened; thence north 57 degrees 21 minutes 20 seconds west 115.52 feet; thence south 58 degrees 25 minutes west 18 feet; thence south 29 degrees 14 minutes 40 seconds east 108 feet to the westerly line of Redford Avenue; thence north 60 degrees 19 minutes 40 seconds east along said line 61.04 feet; thence continuing along said westerly line 31 degrees 28 minutes 40 seconds east 13.08 to beginning, according to survey made by Guy Kennedy, Registered Surveyor, May 27, 1940.

Commonly known as 17235 Redford  
Tax Parcel Number Ward 22, Item 014192

**Parcel E:**

A parcel of land described as part of Lots 10 and 11 of Bosworth Court Subdivision of Part of Lot 1 of Fair Plains Subdivision on southeast quarter of Section 9, Town 1 South, Range 10 East, Redford Village (now City of Detroit), Wayne County, Michigan, recorded in Liber 42, page 67 Plats, Wayne County Records, being more particularly described as: Commencing at the intersection of the northwesterly line of Redford Ave., 66 feet wide, with the north line of McNichols Road, 66 feet wide; thence north 60 degrees 22 minutes 07 seconds east 734.36 feet along the northwesterly line of Redford Ave. (66 feet wide); thence north 44 degrees 07 minutes 45 seconds west 110.35 feet; thence north 59 degrees 36 minutes 27 seconds east 74.74 feet along the southeasterly line of said Lot 10 to the point of beginning; thence north 20 degrees 51 minutes 18 seconds west 41.28 feet; thence north 15 degrees 46 minutes 52 seconds east 37.85 feet; thence north 86 degrees 39 minutes 13 seconds east 147.18 feet; thence south 59 degrees 36 minutes 27 seconds west 165.23 feet along the southeasterly line of said lots 10 and 11 to the point of beginning, subject to all easements, right-of-way, and restrictions of record recorded or otherwise.

Commonly known as a part of 17129 Bosworth Court  
Part of Tax Parcel Number Ward 22, Item 007489-90

**EXHIBIT B**

**PERMITTED ENCUMBRANCES**

1. Lease Agreement between the Academy and the Foundation dated December 1, 2005.

**B-1**

5205063v.4 25714/103065

## Middle School and High School Sites

LEASE FINANCING AGREEMENT

Among

MICHIGAN FINANCE AUTHORITY

and

CLOTHILDE R. SMITH CHARITABLE FOUNDATION

and

OLD REDFORD ACADEMY

Dated as of November 1, 2010



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## LEASE FINANCING AGREEMENT

This is a lease financing agreement (hereinafter "Agreement" or "Financing Agreement") made and entered into as of November 1, 2010 among the MICHIGAN FINANCE AUTHORITY (the "Authority"), the CLOTHILDE R. SMITH CHARITABLE FOUNDATION (the "Foundation"), and OLD REDFORD ACADEMY (the "Academy").

### PREMISES

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

The School Code authorizes public school academies to finance their activities, without limitation, by purchase, gift, grant, devise, bequest, lease, sublease, installment purchase agreement and land contract.

The Foundation, a Michigan nonprofit corporation, has been created for the purpose of furthering charitable, educational, scientific or literary purposes and assisting public school academies in providing quality educational experiences, including, but not limited to owning facilities for lease to the Academy.

The Foundation has or will renovate, furnish and equip educational facilities to be leased to the Academy and will refinance certain outstanding prior obligations used to acquire and improve the facilities.

Under the terms of the Lease (as defined herein) the Foundation will be the owner of the facilities and have legal title to the Premises (as defined herein).

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

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

### ARTICLE I. DEFINITIONS

Words and phrases capitalized herein shall have the meanings ascribed to them in the Indenture and in Resolution No. 2010-24 adopted by the Authority on October 21, 2010. In addition, the following words and phrases as used throughout this Agreement shall have the following meanings unless the context or use clearly indicates another or different meaning or intent:

"Additional Payments" means all payments required of the Academy by this Agreement other than Lease Payments, including, but not limited to, Repair and Replacement Subaccount Payments, Reserve Fund Payments and the Authority Servicing Fee.

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

"Authority Servicing Fee" means an amount equal to one two-hundredth of one percent (1/200 of 1%) of the outstanding aggregate principal amount of the Series 2010 Bonds to be collected by the Trustee on each Payment Date and deposited in the Class Old Redford Revenue Account and paid to the Authority as provided in Section 501 hereof.

"Authorized Academy Representative" means the President of the Academy or any other officer of the Academy authorized by a resolution adopted by the Board of the Academy.

"Authorizing Body" means Central Michigan University.

"Bond Documents" means this Agreement, the Subordination and the Bond Purchase Agreement dated November 5, 2010 relating to the Series 2010 Bonds.

"Bond Payment Date" means with respect to the Series 2010 Bonds, each June 1 and December 1 commencing June 1, 2011.

"Closing Date" means the date of the initial delivery of the Series 2010 Bonds.

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

"Completion Certificate" means the certificate provided for in Section 604 hereof, in the form of Exhibit D hereto.

"Completion Date" means the date of the final completion of the Project as certified in the Completion Certificate.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated as of the date of delivery of the Series 2010 Bonds.

"Debt Service Coverage Ratio" means for any period the ratio of (a) the amount of revenues (including, without duplication, proceeds of state aid notes available during such period) of the Academy available (after payment of operating expenses and debt service on any state aid notes issued by the Academy but before payment of subordinated management fees and other subordinated fees and expenses) in such period to pay debt service on obligations of the Academy, to (b) the amount of scheduled debt service on all obligations of the Academy (including all obligations under this Agreement) other than state aid notes in such period.

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



"Fiscal Year" means the twelve (12) month period beginning July 1 and ending June 30.

"Foundation" means the Clothilde R. Smith Charitable Foundation, a Michigan nonprofit corporation, or its successors or assigns or any surviving, resulting or transferee corporation.

"Foundation's Address" means Clothilde R. Smith Charitable Foundation, 18470 West Ten Mile Road, Suite 100, Southfield, Michigan 48075.

"Historical Coverage Ratio" means as of any date of determination, the actual Debt Service Coverage Ratio during each of the three most recently completed Fiscal Years of the Academy.

"Indenture" means, collectively, the Master Indenture dated as of December 1, 2005, the First Supplemental Indenture dated as of December 1, 2005 and the Second Supplemental Indenture dated as of November 1, 2010 (the "Second Supplemental Indenture"), each between the Authority and U.S. Bank National Association, as Trustee, as the same may be amended or supplemented in accordance with their terms.

"Lease" means, collectively, the two leases between the Foundation and the Academy covering the Premises, each dated as of November 1, 2010.

"Lease Payments" means the amounts payable by the Academy under the Lease which have been assigned to the Authority pursuant to Section 405 hereof.

"Management Agreement" means the management agreement effective as of July 1, 2009 between the Academy and Innovative Teaching Solutions, Inc., a Michigan corporation, and any other subsequent management agreement between the Academy and a management company.

"Mortgage" means the mortgages and liens created thereby granted by the Foundation pursuant to Section 606 of this Agreement.

"Nonarbitrage Certificate" means, collectively, the Nonarbitrage Certificate delivered by the Authority and the Nonarbitrage and Tax Compliance Certificate delivered by the Academy and the Foundation in connection with the initial delivery of the Series 2010 Bonds.

"Pledged State Aid" has the meaning given in Section 405 hereof.

"Premises" means the premises leased to the Academy by the Foundation in the Lease and described on Exhibit C attached hereto.

"Principal Amount" means \$14,285,000 being the aggregate principal amount of the Series 2010 Bonds.

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

"Project" means the acquisition or refinancing, installation, construction, reconstruction, renovation, equipping and furnishing of educational facilities to be located in Detroit, Michigan as more fully described on Exhibit C hereto.

"Project Costs" means (a) obligations of the Authority, the Academy or the Foundation incurred for labor and materials and to contractors, builders and materialmen in connection with the acquisition, construction and installation of the Project; (b) the cost of acquiring or refinancing necessary interests in land and any costs incidental thereto, including costs of assuring unencumbered title of the Foundation to the Project, and recording fees; (c) the cost of bonds and of insurance of all kinds that may be required or necessary during the course of construction of the Project which is not paid by the contractor or contractors or otherwise provided for; (d) all costs of engineering services, including the expenses of the Foundation or the Academy for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent upon the proper construction of the Project; (e) all other costs which the Academy or the Foundation shall be required to pay, under the terms of any contract or contracts, for the acquisition or refinancing, construction, installation, reconstruction, renovating, equipping and furnishing of the Project; (f) Costs of Issuance not to exceed \$281,204.97 with respect to payments from the Series 2010A Bond proceeds; (g) other costs of a nature comparable to those described in clauses (a) through (f) above which the Academy or the Foundation shall be required to pay as a result of the damage, destruction, condemnation or taking of the Project or any portion thereof; (h) interest on the Series 2010 Bonds or any interim obligation during the period of construction of the Project; or (i) any other costs incurred by the Academy or the Foundation which are properly chargeable to the Project and which may be financed by the Series 2010 Bonds under the Act.

"Projected Coverage Ratio" means as of any date of determination the projected Debt Service Coverage Ratio for the then current and for each of the five next succeeding Fiscal Years of the Academy, including for such purpose both expected revenue resulting from the facilities, if any, to be financed by the obligation to be incurred and debt service on the obligation expected to be incurred.

"Repair and Replacement Subaccount Payments" means the payments the Academy has agreed to make pursuant to Section 412 hereof.

"Requisition Certificate" means a certificate required by Section 601 in the form of Exhibit B or in a form approved by an Authorized Officer of the Authority and the Trustee.

"Reserve Fund Payment" means any payment which the Academy has agreed to make in the last paragraph of Section 401 hereof.

"Subordination" means the subordination contained in Section 406 hereof and any separate subordination agreement given pursuant to Section 406.

"Tax-Exempt Organization" means a not-for-profit organization described in Section 501(c)(3) of the Code, and exempt from tax under Section 501(a) of the Code, or any successor provision of similar import hereafter enacted.

## ARTICLE II. REPRESENTATIONS

### Section 201. Representations by the Foundation

The Foundation makes the following representations and warranties:

- (a) The Foundation has received a determination from the Internal Revenue Service that it is a Tax-Exempt Organization. The Foundation is a nonprofit corporation which is duly incorporated, organized, existing and in good standing under the laws of the State of Michigan, is qualified to conduct its business in the State of Michigan, has the requisite power and authority to conduct its business, to own its properties and to execute and deliver, and to perform all of its obligations under this Agreement, the Lease, the Mortgage and the Bond Purchase Agreement, and by proper action this Agreement, the Lease, the Mortgage and the Bond Purchase Agreement have been duly authorized, executed and delivered by, and assuming due authorization by the other parties thereto, if any, are valid and binding obligations of the Foundation.
- (b) Neither the authorization, execution or delivery of this Agreement, the Lease, the Mortgage, the Bond Purchase Agreement and the Continuing Disclosure Agreement, the consummation of the transactions contemplated by this Agreement, the Lease, the Mortgage, the Bond Purchase Agreement, the Indenture and the Continuing Disclosure Agreement, nor the fulfillment of or compliance with the terms and conditions of this Agreement, the Lease, the Mortgage, the Bond Purchase Agreement and the Continuing Disclosure Agreement will require any consent or approval of the governing board of the Foundation which has not been obtained, or violate any provision of law, any order of any court or other agency of government, the Articles of Incorporation or Bylaws of the Foundation or any indenture, agreement or other instrument to which the Foundation is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or, except as provided hereunder, result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Foundation.
- (c) No litigation or governmental proceeding is pending or, to the knowledge of the officers of the Foundation, threatened against the Foundation which could have a material adverse effect on its financial condition or business, or the authority or incumbency of its officers or directors.
- (d) The financial statements, if any, of the Foundation which have been furnished to the Underwriter (as defined in the Bond Purchase Agreement) are complete and accurate in all respects and present fairly the financial condition of the Foundation as of their respective dates and the results of its operations for the periods covered thereby in accordance with generally accepted accounting

principles, and since the date of the most recent financial statements of the Foundation which have been furnished to the Underwriter, there has not been any material adverse change, financial or otherwise, in the condition of the Foundation or in the results of its operations, and there has not been any material transaction entered into by the Foundation other than transactions in the ordinary course of business.

- (e) The Foundation does not have any material contingent obligations which are not disclosed in its most recent financial statements furnished to the Underwriter.
- (f) The Foundation intends to cause the Premises to be operated at all times during the term of this Agreement as a "public school academy" as that term is defined in the School Code. All property which is to be financed or refinanced with the net proceeds of the Series 2010 Bonds will be owned by the Foundation.
- (g) Moneys which will be made available from the Authority under this Agreement and other sources will be sufficient to pay all Project Costs.
- (h) Any amounts payable to the Foundation by the Academy under the Lease or otherwise and not assigned by this Agreement to the Authority are hereby fully subordinated to the obligations assigned to the Authority.
- (i) The Project is needed by the Academy and does not result in an unnecessary duplication of existing facilities and has been well planned.
- (j) Except for preliminary expenditures for architectural, engineering, surveying, soil testing, and similar costs (not including costs of land acquisition, site preparation, and similar costs incident to commencement of construction) that were incurred prior to commencement of acquisition, construction or rehabilitation of the facilities comprising the Project, and did not exceed in the aggregate 20 percent of the issue price of the Series 2010 Bonds, and except for costs of issuance and other costs not in excess of the lesser of \$100,000 or 5 percent of the proceeds of the Series 2010A Bonds, no proceeds of the 2010A Bonds were or will be allocated to the reimbursement of an expenditure for costs of the Project paid more than 60 days prior to September 16, 2010, which is the date on which the Board of Directors of the Foundation adopted a resolution declaring official intent to finance such costs of the Project with debt.
- (k) The funds disbursed under this Agreement will not exceed the Project Costs.
- (l) The Foundation is not in default in any material respect under any order, writ, judgment, injunction, decree, determination or award or any indenture, agreement, lease or instrument. The Foundation is not in default under any law, rule or regulation wherein such default could materially adversely affect the Foundation or the ability of the Foundation to perform its obligations under this Agreement, the Lease or the Mortgage.



- (m) No more than five percent of the proceeds from the sale of the Series 2010A Bonds will be used directly or indirectly to acquire, construct or renovate facilities used during the period the Series 2010 Bonds will be outstanding by non-exempt persons (i.e. persons or entities which are not state or local governments or subdivisions thereof or Tax-Exempt Organizations), or pursuant to contracts or other agreements with non-exempt persons resulting in control over some portion of the Project or earning the user a portion of the revenues produced by such portion of the Project (except as permitted in the Nonarbitrage Certificate), or for purposes which would cause the realization of unrelated trade or business income (as defined in Section 513 of the Code); no portion of the proceeds from the sale of the Series 2010A Bonds will be or was loaned to any non-exempt person; and no portion of the Project will be owned by any non-exempt person.
- (n) The weighted average maturity of the Series 2010A Bonds is not greater than 120% of the average reasonably expected economic life of the facilities being financed or refinanced by the Series 2010A Bonds, as determined pursuant to Section 147(b) of the Code.
- (o) None of the proceeds of the Series 2010 Bonds will be used to provide, directly or indirectly, any airplane, skybox or other private luxury box, facility used primarily for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. No more than 2% of the proceeds of the Series 2010A Bonds will be used to pay costs of issuing the Series 2010 Bonds.
- (p) No part of the Project constitutes residential rental property for family units (as set forth in Section 145(d) of the Code). For this purpose, residential rental property for family units means those properties which are used other than on a transient basis and which are available to members of the general public, comprised of housing units which contain separate and complete facilities for living, sleeping, eating, cooking and sanitation.
- (q) There are no contracts or other arrangements providing for private business use or ownership of any property to be financed by proceeds of the Series 2010A Bonds by any person other than an organization described in Section 501(c)(3) of the Code (but only to the extent that such property is used in furtherance of the exempt purposes or function of such Section 501(c)(3) organization) or a unit of state or local government, and the Foundation covenants not to enter into any such contracts or arrangements during the term of this Agreement, including any contracts or arrangements for the provision of medical services, food services, management services, or any other types of services, except contracts and arrangements which satisfy the requirements of Rev. Proc. 97-13 or other applicable regulations under the Code.
- (r) The Foundation will comply with the provisions of Section 148 of the Code. The Foundation covenants, for the benefit of itself, the Authority and the owners

from time to time of the Series 2010 Bonds, that it will not cause or permit any proceeds of the Series 2010A Bonds to be invested in a manner contrary to the provisions of Section 148 of the Code, and that it will assume compliance with such provisions on behalf of the Authority (including, without limitation, performing required calculations, the keeping of proper records and the timely payment to the Department of the Treasury of the United States, in the name of the Authority, of all amounts required to be so paid by Section 148 of the Code), and the Foundation shall follow the procedures set forth in the rebate instructions memorandum attached as Exhibit A to the Nonarbitrage and Tax Compliance Certificate of the Foundation and the Academy.

- (s) Except as permitted by Code Section 149(b), the Series 2010 Bonds are not federally guaranteed. For this purpose, a bond is federally guaranteed if (i) the payment of principal or interest is guaranteed (in whole or in part) by the United States or any agency or instrumentality thereof, (ii) 5% or more of the issue is to be (x) used in making loans the principal or interest with respect to which is to be guaranteed (in whole or in part) by the United States (or an agency of instrumentality thereof) or (y) invested directly or indirectly in federally insured deposits or accounts, or (iii) the payment of principal or interest on such bond is otherwise indirectly guaranteed (in whole or in part) by the United States (or an agency or instrumentality thereof).
- (t) There are no other obligations that were sold or are to be sold within 15 days of the sale of the Series 2010 Bonds that (i) were or are to be sold pursuant to the same plan of financing with the Series 2010 Bonds and (ii) are reasonably expected to be paid from substantially the same source of funds as the Series 2010 Bonds, determined without regard to guaranties from unrelated parties.
- (u) The Foundation shall not enter into any contracts or other arrangements which do not comply with (m) and (q) above.
- (v) The Foundation will not pay or enter into a transaction that reduces the arbitrage rebate to be paid to the United States because the transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield on the Series 2010 Bonds not been relevant to either party.
- (w) The Project will be completed not later than December 31, 2011.
- (x) The Project will be constructed and equipped in such manner as to conform with all applicable zoning, planning, building, environmental and other regulations of the governmental authorities having jurisdiction of the Premises.
- (y) To the best of the knowledge of the Foundation, no authorizations, consents or approvals of governmental bodies or agencies are required in connection with the execution and delivery by the Foundation of this Agreement, the Lease, the Mortgage, or the Bond Purchase Agreement or in connection with the carrying

out by the Foundation of its obligations under this Agreement, the Lease, the Mortgage, or the Bond Purchase Agreement, which have not been obtained or, if not obtained on the date of this Agreement, are expected to be obtained in the normal course of business at or prior to the time such authorizations, consents or approvals are required to be obtained.

- (z) There are no actions or proceedings pending or, to the knowledge of the Foundation, threatened before any court or administrative agency which will, in the reasonable judgment of the Foundation, materially adversely affect the ability of the Foundation to meet its obligations under this Agreement, the Lease, the Mortgage, or the Bond Purchase Agreement.
- (aa) No director or officer of the Authority has any interest of any kind in the Foundation which would result, as a result of the issuance of the Series 2010 Bonds, in a substantial financial benefit to such persons other than as a member of the general public.
- (bb) The information furnished by the Foundation and used by the Authority in preparing its Nonarbitrage Certificate pursuant to the Code and the information statement pursuant to Section 149(e) of the Code (Form 8038), and the information contained in the notice of public hearing published in The Detroit News/Free Press on September 12, 2010 is true, accurate and complete as of the date of the issuance of the Series 2010 Bonds.
- (cc) The Foundation has complied and intends to comply with its obligations, covenants and representations under the Bond Documents, to the extent such obligations affect the tax-exempt status of the Series 2010A Bonds.
- (dd) None of the proceeds of the Series 2010 Bonds will be used to finance the purchase, construction, lease, or renovation of property owned, directly or indirectly, by any officer, board member, or employee of the Academy.
- (ee) No later than November 17, 2010, the Foundation shall furnish or cause to be furnished, payment and performance bonds in such form and in such amounts as approved by Bond Counsel, the Attorney General, the Authority and the Trustee and as otherwise satisfactory to Bond Counsel, the Attorney General, the Authority and the Trustee.

## Section 202. Representations of the Authority

The Authority makes the following representations:

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

- (b) All of the proceedings approving the Agreement, the Indenture, and the Bond Purchase Agreement were conducted by the Authority at meetings which complied with Act 267, Michigan Public Acts, 1976, as amended.
- (c) No member of the Authority is directly or indirectly a party to or in any manner whatsoever interested in the Agreement, Indenture, Series 2010 Bonds or the proceedings related thereto.

Section 203. Representations of the Academy

- (a) The Academy is a public school academy established in accordance with the provisions of the School Code and has, and on the Closing Date, will have, full legal right, power and authority (i) to enter into the Lease, the Subordination, the Management Agreement, the Continuing Disclosure Agreement and this Agreement, and (ii) to sell, pledge and assign to the Authority the State School Aid (as defined herein) payments to be allocated and paid to the Academy as provided herein and the Academy has duly authorized and approved the execution and delivery of and the performance by the Academy of its obligations contained in the Lease, the Subordination, the Management Agreement, the Continuing Disclosure Agreement and this Agreement; and the Lease, the Subordination, the Management Agreement, the Continuing Disclosure Agreement and this Agreement have been duly authorized, executed and delivered by, and assuming due authorization by the other parties thereto, if any, are valid and binding obligations of the Academy.
- (b) Neither the authorization, execution or delivery of this Agreement, the Lease, the Subordination, the Management Agreement, the Bond Purchase Agreement and the Continuing Disclosure Agreement, the consummation of the transactions contemplated by this Agreement, the Lease, the Subordination, the Management Agreement, the Bond Purchase Agreement, the Indenture and the Continuing Disclosure Agreement, nor the fulfillment of or compliance with the terms and conditions of the Agreement, the Lease, the Subordination, the Management Agreement, the Bond Purchase Agreement and the Continuing Disclosure Agreement will require any consent or approval of the governing board of the Academy or its Authorizing Body which has not been obtained, or violate any provision of law, any order of any court or other agency of government, the Charter, Articles of Incorporation or Bylaws of the Academy or any indenture, agreement or other instrument to which the Academy is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under its Charter or any such indenture, agreement or other instrument, or, except as provided hereunder, result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Academy.
- (c) No litigation or governmental proceeding is pending or, to the knowledge of the officers of the Academy, threatened against the Academy which could have a



material adverse effect on its financial condition or business, its power to make payments under the Lease or this Agreement or the authority or incumbency of its officers or directors.

- (d) The financial statements of the Academy which have been furnished to the Underwriter are complete and accurate in all respects and present fairly the financial condition of the Academy as of their respective dates and the results of its operations for the periods covered thereby in accordance with generally accepted accounting principles, and since the date of the most recent financial statements of the Academy which have been furnished to the Underwriter there has not been any material adverse change, financial or otherwise, in the condition of the Academy or in the results of its operations, and there has not been any material transaction entered into by the Academy other than transactions in the ordinary course of business.
- (e) The Academy does not have any material contingent obligations which are not disclosed in its most recent financial statements furnished to the Underwriter.
- (f) The Academy intends to cause the Premises to be operated at all times during the term of this Agreement as a "public school academy" as that term is defined in the School Code. All property which is to be financed or refinanced with the net proceeds of the Series 2010 Bonds will be leased by the Academy.
- (g) Moneys which will be made available from the Authority under this Agreement and other sources will be sufficient to pay all Project Costs.
- (h) The Academy reasonably believes that the revenues and income generally available or to become available to the Academy will be sufficient for allocation to and payment of the Series 2010 Bonds and interest thereon when due.
- (i) The Project is needed by the Academy and does not result in an unnecessary duplication of existing facilities and has been well planned.
- (j) Except for preliminary expenditures for architectural, engineering, surveying, soil testing, and similar costs (not including costs of land acquisition, site preparation, and similar costs incident to commencement of construction) that were incurred prior to commencement of acquisition, construction, renovation or rehabilitation of the facilities comprising the Project, and did not exceed in the aggregate 20 percent of the issue price of the Series 2010 Bonds, and except for costs of issuance and other costs not in excess of the lesser of \$100,000 or 5 percent of the proceeds of the Series 2010A Bonds, no proceeds of the 2010A Bonds were or will be allocated to the reimbursement of an expenditure for costs of the Project paid more than 60 days prior to September 16, 2010, which is the date on which the governing board of the Foundation adopted a resolution declaring official intent to finance such costs of the Project with debt.

- (k) Proceeds of the Series 2010 Bonds will not exceed the cost of the Project and incidental costs related thereto and to the issuance of the Series 2010 Bonds.
- (l) The Academy is not in default in any material respect under any order, writ, judgment, injunction, decree, determination or award or any indenture, agreement, lease or instrument. The Academy is not in default under any law, rule or regulation wherein such default could materially adversely affect the Academy or the ability of the Academy to perform its obligations under this Agreement, the Lease, the Subordination or the Management Agreement.
- (m) No more than five percent of the proceeds from the sale of the Series 2010A Bonds will be used directly or indirectly to acquire, construct or renovate facilities used during the period the Series 2010A Bonds will be outstanding by non-exempt persons (i.e. persons or entities which are not state or local governments or subdivisions thereof or Tax- Exempt Organizations), or pursuant to contracts or other agreements with non-exempt persons resulting in control over some portion of the Project or earning the user a portion of the revenues produced by such portion of the Project (except as permitted in the Nonarbitrage Certificate), or for purposes which would cause the realization of unrelated trade or business income (as defined in Section 513 of the Code); no portion of the proceeds from the sale of the Series 2010 Bonds will be or was loaned to any non-exempt person; and no portion of the Project will be owned by any non-exempt person.
- (n) The weighted average maturity of the Series 2010A Bonds is not greater than 120% of the average reasonably expected economic life of the Project being financed or refinanced by the Series 2010A Bonds, as determined pursuant to Section 147(b) of the Code.
- (o) None of the proceeds of the Series 2010A Bonds will be used to provide, directly or indirectly, any airplane, skybox or other private luxury box, facility used primarily for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. No more than 2% of the proceeds of the Series 2010A Bonds will be used to pay costs of issuing the Series 2010A Bonds.
- (p) No part of the Premises constitutes residential rental property for family units (as set forth in Section 145(d) of the Code). For this purpose, residential rental property for family units means those properties which are used other than on a transient basis and which are available to members of the general public, comprised of housing units which contain separate and complete facilities for living, sleeping, eating, cooking and sanitation.
- (q) There are no contracts or other arrangements providing for private business use or ownership of any property to be financed by proceeds of the Series 2010 Bonds by any person other than an organization described in Section 501(c)(3) of the Code (but only to the extent that such property is used in furtherance of

the exempt purposes or function of such Section 501(c)(3) organization) or a unit of state or local government, and the Academy covenants not to enter into any such contracts or arrangements during the term of this Agreement, including any contracts or arrangements for the provision of medical services, food services, management services, or any other types of services, except contracts and arrangements which satisfy the requirements of Rev. Proc. 97-13 or other applicable regulations under the Code.

- (r) The Academy will comply with the provisions of Section 148 of the Code. The Academy covenants, for the benefit of itself, the Authority and the owners from time to time of the Series 2010 Bonds, that it will not cause or permit any proceeds of the Series 2010 Bonds to be invested in a manner contrary to the provisions of Section 148 of the Code, and that it will assume compliance with such provisions on behalf of the Authority (including, without limitation, performing required calculations, the keeping of proper records and the timely payment to the Department of the Treasury of the United States, in the name of the Authority, of all amounts required to be so paid by Section 148 of the Code), and the Academy shall follow the procedures set forth in the rebate instructions memorandum attached as Exhibit A to the Nonarbitrage and Tax Compliance Certificate of the Foundation and the Academy.
- (s) Except as permitted by Code Section 149(b), the Series 2010 Bonds are not federally guaranteed. For this purpose, a bond is federally guaranteed if (i) the payment of principal or interest is guaranteed (in whole or in part) by the United States or any agency or instrumentality thereof, (ii) 5% or more of the issue is to be (x) used in making loans the principal or interest with respect to which is to be guaranteed (in whole or in part) by the United States (or an agency of instrumentality thereof) or (y) invested directly or indirectly in federally insured deposits or accounts, or (iii) the payment of principal or interest on such bond is otherwise indirectly guaranteed (in whole or in part) by the United States (or an agency or instrumentality thereof).
- (t) There are no other obligations of the Academy that were sold or are to be sold within 15 days of the sale of the Series 2010 Bonds that (i) were or are to be sold pursuant to the same plan of financing with the Series 2010 Bonds and (ii) are reasonably expected to be paid from substantially the same source of funds as the Series 2010 Bonds, determined without regard to guaranties from unrelated parties.
- (u) The Academy shall not enter into any contracts or other arrangements which do not comply with (m) and (q) above.
- (v) The Academy will not pay or enter into a transaction that reduces the arbitrage rebate to be paid to the United States because the transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield on the Series 2010 Bonds not been relevant to either party.

- (w) The Project will be completed not later than December 31, 2011.
- (x) The Project will be constructed and equipped in such manner as to conform with all applicable zoning, planning, building, environmental and other regulations of the governmental authorities having jurisdiction of the Premises.
- (y) To the best of the knowledge of the Academy, no authorizations, consents or approvals of governmental bodies or agencies are required in connection with the execution and delivery by the Academy of this Agreement, the Lease, the Subordination, the Management Agreement, the Bond Purchase Agreement, or the Continuing Disclosure Agreement or in connection with the carrying out by the Academy of its obligations under this Agreement, the Lease, the Subordination, the Management Agreement, the Bond Purchase Agreement, or the Continuing Disclosure Agreement, which have not been obtained or, if not obtained on the date of this Agreement, are expected to be obtained in the normal course of business at or prior to the time such authorizations, consents or approvals are required to be obtained.
- (z) There are no actions or proceedings pending or, to the knowledge of the Academy, threatened before any court or administrative agency which will, in the reasonable judgment of the Academy, materially adversely affect the ability of the Academy to meet its obligations under this Agreement, the Lease, the Subordination, the Management Agreement, the Bond Purchase Agreement, or the Continuing Disclosure Agreement.
- (aa) No director or officer of the Authority has any interest of any kind in the Academy which would result, as a result of the issuance of the Series 2010 Bonds, in a substantial financial benefit to such persons other than as a member of the general public.
- (bb) The information furnished by the Academy and used by the Authority in preparing its Nonarbitrage Certificate pursuant to the Code and the information statement pursuant to Section 149(e) of the Code (Form 8038), and the information contained in the notice of public hearing published in The Detroit News/Free Press on September 12, 2010 is true, accurate and complete as of the date of the issuance of the Series 2010 Bonds.
- (cc) The Academy has complied and intends to comply with its obligations, covenants and representations under the Bond Documents, to the extent such obligations affect the tax-exempt status of the Series 2010A Bonds.
- (dd) None of the proceeds of the Series 2010 Bonds will be used to finance the purchase, construction, lease, or renovation of property owned, directly or indirectly, by any officer, board member, or employee of the Academy.
- (ee) The Academy shall promptly pay the Costs of Issuance upon notification by the Authority. The term "Costs of Issuance" shall mean and include underwriter's



discount, placement agent fees, printing charges, letter of credit fees and related charges of a letter of credit, rating agency charges, trustee fees, bond counsel fees, and other counsel fees and issuance fees of the Authority.

(ff) The Academy will utilize the Project for public school purposes so long as the Series 2010 Bonds remain outstanding and will use its best efforts to operate the school in an efficient manner and maintain its Charter in good standing. The Academy will maintain its interest in, operate and utilize the Project, including maintaining its student enrollment to the extent required to carry out all of its obligations under this Agreement.

(gg) With regard to work on the Project which constitutes construction of improvements to the Premises, if any, that will be financed with the proceeds of the Series 2010 Bonds, the Academy will comply with Michigan Public Act 166 of 1965, as amended, MCL 408.551 et seq.

### ARTICLE III. THE SERIES 2010 BONDS AND THE PROCEEDS THEREOF

#### Section 301. Series 2010 Bonds

The Authority has authorized the issuance and sale of the Series 2010 Bonds in the Principal Amount. The Authority intends to deliver Series 2010 Bonds subject to the terms of the Bond Purchase Agreement. The proceeds of the Series 2010 Bonds shall be deposited as follows: (a) in the Related Revenue Account, a sum equal to the accrued interest paid by the purchaser of the Series 2010 Bonds, if any, and capitalized interest in the amount of \$775,329.25 from proceeds of the Series 2010 Bonds; (b) in the Costs of Issuance Fund, \$3,394.95 from proceeds of the Series 2010A Bonds in the Series 2010A subaccount and \$315,509.35 from proceeds of the Series 2010B Bonds in the Series 2010B subaccount; (c) in the 2010 Class Old Redford Academy Funded Reserve subaccount of the 2010 Class Old Redford Reserve Account \$866,293.62 from proceeds of the Series 2010 Bonds and (d) in the Related Proceeds Account, \$12,190,451.68 consisting of the remaining balance of the proceeds to be received from the sale of the Series 2010 Bonds. The obligations of the Authority, the Foundation and the Academy under this Agreement are expressly conditioned upon delivery of the Series 2010 Bonds and receipt of the proceeds thereof.

#### Section 302. Additional Bonds

The Authority may, but shall not be required to, authorize the issuance of the Additional Bonds upon the terms and conditions provided in Section 205 of the Indenture. Failure by the Authority to issue Additional Bonds shall not release the Foundation or the Academy from any provisions of this Agreement, regardless of the reason for such failure.

### Section 303. Investment of Funds and Accounts

Any moneys held as a part of any Fund or Account shall be invested, reinvested or applied by the Trustee in accordance with the provisions of the Indenture and in compliance with the terms of the Nonarbitrage Certificate.

Neither the Foundation nor the Academy shall invest, reinvest or accumulate any moneys deemed to be proceeds of the Series 2010 Bonds pursuant to the Code in such a manner as to cause the Series 2010 Bonds to be "arbitrage bonds" within the meaning of the Code.

### Section 304. Rebate Payments to United States

The Foundation and the Academy, jointly and severally, each for itself and for the Authority, agrees that it shall calculate and make all necessary payments of investment earnings required to be rebated to the United States pursuant to the terms of the Indenture and the Nonarbitrage Certificate. The Foundation and the Academy, jointly and severally, each hereby further agrees that it shall comply with the procedures outlined in section 4 of Exhibit A to the Foundation's and the Academy's Nonarbitrage and Tax Compliance Certificate and shall furnish to the Trustee and the Authority within thirty (30) days following each Computation Date (as defined in the Foundation's and the Academy's Nonarbitrage and Tax Compliance Certificate) the computations required thereby. The Trustee has no duty to confirm the accuracy of the computations made by the Foundation and the Academy and may assume that the computations are correct. The Foundation and the Academy shall provide to the Trustee and the Authority evidence of each payment of rebate, if any, within 30 days of each such payment.

## ARTICLE IV.

### LEASE PAYMENTS, OWNERSHIP, TERM, ASSIGNMENT, SCHOOL AID PLEDGE, OTHER OBLIGATIONS

#### Section 401. Lease Payments, Ownership, Term

The Lease is incorporated herein by this reference and to the extent that a conflict in terms exists between this Agreement and the Lease the specific terms of this Agreement shall govern. The Academy agrees in its Lease to make monthly installments of annual rental in amounts not less than the Lease Payments set forth on Exhibit A hereto (the "Lease Payments") on the Payment Dates required by Section 405 below. The Foundation and the Academy each hereby agrees that it will not sell, assign title to, lease, or, except as provided in Section 411, obtain further financing with respect to the leased premises except with the written permission of the Authority while Lease Payments remain outstanding under this Agreement. The Foundation and the Academy each agrees that the term of the Lease is equal to or longer than the date of the final Lease Payment hereunder. The Foundation and the Academy agree that the Authority may pledge this Agreement as security for its obligations to pay Series 2010 Bonds issued under the Indenture.

If on a Bond Payment Date the balance in the Class Old Redford Revenue Account is for any reason insufficient to pay principal and interest on the Series 2010 Bonds then due, whether

by maturity, redemption, or acceleration, the Academy shall forthwith pay the amount of any such deficiency to the Trustee.

If the Trustee determines that the aggregate value of amounts on deposit in the 2010 Class Old Redford Reserve Account is less than the Reserve Account Requirement, the Trustee shall immediately notify the Academy of the amount necessary to restore the 2010 Class Old Redford Reserve Account to the Reserve Account Requirement and the Academy shall pay such amount to the Trustee for deposit, *pari passu*, on a pro rata basis, into the 2010 Class Old Redford Academy Funded Reserve Subaccount of the 2010 Class Old Redford Reserve Account on or before the next Payment Date following such notification.

#### Section 402. Assignment to Authority

The Foundation immediately and irrevocably assigns to the Authority that portion of the payments owing to the Foundation under the Lease equal to the Lease Payments, pursuant to this Agreement and in consideration thereof the Authority has directed the Trustee to disburse from the Class Old Redford Proceeds Account established under the Indenture the lesser of the amounts on deposit therein, or the Project Costs, as provided in this Agreement. The Academy's obligation to the Authority is an absolute and unconditional general obligation of the Academy and shall remain in full force and effect until the amounts owed hereunder shall have been paid by the Academy to the Authority, and such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation any of the following:

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

(f) Any casualty or destruction of the Premises or the Project.

The Authority shall have no liability for the performance of any obligations of the Academy or the Foundation except as expressly set forth in this Agreement. The Academy and the Foundation each represent and warrant that the assignment contained in this Section 402 to the Authority does not violate the Academy's Charter, the Foundation's Articles of Incorporation or Bylaws, or any law or any agreement, contract, or loan agreement to which it is a party and that the Lease and this Agreement have been duly executed and delivered by the Academy and the Foundation.

#### Section 403. Payment Provisions

The Academy agrees to pay to the Authority the Lease Payments set forth in Exhibit A hereto on the Payment Dates set forth in Section 405 below.

The Academy shall have the option to prepay all or a portion of Lease Payments and direct the redemption of the corresponding amount of Series 2010 Bonds then outstanding pursuant to the redemption of Bonds permitted by the Indenture. The Academy shall give written notice to the Authority and the Trustee of its exercise of its option to prepay its Lease Payments and thereby redeem all or a portion of the Series 2010 Bonds outstanding, which notice shall be provided at least sixty days (or such lesser number of days as shall be acceptable to the Authority and the Trustee) prior to the payment date on which Series 2010 Bonds are to be prepaid.

● On or prior to the payment date on which Series 2010 Bonds are to be redeemed, the Academy shall deposit cash funds with the Trustee which, when added to funds on hand with the Trustee and available therefor, are sufficient to pay the principal and premium, if any, and interest on the Series 2010 Bonds being redeemed and to pay all fees, costs and expenses of the Authority and Trustee accruing through final payment of such Bonds being redeemed.

In addition, the Academy may at its option at any time prepay all or any part of the Lease Payments, provided that if the Series 2010 Bonds are not subject to redemption, the Academy shall make appropriate provisions with the Trustee to hold the Lease Payments in escrow until the Series 2010 Bonds mature or are subject to redemption. Such prepayment shall not in any way alter or suspend any obligations of the Academy under this Agreement except to the extent such prepayment of the Academy results in a credit against Lease Payments or the payment and retirement of Series 2010 Bonds in accordance with the Indenture.

In the event the Academy prepays Lease Payments in an amount of money (or in any manner satisfactory to the Trustee and the Authority) which, together with amounts then on deposit in the Revenue Fund and available therefor, shall be sufficient (i) to retire and redeem at the earliest date(s) permitted under the Indenture all the then outstanding Series 2010 Bonds at the applicable redemption price(s), and (ii) to pay any interest accruing on the Series 2010 Bonds to maturity or redemption, and shall also make provision satisfactory to the Authority and the Trustee for all fees, costs and expenses including rebate payments accruing through the final payment of the Series 2010 Bonds, then the Lease Payments shall be deemed fully repaid and cancelled, and the Mortgage shall be discharged.



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

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

#### Section 404. Payment General Obligation

The obligation of the Academy to pay Lease Payments and Additional Payments is a general obligation of the Academy. The Academy shall and hereby agrees to include in its budget and pay each year, until this Agreement is paid in full, such sum or sums as may be necessary each year to make payments of the Lease Payments and Additional Payments, when due.

#### Section 405. State School Aid Pledge

The Academy pledges to pay its Lease Payments and Additional Payments, and all other amounts required hereby or hereunder from its state school aid (the "State School Aid") to be allocated to it and payable to its Authorizing Body (the "Pledged State Aid"). Unless otherwise agreed to in writing by the Authority, 97% of each installment of State School Aid (such monies to be used to pay the Lease Payments and Additional Payments, when due) shall, pursuant to the agreement of the Authorizing Body, be transmitted directly by the State Treasurer to the Trustee commencing on or before October 20, 2011, and thereafter on or before the 20th of each November, December, January, February, March, April, May, June, July, and October (each a "Payment Date"); provided however that if the School Aid Act shall be modified to provide for a schedule of State School Aid payments materially different from that now in effect, the Authority, by written notice to the Trustee, the State Treasurer, the Foundation, the Academy and the Authorizing Body, may designate different payment dates to provide for timely receipt of Lease Payments consistent with such revised State School Aid payment schedule which shall thereupon be and become the "Payment Dates" hereunder. If the Payment Date falls on a Saturday, Sunday, or legal holiday, the Lease Payment shall be due on the previous regular business day. The Lease Payments and Additional Payments to the Authority shall be made first from the State School Aid allocated to the Academy during the month of the Lease Payment or Additional Payment as the case may be. If, for any reason, the State School Aid allocated to the Academy during the month of the Lease Payment or Additional Payment is insufficient to pay the Lease Payments and Additional Payments, then in that event, the Academy pledges to use

any and all other available funds to meet the Lease Payment obligation. If on any due date for any Lease Payment, the funds with the Trustee are insufficient to pay the Lease Payment and Additional Payments, then the Academy, pursuant to Section 17a(3) of the School Aid Act to the extent necessary to meet the payment obligation, assigns to the Authority and authorizes and directs the State Treasurer to intercept and/or advance not to exceed 97% of any payment which is dedicated for distribution or for which the appropriation authorizing payment has been made under the School Aid Act; and in such event pursuant to Section 17a(3) of the School Aid Act, the Authority is authorized, pursuant to the agreement of the Authorizing Body, to intercept and/or seek an advancement of 97% of the Pledged State Aid (but not more than an amount in the aggregate equal to 20% of State School Aid in any Fiscal Year) to be allocated or distributed to the Authorizing Body with respect to the Academy. The Trustee, on behalf of the Authority, shall immediately notify (or cause notice to be given to) the Academy and the Authorizing Body that it will immediately commence to intercept and/or receive an advancement of the Pledged State Aid and beginning immediately the Authority shall intercept and/or receive an advancement of 97% of the Pledged State Aid (but not more than an amount in the aggregate equal to 20% of State School Aid in any Fiscal Year) to be distributed to the Authorizing Body with respect to the Academy. Notwithstanding the foregoing, however, the amount to be applied by the Trustee to Lease Payments hereunder in any Fiscal Year of the Academy shall not exceed 20% of the amount of State School Aid payable to the Academy by the State in such Fiscal Year.

The intercepted and/or advanced amount shall be applied on the following priority basis: (i) the amount required to pay the Lease Payments and Additional Payments when due shall be held by the Trustee for such purpose, (ii) any other amounts owing to the Authority under the Lease or this Agreement, and (iii) to the extent in excess of the amount required to make payment in full of the amounts required under (i) and (ii) above, any amounts remaining to be immediately distributed to the Authorizing Body. The process set forth above shall continue until sufficient funds are deposited with the Trustee to pay all Lease Payments and Additional Payments. Section 17a(3) of the School Aid Act does not require the State to make an appropriation to any authorizing body, public school academy, other school district or intermediate school district and shall not be construed as creating an indebtedness of the State.

The pledge of State School Aid pursuant to this paragraph is subject to the reservation by the Academy of the right to make additional pledges of State School Aid to secure other obligations as provided in Section 411 hereof.

#### **Section 406. Lease Subordination, Non Disturbance and Attornment**

With regard to any real estate that the Academy occupies as a tenant for school purposes, the Academy subordinates to the Trustee, and subordinates to any mortgage in which the Trustee is a mortgagee, all of the Academy's rights, title and interest in such real estate, including the Academy's leasehold interest in the real estate. The Academy subordinates its leasehold interest to the Trustee and agrees that, regardless of the respective execution dates and recording dates of the Academy's leasehold interest and the Trustee's mortgage interest, the mortgage interest and any extension, renewal, modification or replacement of the mortgage interest is a lien prior and superior to the leasehold interest in all respects. The Academy agrees that its leasehold interest is subordinate to the Trustee's mortgage interest regardless of increases in the mortgage debt and/or modifications in the obligations under the mortgage. Modifications in the mortgage debt

and/or the mortgage may be made without notice to the Academy and such modifications will not affect or impair the Academy's subordination in any manner. If requested to do so by the Trustee, the Academy will sign a separate recordable subordination agreement to give public record notice of this subordination. So long as the Academy is not in default under its leasehold obligations (including, in particular, its obligations to make timely lease payments), the Trustee shall not disturb the Academy's leasehold interest. In the event that the Trustee succeeds to the interest of the Foundation under a lease, the Trustee shall be bound by all of the terms and conditions of the lease, and the Academy agrees, from and after such event, to attorn to the Trustee (or to the purchaser at any foreclosure sale of the leasehold real estate), with all rights and obligations under the lease to continue as though the interest of the Academy had not been terminated or such foreclosure proceedings had not been brought, and the Academy will have the same remedies against the Trustee (or the purchaser) for breach of the lease as the Academy would have had against the prior landlord; provided, however, that neither the Trustee (nor the purchaser) are: (a) liable for any act or omission of any prior landlord; or (b) subject to any offsets or defenses which the Academy might have against any prior landlord; or (c) bound by any rent payment which the Academy might have made for more than the current month to any prior landlord; or (d) bound by any amendments or modifications of the lease made without the consent of the Trustee (or the purchaser); or (e) responsible for the retention, application, disposition and/or return of any security deposit paid to any prior landlord, unless the Trustee (or the purchaser) has actually received for its own account as landlord the full amount of the security deposit; or (f) responsible to the Academy in an amount greater than the Trustee's (or purchaser's) interest in the leasehold real estate at the time that the Academy asserts responsibility. Further, the Trustee's liability to the Academy terminates automatically when the mortgage debt is satisfied.

#### Section 407. Continuing Obligation

The obligations of the Academy under this Agreement shall continue in force until payment in full of the Lease Payments and Additional Payments.

#### Section 408. Assignment by Authority

The Foundation and the Academy hereby each consent to any assignments now or hereafter made by the Authority of the Authority's rights under this Agreement and acknowledge that no further action or consent by the Academy or the Foundation is necessary to effectuate such an assignment.

#### Section 409. Authorized Academy Representative

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

#### Section 410. Obligations of the Foundation and Academy Unconditional

The obligation of the Academy to pay the Lease Payments shall be an absolute and unconditional general obligation of the Academy and shall not be subject to diminution by set-off, recoupment, counterclaim, abatement or otherwise. Until the Series 2010 Bonds have been



fully paid (or provision made therefor) in accordance with the Indenture, the Academy (i) shall not suspend or discontinue any Lease Payments, (ii) shall perform and observe all of its other obligations contained in this Agreement and (iii) shall not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, defect in title to the Premises or the Project, failure to complete the Project, any acts or circumstances that may constitute failure of consideration, destruction of, damage to or condemnation of the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of Michigan or any political subdivision of either, or any failure of the Authority to perform and observe any of its obligations arising out of or connected with the Agreement. It is the intent and expectation of the parties hereto that the Lease Payments will be sufficient for the payment in full of the Series 2010 Bonds, including (i) the total interest to become due and payable on the Series 2010 Bonds to the dates of payment thereof, (ii) the total principal amount of the Series 2010 Bonds, (iii) the redemption premiums, if any, that shall be payable on the redemption of the Series 2010 Bonds prior to their stated payments dates, and (iv) all additional interest, additional principal and any other amounts payable to the Trustee as and when required by the Series 2010 Bonds or this Financing Agreement. In the event, however, of any deficiency in the payment of such amounts regardless of the reason for such deficiency, the Academy agrees that upon notice of the deficiency from the Trustee or the Authority it shall then immediately pay the amount of the deficiency to the Trustee on behalf of the Authority. The obligations of the Academy under this paragraph shall survive the termination of this Financing Agreement and shall not be limited by the terms of the Lease.

#### Section 411. Other Obligations

The Academy covenants and agrees that, without the prior written consent of the Trustee, it will not incur indebtedness for borrowed money, guarantee the obligations of others or incur other pecuniary obligations, except:

- (a) obligations incurred in the ordinary course of business;
- (b) obligations contained in the Management Agreement which are in all respects subordinated in priority to the Lease Payments and Additional Payments;
- (c) state aid notes issued pursuant to Act No. 451, Public Acts of Michigan, 1976, as amended;
- (d) obligations being issued to finance or refinance capital improvements which are on a parity of security with the security for the Lease Payments and Additional Payments hereunder with respect to the Pledged State Aid, if the Academy delivers to the Trustee, prior to incurring such obligation, a written certificate signed by an Authorized Academy Representative certifying a Historical Coverage Ratio of not less than 1.40 and a Projected Coverage Ratio of not less than 1.40 disregarding for purposes of such certificate any debt service on the obligation to be incurred expected to be paid with proceeds of such obligation;
- (e) purchase money obligations secured only by the property being financed and a pledge of State School Aid provided that the aggregate amount of such purchase



money obligations outstanding at any one time shall not exceed 15% of the State School Aid received by the Academy in the most recently completed Fiscal Year.

Obligations incurred pursuant to Section 411(d) may be secured by the Mortgage if (a) the obligations are acquired or funded with proceeds of Additional Bonds of the Authority, and (b) the facilities being financed or refinanced thereby are also pledged or mortgaged as parity security for Lease Payments and Additional Payments.

Section 412. 2010 Class Old Redford Repair and Replacement Subaccount Payments

The Academy agrees to pay to the Trustee on the Payment Dates, for deposit to the 2010 Class Old Redford Repair and Replacement Subaccount, the amounts required to be deposited therein pursuant to Section 3.1(b) of the Second Supplemental Indenture.

ARTICLE V.  
OTHER COSTS AND EXPENSES  
OF THE FOUNDATION AND THE ACADEMY

Section 501. Authority Fees and Expenses

The Academy and the Foundation, jointly and severally, covenant and agree to promptly pay the Costs of Issuance (as defined in Section 203(ee)) upon notification by the Authority and to pay the Authority Servicing Fee in arrears on January 1 of each year while any of the Series 2010 Bonds remain outstanding.

Section 502. Fees and Expenses of Trustee

The Academy and the Foundation, jointly and severally, agree to pay the fees of the Trustee under the Indenture for its services as Trustee in connection with the Series 2010 Bonds, the duties and services of such Trustee being set out in the Indenture, and shall pay the Trustee, in addition, all out-of-pocket counsel fees, taxes and other expenses reasonably incurred by it in performing its duties and in entering into the Indenture. Except to the extent expenses of the Trustee incurred in connection with the issuance of the Series 2010 Bonds are paid from proceeds of sale of the Series 2010 Bonds, all payments for Trustee fees and expenses and paying agent fees shall be promptly paid in accordance with statements rendered by the Trustee, for itself and shall be made directly to the Trustee. The provisions of this Section 502 shall be subject to any agreement as to fees and expenses of the Trustee between the Trustee, the Academy and the Foundation.

Section 503. Indemnification of the Authority

(a) The Authority and its members, officers, agents and employees (the "Indemnified Persons") shall not be liable to the Foundation or the Academy for any reason. The Foundation and the Academy, jointly and severally, shall, to the extent permitted by law, indemnify and hold the Authority and the Indemnified Persons harmless from any loss, expense (including reasonable counsel fees) or liability of any nature due to any and all suits, actions,

legal or administrative proceedings, or claims arising or resulting from, or in any way connected with (i) the financing, construction, operation, use or maintenance of the Project, (ii) any act, failure to act or misrepresentation by any person, firm, corporation or governmental agency, including the Authority, in connection with the issuance, sale or delivery of any of the Series 2010 Bonds, (iii) any act or failure to act by the Authority in connection with this Agreement or any other document involving the Authority in this matter, and (iv) the selection and appointment of firms providing services related to the Bond transaction. If any suit, action or proceeding is brought against the Authority or any Indemnified Person, that suit, action or proceeding shall be defended by counsel to the Authority, the Academy or the Foundation, as the Authority shall determine. If the defense is by counsel to the Authority, which is the Attorney General of Michigan or may, in some instances, be private, retained counsel, the Foundation and the Academy, jointly and severally, shall indemnify the Authority and Indemnified Persons for the reasonable costs of that defense, including reasonable counsel fees. If the Authority determines that the Foundation or the Academy shall defend the Authority or Indemnified Persons, the Foundation or the Academy, as determined by the Authority, shall immediately assume that defense at its own cost. Neither the Foundation nor the Academy shall be liable for any settlement of any proceedings made without its consent (which consent shall not be unreasonably withheld).

(b) Neither the Academy nor the Foundation shall be required to indemnify the Authority or any Indemnified Person under subsection (a), if a court with competent jurisdiction finds that the liability in question was caused by the willful misconduct or sole gross negligence of the Authority or the involved Indemnified Person, unless the court determines that, despite the adjudication of liability but in view of all circumstances of the case, the Authority or the Indemnified Person(s) is (are) fairly and reasonably entitled to indemnity for the expenses which the court considers proper.

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

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

#### Section 504. Indemnification of the Trustee

Subject to the limitations described in Section 503, the Foundation and the Academy, jointly and severally, shall, to the extent permitted by law, indemnify and hold the Trustee harmless against any loss, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of the Indenture, including the costs and expense of defense against any such claim of liability. In the event of the occurrence of any claim indemnified against under this paragraph, the Trustee shall promptly notify the Foundation and the Academy of the existence of the claim and shall give the

Foundation and the Academy such assistance and cooperation in the defense thereof as may be reasonably requested. The Foundation and the Academy, jointly and severally, shall defend any such claim through legal counsel of its choice, and the Foundation and the Academy shall have exclusive authority to defend, settle or otherwise dispose of such claim as it deems advisable in the exercise of its sole discretion.

The obligations of the Foundation and the Academy under this Section 504 shall survive any assignment or termination of this Agreement and the resignation or removal of the Trustee.

#### Section 505. Taxes and Other Costs

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

#### Section 506. Authority and Trustee Right to Perform Foundation and Academy Obligations

In the event the Foundation or the Academy shall fail to perform any of its obligations under the Agreement, the Authority and the Trustee may, but shall be under no obligation to, perform such obligation and pay all costs related thereto, and all such costs so advanced by the Authority or the Trustee shall become an additional obligation of the Foundation and the Academy, jointly and severally, to the Authority or the Trustee, secured under the Indenture, payable on demand with interest thereon at 2% per annum in excess of the average rate per annum borne by the Series 2010 Bonds from the date of advancement until payment, but in no event in excess of the maximum rate permitted by law.

#### Section 507. Insurance

The Academy shall continuously insure, or cause to be insured, against such risks and in such amounts with respect to the Project as are generally insured against by businesses of like size and character, including at least, but not limited to:

- (a) All risk property insurance to the extent of the full insurable value of the Project (recognizing that certain portions thereof may not be exposed to certain risks) including without limitation coverage for loss or damage by fire, with standard extended coverage, vandalism and malicious mischief endorsements.
- (b) Public liability insurance with reference to the Project with limits of not less than \$1,000,000 for bodily injury or death per occurrence and \$1,000,000 for property damage per occurrence and with aggregate combined limits of not less than \$2,000,000.

- (c) Workers' compensation insurance, if required under Michigan law, or a program of self-insurance complying with the requirements of Michigan law.
- (d) Builder's all risk insurance during the course of the construction of the Project and during the course of any other construction, renovation or similar undertaking with respect to property covered by the Mortgage.
- (e) Business interruption insurance covering actual loss in operating revenues in an amount not less than \$1,000,000.00

All required insurance policies shall be with qualified insurance companies under Michigan law and may be written with exceptions and exclusions comparable to those in similar policies carried by other businesses engaged in public education and located in the State of Michigan and may be provided as part of so-called blanket coverage policies. Hazard and public liability insurance policies shall name the Authority and the Trustee as additional insureds as their interests may appear, and the Trustee shall also be named as mortgagee and loss-payee. All insurance claims may be adjusted by the Academy only, subject to the written approval of the Trustee, which approval shall not be unreasonably withheld, and all insurance proceeds for loss or damage to the Project shall be payable to the Trustee for deposit in the Revenue Fund or the Proceeds Fund in accordance with the provisions of Section 607. The Academy shall provide the Authority and the Trustee annually with certificates of the respective insurers specifying that the required insurance is in force and effect and shall not expire or be canceled or materially modified except upon thirty (30) days' prior written notice to the Academy, the Authority and the Trustee.

## ARTICLE VI. CONSTRUCTION AND ACQUISITION OF PROJECT

### Section 601. Proceeds Fund Disbursements

Subject to the conditions set forth below and Section 3.3 of the Second Supplemental Indenture, unless an Event of Default has occurred and is continuing, the Trustee shall disburse out of the Costs of Issuance Fund and the Proceeds Fund the lesser of (a) the Project Costs paid or incurred or (b) the Series 2010 Bond proceeds deposited in the Costs of Issuance Fund and the Proceeds Fund and investment income in the Costs of Issuance Fund and the Proceeds Fund. Such disbursements shall be used to pay the Project Costs so long as there are moneys in the Costs of Issuance Fund and the Proceeds Fund, upon presentation of a Requisition Certificate executed by the Academy in the form shown on Exhibit B attached hereto or in a form approved by the Authorized Officer of the Authority. The Trustee shall rely fully upon any such Requisition Certificate delivered pursuant to this Section 601 and shall not be required to make any investigation in connection therewith.

No disbursement from the Costs of Issuance Fund or the Proceeds Fund relating to improvements to real property shall be made by the Trustee pursuant to this Agreement unless the Requisition Certificate requesting such disbursement is accompanied by an endorsement to the policy of title insurance delivered to the Trustee pursuant to Section 606 hereof which shall:



- (i) Update such policy to the date of endorsement and not more than six (6) days prior to the date of disbursement;
- (ii) Insure the priority of the Mortgage over filed and unfiled mechanics' and materialmen's liens through the date of endorsement; and
- (iii) Increase the amount of the title insurance in force to include the total amount of the Costs of Issuance Fund or the Proceeds Fund then sought to be disbursed relating to the acquisition of or improvements to real property, together with all prior disbursements relating to the acquisition of or improvements to real property.

In the event the moneys in the Costs of Issuance Fund and the Proceeds Fund are insufficient to pay all Project Costs, the Foundation and the Academy, jointly and severally, nevertheless agree to pay all remaining Project Costs. The Authority does not make any warranty, either expressed or implied, that the moneys which will be paid into the Costs of Issuance Fund and the Proceeds Fund will be sufficient to pay Project Costs.

#### Section 602. Recovery Under Breach of Warranty

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

#### Section 603. Obligation to Complete the Project

The Foundation shall proceed diligently to complete the Project substantially in accordance with the descriptions which have been provided to the Authority. The Foundation shall make available to the Authority and the Trustee such other information concerning the Project as any of them may reasonably request. The Foundation may revise the plans, subject to the general limitations of this Agreement. The Foundation shall notify in writing the Authority and the Trustee of any material changes in the Project and upon request shall provide the Authority or the Trustee such changes and opinions of counsel as to the conformity of such changes with the general limitations of this Agreement.

#### Section 604. Completion Certificate

The Completion Date of the acquisition, construction and installation of the Project and the payment of the entire Project Costs shall be evidenced to the Trustee and the Authority by the Completion Certificate.

#### Section 605. Use of Surplus Funds

As soon as practicable and in any event within 60 days from the date of delivery of the Completion Certificate, the Academy shall direct the Trustee to transfer any balance remaining in the Costs of Issuance Fund and the Proceeds Fund (i.e. "Surplus Bond Proceeds") (other than the amounts retained by the Trustee for payment of any Project Costs not then due and payable or being contested) to the Related Revenue Account, for use in accordance with the Indenture.

#### Section 606. Mortgage and Title Insurance

At or prior to the Closing Date, the Foundation shall execute, deliver and cause to be recorded or provide for the recording of the Mortgage securing performance by the Foundation of its obligations under this Agreement and the payment of the Lease Payments and Additional Payments by the Academy and the performance of the Academy's obligations under this Agreement.

At or prior to the Closing Date, the Foundation shall deliver to the Trustee a policy of mortgage title insurance on the Premises subject only to Permitted Encumbrances. The title policy shall provide for title insurance in an amount equal to the acquisition cost of the Premises plus the financed costs of improvements to the Premises, if any.

At the request of the Authority, the Trustee shall release the Mortgage on the New Middle School Campus or the High School Campus, as applicable, (i) upon the occurrence of a Special Optional Partial Redemption in accordance with the provisions of the Second Supplemental Indenture or (ii) upon defeasance of the applicable Allocable Percentage of each maturity of the Series 2010 Bonds in accordance with Section 1401 of the Indenture.

#### Section 607. Application of Insurance and Condemnation

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

destruction or failure of title, or if the Academy is thereby prevented from carrying on its normal operations for a period of 12 consecutive months (or such longer period of time as is acceptable to the Trustee), or if the cost of restoring the Project is reasonably deemed by the Academy to be uneconomic and the Academy abandons the Project, then all proceeds of such insurance or condemnation shall be transferred to the Revenue Fund and used for redemption of the Series 2010 Bonds.

## ARTICLE VII. FURTHER OBLIGATIONS OF THE FOUNDATION AND THE ACADEMY

### Section 701. Compliance With Laws

The Foundation and the Academy, jointly and severally, agree that they shall, throughout the term of the Agreement and at no expense to the Authority, promptly comply or cause compliance with all legal requirements of duly constituted public authorities which may be applicable to the Project or to the repair and alteration thereof, or to the use or manner of use of the Project.

### Section 702. Maintenance of Legal Existence Qualification

During the term of the Agreement the Foundation shall maintain its corporate existence and its status as a Tax-Exempt Organization and shall not dissolve or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it without the prior written consent of the Authority.

### Section 703. Reports and Access to Projects and Records

The Foundation and the Academy each covenant that promptly, but not later than one hundred twenty (120) days after the close of each Fiscal Year, it will file with the Authority and the Trustee (and upon written request with the Underwriter), in such quantity as the Authority may require, its audited financial statements for such Fiscal Year reflecting in reasonable detail the financial position and results of operation of the Foundation and the Academy, together with the audit report by a certified public accountant or firm of independent certified public accountants of suitable experience and responsibility. The Trustee may rely on the financial statements and certificates delivered to it and shall have no duty to analyze those documents or perform independent calculations.

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

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

The Academy agrees to file directly with the Trustee: (a) as soon as available and in any event within 45 days after the end of each fiscal quarter (except within 90 days after the end of each fourth fiscal quarter), a copy of the unaudited year-to-date financial and budget reports of the Academy for the fiscal period then ended, including budgeted and actual data on student enrollment, revenues and expenses for such period; (b) as soon as available and in any event within 90 days after the end of each Fiscal Year, an end-of-year report on the operations of the Academy during such year; and (c) within 60 days after the end of each fiscal quarter of the Academy, a certificate of its Authorized Academy Representative (i) setting forth its Debt Service Coverage Ratio for the period of 12 consecutive months ending on the final day of such quarter, and (ii) only if such ratio is less than 1.40, (A) naming the management company engaged to provide recommendations consequent thereon as required by Section 709, and (B) reporting on such recommendations and the status and results of the Academy's compliance therewith. The Academy agrees that it shall be deemed to represent to the beneficial owners of the Series 2010 Bonds that all such filings present fairly, in all material respects, the information about the Academy purported to be shown.

#### Section 704. Covenant as to Non-Impairment of Tax-Exempt Status

Notwithstanding any other provision of any rights of the Foundation or the Academy under the Agreement, the Foundation and the Academy each hereby covenants that, to the extent permitted by law, it shall take all actions within its control and that it shall not fail to take any action as may be necessary to maintain the exclusion of the interest on the Series 2010A Bonds from gross income for federal income tax purposes, on behalf of itself and the Authority, including but not limited to, actions relating to the rebate of arbitrage earnings and the expenditure and investment of Series 2010A Bond proceeds and moneys deemed to be Series 2010A Bond proceeds, all as more fully set forth in the Nonarbitrage Certificate.

#### Section 705. Status of Foundation

The Foundation represents and covenants that it is duly organized and validly existing under the laws of the State of Michigan and has the legal power to execute, deliver and perform this Agreement and any other documents required thereby, and to operate and maintain the Project and other educational facilities of the Foundation. The Foundation further represents that it has received a written determination from the Internal Revenue Service that it is a Tax-Exempt Organization, and covenants and agrees (i) that it will not perform any acts or enter into any agreements or omit to perform any act or fulfill any requirement that shall have the effect of prejudicing the Foundation's tax-exempt status under the Code, (ii) that it will maintain, extend and renew its corporate existence under the laws of the State of Michigan and all franchises, rights and privileges to it granted and upon it conferred, and will not do, suffer or permit any act or thing to be done, whereby its right to transact its functions might or could be terminated or its operations and activities restricted or whereby the payment of the Lease Payments might or could be hindered, delayed or otherwise impeded. The Foundation further covenants that it will maintain its tax-exempt status under Federal income tax laws and regulations thereunder and none of its revenues, income or profits, either realized or unrealized, and none of its other assets or property will be distributed to any of its employees, or inure to the benefit of any private person, association or corporation, other than for the lawful corporate purpose of the Foundation.



The Foundation agrees that it will not change its corporate purposes without the prior written consent of the Trustee and the Academy.

**Section 706. Other Indebtedness of Foundation**

Until the Foundation shall have fulfilled all of its obligations under this Agreement, and the Lease Payments and Additional Payments shall have been paid in full, the Foundation will not incur any indebtedness or assume any obligations other than the Lease Payments as and to the extent permitted in the Lease without the prior written consent of the Trustee and the Academy.

**Section 707. Covenant Regarding Bond Purchases**

The Foundation and the Academy each covenant that neither it nor any related person will purchase Series 2010 Bonds in an amount related to the amount of proceeds of such Bonds.

**Section 708. Academy to Maintain Existence**

The Academy covenants and agrees that for so long as any Series 2010 Bonds remain outstanding under the Indenture, it shall maintain its existence as a public school academy under Michigan law and shall continue to operate its facilities located at 7000 West Outer Drive, Detroit, Michigan 48235 (the "Current Middle School Campus"), the New Middle School Campus and the High School Campus as a public school academy which will produce sufficient available revenues to pay the Lease Payments and all other amounts due and owing under this Financing Agreement, the Lease and the Management Agreement. Notwithstanding the foregoing, the Academy shall have the right to (a) cease operations at the Current Middle School Campus upon the June 30, 2013 expiration of the lease covering the Current Middle School Campus, provided that prior to such expiration date the Academy has relocated its middle school students from the Current Middle School Campus to the New Middle School Campus and (b) cease operations at the New Middle School Campus and/or the High School Campus and obtain from the Trustee a release and discharge of the Mortgage with respect thereto upon (i) prepayment in full of the Lease Payments, and any prepayment premium required by the Authority, relating to the outstanding principal amount of the Series 2010 Bonds issued to provide funds to finance such campus or campuses as determined in the sole discretion of the Authority (such allocation of Series 2010 Bond proceeds are so designated in the Second Supplemental Indenture) and (ii) filing an opinion of Bond Counsel that such prepayment and release will not adversely affect the exclusion of interest on the Series 2010A Bonds from gross income for federal income tax purposes.

**Section 709. Academy to Employ Consultant**

The Academy covenants that, except to the extent the following requirement may be waived in writing by the Trustee, if the Debt Service Coverage Ratio in the period of 12 consecutive months ending on the final day of any fiscal quarter of the Academy is less than 1.40, the Academy (i) will immediately employ an independent management company not currently employed by or under contract with the Academy or a qualified independent consultant or qualified firm to make, written recommendations to the Academy, not less than 60 days after

the end of such fiscal quarter, on steps to take to achieve such Debt Service Coverage Ratio, and (ii) will, to the full extent permitted by law, follow such written recommendations. As long as the Academy complies with the foregoing requirements, even if the described ratio is less than 1.40, that will not constitute a default under this Agreement.

Section 710. Academy to File Compliance Certificates

Within 60 days after the end of each fiscal quarter of the Academy, the Academy shall file with the Trustee a certificate of an Authorized Academy Representative certifying whether and how the Academy is in compliance with the provisions of Section 709.

ARTICLE VIII.  
ACTIONS AFFECTING FOUNDATION AND AUTHORITY;  
INTEREST IN THE AGREEMENT

Section 801. Interest in the Agreement

Neither the Academy nor the Foundation shall assign or transfer its rights or obligations under this Agreement, except as shall be permitted in this Agreement or consented to by the Authority and the Trustee.

Section 802. Authority Assignment of the Agreement

The Foundation and the Academy hereby each acknowledges and consents to the assignment and pledge pursuant to the Indenture by the Authority to the Trustee, as additional security for the Series 2010 Bonds, of this Agreement and all of the Authority's rights and powers under this Agreement, including the right to receive Lease Payments (but excluding the rights of the Authority to make all determinations and approvals and receive all notices accorded to it under this Agreement and to enforce in its own name and for its own benefit the provisions of Article V and Section 903 with respect to Authority fees and expenses, and public liability insurance proceeds and indemnity payments as the interests of the Authority shall appear).

Section 803. Rights of Trustee Hereunder

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

Section 804. Authority Compliance With Indenture

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

#### Section 805. Supplements to Indenture

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

### ARTICLE IX. EVENTS OF DEFAULT AND REMEDIES

#### Section 901. Events of Default

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

- (a) Failure by the Academy to make a Lease Payment or Additional Payment hereunder when due which remains unpaid on September 21 of any year.
- (b) Failure by the Foundation or the Academy to observe and perform any other obligations in the Agreement or in any other related or collateral documents on its part to be observed or performed for a period of forty-five days after written notice specifying such failure and requesting that it be remedied, given to the Foundation and the Academy by the Authority or the Trustee; provided, however, that if said Default shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if the Default, in the opinion of the Trustee, is correctable without material adverse effect on the Series 2010 Bonds and if corrective action is instituted within such period and diligently pursued until the Default is corrected.
- (c) The dissolution or termination of the Foundation or failure by the Foundation promptly to lift any execution, garnishment or attachment of such consequences as will materially impair its ability to carry out its obligations under the Agreement or the Foundation becomes insolvent or bankrupt, or makes an assignment for the benefit of creditors or consents to the appointment of a trustee or receiver for the Foundation or for the greater part of its properties; or a trustee or receiver is appointed for the Foundation or for the greater part of its properties without its consent and is not discharged within 40 days; or bankruptcy, reorganization or liquidation proceedings are commenced by or against the Foundation, and if commenced against the Foundation are consented to by it or remain undismissed for 40 days; or an order for relief is entered in any bankruptcy proceeding.
- (d) If any representation or warranty made by the Foundation or the Academy in any document delivered by the Foundation or the Academy to the purchaser(s) of the Series 2010 Bonds, the Trustee or the Authority in connection with the issuance, sale and delivery of the Series 2010 Bonds is untrue in any material respect.

(e) If the Foundation or the Academy shall default under any other agreement for payment of money and such default shall not be cured within any period of grace provided in such agreement, if any, or if the Foundation or the Academy shall assign or convey or attempt to assign or convey any of its rights or obligations under this Agreement except as shall be permitted under the Agreement, provided, however, that the Foundation or the Academy shall not be in default under this section, if it is contesting in good faith any default under any such other agreement for the payment of money, unless in the estimation of the Trustee the security of the Authority under the Agreement is materially endangered.

(f) The occurrence of an Event of Default under the Indenture or the Lease.

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

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

#### Section 902. Remedies Upon an Event of Default

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



- (a) Declare all payments under the Agreement (i.e. Lease Payments) to be immediately due and payable, whereupon the payment date for the same shall become immediately accelerated and all such indebtedness shall become immediately due and payable;
- (b) Have access to and inspect, examine and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Foundation and the Academy only, however, insofar as they relate to the Project, the Premises or the Event of Default and remedying thereof;
- (c) Exercise and enforce all or any of its rights under the security interests granted in the Agreement or any related mortgage or security agreement; and/or
- (d) Petition a court of competent jurisdiction for the appointment of a receiver to take possession of and manage and operate all or any part of the assets of the Foundation and the Academy for the benefit of the Authority and the Trustee.

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

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

#### Section 903. Payment of Attorneys' Fees and Other Expenses

In the event the Foundation or the Academy should default under any of the provisions of the Agreement and the Authority and/or the Trustee should employ attorneys or incur other expenses for the collection of the Lease Payments, for the enforcement of performance or observance of any obligation of the Foundation or the Academy in the Agreement or of the foreclosure of any security interests granted in the Agreement, the Foundation or the Academy shall on demand therefor pay to the Authority and/or the Trustee, as the case may be, the reasonable fees of such attorneys and such other reasonable expenses so incurred.

#### Section 904. Limitation on Waivers

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

In the event any agreement contained in the Agreement should be breached by any party and thereafter waived by the other parties, such waiver shall be limited to the particular breach so

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

## ARTICLE X. MISCELLANEOUS

### Section 1001. Amounts Remaining in Funds

Any amounts remaining in the Related Revenue Account or the Related Proceeds Account upon expiration or sooner termination of the Agreement after payment in full of the Series 2010 Bonds (or provision therefor) in accordance with the Indenture, and all other costs and expenses of the Authority specified under this Agreement, and all the amounts required to be paid by the Foundation or the Academy under this Agreement and the Indenture shall have been fully paid, shall be applied as provided in the Indenture.

### Section 1002. Notices

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, postage prepaid, return receipt requested, addressed to the Authority, the Academy, the Foundation or the Trustee, as the case may be, at the Authority's Address, the Academy's Address, the Foundation's Address or the Trustee's Address, respectively, or hand delivered to the above at their respective addresses. A duplicate copy of each such notice, certificate or other communication given hereunder to the Authority, the Foundation or the Trustee shall also be given to the others.

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

### Section 1003. Amendment

The Agreement may not be amended or terminated without the prior written consent of the Trustee and the Authority and no amendment to the Agreement shall be binding upon either party hereto until such amendment is reduced to writing and executed by both parties hereto.

Section 1004. Entire Agreement

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

Section 1005. Binding Effect

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

Section 1006. Severability

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

Section 1007. Execution in Counterparts

The Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 1008. Captions

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

Section 1009. Applicable Law

The Agreement shall be governed in all respects, whether as to validity, construction, performance or otherwise, by the laws of the State of Michigan.

Section 1010. Non-Liability of State

The Agreement shall not be construed to create any liability or indebtedness of the State of Michigan, or of any officer thereof.

Section 1011. Non-Liability of Authorizing Body

The Authority and the Trustee, on behalf of the Bondholders, each understands and agrees that the Authorizing Body has not agreed to assume, undertake or in any way guarantee payment of the Academy's obligations from any source of revenue available to the Authorizing Body, including the administrative fee deducted by the Authorizing Body from the State School Aid payments received by the Authorizing Body for the Academy.


Section 1012. Academy and Foundation Bound by Indenture

The Indenture has been submitted to and reviewed by the Academy and the Foundation, and the Academy and the Foundation each agrees to be bound by the terms of the Indenture.

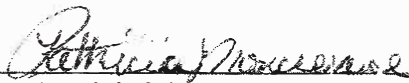


IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.


MICHIGAN FINANCE AUTHORITY

By:   
Thomas J. Letavis  
Its: Authorized Officer

CLOTHILDE R. SMITH CHARITABLE  
FOUNDATION

By:   
Patricia Moncrease  
Its: President

OLD REDFORD ACADEMY

By:   
Sam Williams  
Its: President

# EXHIBIT A

## Lease Payment Schedule

Monthly Lease Payments			
	Monthly Rent	Monthly Authority Bond Servicing Costs	Total
October 2011 through and including November 2011	\$ 74,077.00	\$4,621.00	\$ 78,698.00
December 2011 through and including July 2012	\$108,392.00	\$ 927.00	\$109,319.00
October 2012 through and including November 2012	\$108,392.00	\$ 927.00	\$109,319.00
December 2012 through and including July 2013	\$108,332.00	\$ 915.00	\$109,247.00
October 2013 through and including November 2013	\$108,332.00	\$ 915.00	\$109,247.00
December 2013 through and including July 2014	\$106,650.00	\$ 904.00	\$107,554.00
October 2014 through and including November 2014	\$106,650.00	\$ 904.00	\$107,554.00
December 2014 through and including July 2015	\$106,549.00	\$ 893.00	\$107,442.00
October 2015 through and including November 2015	\$106,549.00	\$ 893.00	\$107,442.00
December 2015 through and including July 2016	\$106,894.00	\$ 884.00	\$107,778.00
October 2016 through and including November 2016	\$106,894.00	\$ 884.00	\$107,778.00
December 2016 through and including July 2017	\$106,660.00	\$ 870.00	\$107,530.00
October 2017 through and including November 2017	\$106,660.00	\$ 870.00	\$107,530.00
December 2017 through and including July 2018	\$106,874.00	\$ 858.00	\$107,732.00
October 2018 through and including November 2018	\$106,874.00	\$ 858.00	\$107,732.00
December 2018 through and including July 2019	\$107,009.00	\$ 845.00	\$107,854.00
October 2019 through and including November 2019	\$107,009.00	\$ 845.00	\$107,854.00
December 2019 through and including July 2020	\$107,065.00	\$ 833.00	\$107,898.00
October 2020 through and including November 2020	\$107,065.00	\$ 833.00	\$107,898.00
December 2020 through and including July 2021	\$107,043.00	\$ 816.00	\$107,859.00
October 2021 through and including November 2021	\$107,043.00	\$ 816.00	\$107,859.00
December 2021 through and including July 2022	\$106,743.00	\$ 801.00	\$107,544.00
October 2022 through and including November 2022	\$106,743.00	\$ 801.00	\$107,544.00
December 2022 through and including July 2023	\$106,855.00	\$ 784.00	\$107,639.00
October 2023 through and including November 2023	\$106,855.00	\$ 784.00	\$107,639.00
December 2023 through and including July 2024	\$106,849.00	\$ 769.00	\$107,618.00
October 2024 through and including November 2024	\$106,849.00	\$ 769.00	\$107,618.00
December 2024 through and including July 2025	\$106,725.00	\$ 749.00	\$107,474.00
October 2025 through and including November 2025	\$106,725.00	\$ 749.00	\$107,474.00
December 2025 through and including July 2026	\$106,983.00	\$ 730.00	\$107,713.00
October 2026 through and including November 2026	\$106,983.00	\$ 730.00	\$107,713.00
December 2026 through and including July 2027	\$107,094.00	\$ 709.00	\$107,803.00
October 2027 through and including November 2027	\$107,094.00	\$ 709.00	\$107,803.00
December 2027 through and including July 2028	\$107,557.00	\$ 689.00	\$108,246.00
October 2028 through and including November 2028	\$107,557.00	\$ 689.00	\$108,246.00
December 2028 through and including July 2029	\$107,343.00	\$ 664.00	\$108,007.00
October 2029 through and including November 2029	\$107,343.00	\$ 664.00	\$108,007.00
December 2029 through and including July 2030	\$107,481.00	\$ 640.00	\$108,121.00
October 2030 through and including November 2030	\$107,481.00	\$ 640.00	\$108,121.00
December 2030 through and including July 2031	\$106,443.00	\$ 613.00	\$107,056.00
October 2031 through and including November 2031	\$106,443.00	\$ 613.00	\$107,056.00
December 2031 through and including July 2032	\$106,465.00	\$ 587.00	\$107,052.00
October 2032 through and including November 2032	\$106,465.00	\$ 587.00	\$107,052.00
December 2032 through and including July 2033	\$106,760.00	\$ 557.00	\$107,317.00
October 2033 through and including November 2033	\$106,760.00	\$ 557.00	\$107,317.00
December 2033 through and including July 2034	\$106,795.00	\$ 526.00	\$107,321.00
October 2034 through and including November 2034	\$106,795.00	\$ 526.00	\$107,321.00
December 2034 through and including July 2035	\$107,070.00	\$ 494.00	\$107,564.00

# EXHIBIT A

## Lease Payment Schedule

Monthly Lease Payments			
	Monthly Rent	Monthly Authority Bond Servicing Costs	Total
October 2035 through and including November 2035	\$107,070.00	\$ 494.00	\$107,564.00
December 2035 through and including July 2036	\$107,053.00	\$ 459.00	\$107,512.00
October 2036 through and including November 2036	\$107,053.00	\$ 459.00	\$107,512.00
December 2036 through and including July 2037	\$107,243.00	\$ 421.00	\$107,664.00
October 2037 through and including November 2037	\$107,243.00	\$ 421.00	\$107,664.00
December 2037 through and including July 2038	\$107,108.00	\$ 381.00	\$107,489.00
October 2038 through and including November 2038	\$107,108.00	\$ 381.00	\$107,489.00
December 2038 through and including July 2039	\$107,148.00	\$ 338.00	\$107,486.00
October 2039 through and including November 2039	\$107,148.00	\$ 338.00	\$107,486.00
December 2039 through and including July 2040	\$107,201.00	\$ 293.00	\$107,494.00
October 2040 through and including November 2040	\$107,201.00	\$ 293.00	\$107,494.00

EXHIBIT B

REQUISITION CERTIFICATE

TO: U.S. Bank National Association, Trustee, and  
Michigan Finance Authority

FROM: Old Redford Academy (the "Academy")

RE: \$14,285,000 Michigan Finance Authority Public School Academy Limited Obligation  
Revenue Bonds (Old Redford Academy Project), Series 2010

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

Capitalized terms used but not defined herein shall have the respective meanings as set  
forth in the Lease Financing Agreement dated as of November 1, 2010 by and among the  
Authority, the Academy and the Clothilde R. Smith Charitable Foundation (the "Foundation").

The undersigned certifies that:

1. The expenditures for which moneys are requisitioned hereby represent proper charges against the Proceeds Fund for the above-named Series 2010 Bonds, have not been included in a previous requisition and have been properly recorded on the Academy's books.
2. The moneys requisitioned hereby are not greater than those necessary to meet obligations due and payable or to reimburse the Academy or the Foundation for its funds actually advanced for the costs of the Project.
3. The moneys requisitioned hereby do not cause the 2% limitation on Costs of Issuance to be exceeded.
4. After payment of moneys hereby requested, there will remain in the Proceeds Fund or otherwise available sufficient funds available to complete the Project.
5. The moneys requisitioned hereby in the amount of \$\_\_\_\_\_ relate to improvements to real property.
6. Attached hereto are copies of the invoice, statement or other evidence that such amount is now due and owing, including all lien waivers required by the title insurance company issuing the policy with respect to the Project and a disbursement endorsement from such title insurance company with respect to a draw to pay construction costs.

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

OLD REDFORD ACADEMY

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

## EXHIBIT C

The Project consists of the acquisition or refinancing, installation, construction, reconstruction, renovation, equipping and furnishing of educational facilities located on the land described below.

The land consists of parcels of land located in the City of Detroit, Wayne County, Michigan, described in the Mortgage and Exhibit A to the Lease.

## EXHIBIT D

### COMPLETION CERTIFICATE

TO: Michigan Finance Authority (the "Authority") and  
U.S. Bank National Association (the "Trustee")

FROM: Old Redford Academy (the "Academy")

RE: \$14,285,000 Michigan Finance Authority Public School Academy Limited  
Obligation Revenue Bonds (Old Redford Academy Project) Series 2010

The undersigned does hereby certify:

1. The construction, reconstruction, installation, equipping and furnishing of the Project have been completed in accordance with the descriptions submitted to the Authority and in such manner as to conform with all requirements of the Agreement, as of the date of this Certificate (the "Completion Date").

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

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

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

(b) Payments being contested:

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



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

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

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

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

OLD REDFORD ACADEMY

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

Authorized Academy Representative



**BOND PURCHASE AGREEMENT**

by and among

MICHIGAN FINANCE AUTHORITY

and

OLD REDFORD ACADEMY

and

CLOTHILDE R. SMITH CHARITABLE FOUNDATION

and

ROBERT W. BAIRD & CO. INCORPORATED

Dated: November 5, 2010

Relating to:

\$13,880,000

MICHIGAN FINANCE AUTHORITY  
PUBLIC SCHOOL ACADEMY LIMITED OBLIGATION REVENUE BONDS  
(OLD REDFORD ACADEMY PROJECT), SERIES 2010A

and

\$405,000

MICHIGAN FINANCE AUTHORITY  
PUBLIC SCHOOL ACADEMY LIMITED OBLIGATION REVENUE BONDS  
(OLD REDFORD ACADEMY PROJECT), SERIES 2010B  
(Federally Taxable)

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## **BOND PURCHASE AGREEMENT**

\$13,880,000

MICHIGAN FINANCE AUTHORITY  
PUBLIC SCHOOL ACADEMY LIMITED OBLIGATION REVENUE BONDS  
(OLD REDFORD ACADEMY PROJECT), SERIES 2010A

and

\$405,000

MICHIGAN FINANCE AUTHORITY  
PUBLIC SCHOOL ACADEMY LIMITED OBLIGATION REVENUE BONDS  
(OLD REDFORD ACADEMY PROJECT), SERIES 2010B  
(Federally Taxable)

This Bond Purchase Agreement is dated November 5, 2010, by and among the Michigan Finance Authority (the "Issuer"), Old Redford Academy, a Michigan public school academy (the "Academy"), the Clothilde R. Smith Charitable Foundation (the "Foundation"), and Robert W. Baird & Co. Incorporated (the "Underwriter").

### **1. Background.**

(a) The Foundation has requested that the Issuer issue its Public School Academy Limited Obligation Revenue Bonds (Old Redford Academy Project), Series 2010A in the aggregate principal amount of \$13,880,000 (the "Series 2010A Bonds") and its Public School Academy Limited Obligation Revenue Bonds (Old Redford Academy Project), Series 2010B (Federally Taxable) in the aggregate principal amount of \$405,000 (the "Series 2010B Bonds" and together with the Series 2010A Bonds, the "Bonds").

(b) The Bonds will be issued under a Master Indenture, dated as of December 1, 2005 (the "Master Indenture"), between the Issuer, as successor to the Michigan Public Educational Facilities Authority, and U.S. Bank National Association, as Trustee (the "Trustee"), as supplemented by a First Supplemental Indenture, dated as of December 1, 2005 (the "First Supplemental Indenture"), and a Second Supplemental Indenture, dated as of November 1, 2010 (the "Second Supplemental Indenture" and together with the Master Indenture and the First Supplemental Indenture, the "Indenture"). The proceeds of the Bonds will be used to: (i) pay capitalized interest; (ii) fund all or a portion of a debt service reserve fund; (iii) pay certain costs of issuance relating to the Bonds, including, without limitation, the costs of preparing and reproducing or printing the Indenture, the Academy Documents (as defined below), the Bonds, the Bond Resolution and any other resolutions of the Issuer, the Official Statement, the expenses, if any, incurred in connection with the qualification of the Bonds under State of Michigan (the "State") securities laws, administrative fees, Underwriter's fees, the fees and disbursements of Bond Counsel and Underwriter's counsel, the fees and disbursements of the Academy's Counsel, the Trustee's fees, and the Issuer's fee; (iv) refinance certain outstanding debt obligations of the Foundation; and (iv) purchase the right to receive lease payments from the Academy under the Lease Financing Agreement (as defined below)(collectively, the "Project"). Capitalized terms not otherwise defined herein shall have the meaning ascribed such terms in the Indenture.

(c) The Lease Financing Agreement dated November 1, 2010 (the "Lease Financing Agreement"), among the Issuer, the Academy, and the Foundation will be entered into for the purpose of financing the costs of: (i) the acquisition of land and an existing approximately 44,000 square foot school building located at 17226 Redford Street, Detroit, Michigan 48219 to be occupied by the Academy for use as a public school academy, (ii) the acquisition of land and an existing approximately 100,000 square foot school building located at 8001 West Outer Drive and currently occupied by the Academy for continued use as a public school academy; and (iii) the renovation, furnishing and equipping of each location (collectively, the "Facilities").

(d) The Foundation will acquire fee simple ownership of the Facilities without encumbrances pursuant to the terms of the Lease Financing Agreement and the Academy will lease the Facilities from the Foundation pursuant to two Lease Agreements, each dated November 1, 2010 (collectively, the "Lease"). The Foundation's right to receive periodic payments and exercise remedies under the Lease Financing Agreement will be assigned by the Foundation to the Issuer pursuant to the terms of the Lease Financing Agreement. The Academy's assigned lease payments under the Lease Financing Agreement (the "Academy Repayments") will be sufficient to pay the principal of, premium, if any, and interest on the Bonds when due.

(e) The Bonds will be issued pursuant to Executive Order No. 2010-2 compiled at Section 12.194 of the Michigan Compiled Laws, Executive Order No. 2002-3 compiled at Section 12.192 of the Michigan Compiled Laws, and the Shared Credit Rating Act, Act 227, Public Acts of Michigan, 1985, as amended (the "Enabling Legislation"), and a resolution of the Issuer adopted on October 21, 2010 (as further described in subparagraph (b)(1) of Paragraph 2 hereof, the "Bond Resolution"), will mature and are to bear interest as set forth in Exhibit A attached hereto (the Bonds being more fully described in the Official Statement hereafter mentioned).

(f) In order to secure the Academy's obligation to make payments under the Lease Financing Agreement, the Academy will irrevocably assign a portion of the State school aid funds to be received by the Academy from the State during each fiscal year (the "State Aid Payments"). Pursuant to the terms of the Amended and Restated State Aid Agreement entered into by and among the Academy, the Trustee, the Issuer, the State Treasurer and Central Michigan University ("CMU"), as the Academy's authorizing body and fiscal agent, dated as of November 1, 2010 (the "State Aid Agreement"), the State Aid Payments will be paid to the Trustee and disbursed in accordance with the terms of the Indenture. The Lease Financing Agreement, the State Aid Agreement and this Bond Purchase Agreement are sometimes hereafter collectively referred to as the "Academy Documents."

(g) It is intended that the Project will conform with the provisions of the laws of the State, including the Enabling Legislation, and that the Underwriter may offer the Bonds to the public without registration of any security under the Securities Act of 1933, as amended (the "Securities Act") or the Investment Company Act of 1940, as amended (the "Investment Company Act") or qualification of any indenture under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act").

(h) The Issuer acknowledges that the Underwriter proposes to make a public offering of the Bonds. Such offering will be made pursuant to an Official Statement relating to the Bonds as it may be amended or supplemented.

2. Purchase and Sale.

(a) Upon the terms and conditions and upon the basis of the representations, warranties and covenants set forth herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter, all (but not less than all) of: (i) the Series 2010A Bonds, which are to mature, to bear interest, and to be subject to redemption prior to maturity as set forth in Exhibit A attached hereto, at a purchase price equal to \$13,782,648.85 which equals the par value of the Series 2010A Bonds of \$13,880,000.00, plus an original issue premium of \$180,248.85, less the Underwriter's discount of \$277,600.00; and (ii) the Series 2010B Bonds, which are to mature, to bear interest, and to be subject to redemption prior to maturity as set forth in Exhibit A attached hereto, at a purchase price equal to \$368,330.00 which equals the par value of the Series 2010B Bonds of \$405,000.00, less the Underwriter's discount of \$36,670.00. As a condition precedent to the purchase and sale of the Bonds, the Issuer, the Academy and the Foundation agree to enter into the Lease Financing Agreement.

(b) At the Closing (as defined in Paragraph 9 below) the Issuer, the Foundation and/or the Academy shall deliver or cause to be delivered to the Underwriter, together with such reasonable number of certified copies thereof as it may request:

(1) A copy of the resolution authorizing execution of this Bond Purchase Agreement by the Issuer, issuance and delivery of the Bonds and execution and delivery of the Indenture and the Lease Financing Agreement certified by an officer of the Issuer as having been duly adopted by the Issuer and being in full force and effect as of the Closing Date (as defined in Paragraph 9 hereof).

(2) An executed copy of the Indenture.

(3) An executed copy of the Lease Financing Agreement.

(4) An executed copy of the State Aid Agreement.

(5) A request and authorization to the Trustee on behalf of the Issuer and signed by the Executive Director or other duly authorized official of the Issuer to authenticate and deliver the Bonds to Cede & Co., as nominee for DTC (as defined below), upon payment to the Trustee, for the account of the Issuer, of a sum specified in such request and authorization; and the proceeds of such payment shall be paid to the Trustee and deposited pursuant to, and as specified in, the Indenture; and

(6) Such other documents, opinions and certificates referred to herein, duly executed and delivered.



(c) The Academy and the Foundation consent to and ratify the distribution by the Underwriter of the Preliminary Official Statement and consent to the distribution by the Underwriter of the Official Statement, as appropriate in connection with the offer and sale of the Bonds.

3. Issuer's Representations and Warranties.

The Issuer makes the following representations and warranties:

(a) The Issuer is and will be at the Closing Date duly organized and existing as a public body corporate and politic under and by virtue of the laws of the State, including the Enabling Legislation.

(b) The Issuer has full legal right, power and authority (i) to adopt the Bond Resolution, (ii) to enter into this Bond Purchase Agreement, the Lease Financing Agreement, the State Aid Agreement and the Indenture, (iii) to issue, sell and deliver the Bonds to the Underwriter as provided herein, provided that the Governor of the State (the "Governor") issues her approval letter for the Series 2010A Bonds, and (iv) to carry out and consummate all other transactions contemplated by each of the aforesaid documents, and the Issuer has complied with the provisions of the Enabling Legislation in all matters relating to such transactions.

(c) The Issuer has duly authorized the execution, delivery and due performance of this Bond Purchase Agreement, the Indenture, the State Aid Agreement and the Lease Financing Agreement, the delivery of the Official Statement and the taking of any such action as may be required on the part of the Issuer to carry out, give effect to and consummate the transactions contemplated by such instruments.

(d) The Bond Resolution has been duly adopted by the Issuer and is in full force and effect and constitutes the legal, valid and binding action of the Issuer, and this Bond Purchase Agreement, the Indenture, the State Aid Agreement and the Lease Financing Agreement, when executed and delivered by the parties thereto, will constitute legal, valid and binding obligations of the Issuer, except as limited by applicable insolvency, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally, and except to the extent that the enforceability thereof may be limited by application of general principles of equity.

(e) When delivered to and paid for by the Underwriter at the closing in accordance with the provisions of this Bond Purchase Agreement, the Bonds will have been duly authorized, executed, issued and delivered and, assuming due authentication, will constitute legal, valid and binding limited obligations of the Issuer, except as limited by applicable insolvency, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally, of the character referred to in the Enabling Legislation, in conformity with, and entitled to the benefit and security of the Enabling Legislation, the Indenture and the Lease Financing Agreement; provided, however, that the Bonds and the interest obligation thereon shall never constitute a debt or liability of the State or any agency or employee thereof within the meaning of any constitutional or statutory provision or limitation or a general obligation of the Issuer and shall never create or constitute any indebtedness, liability

or obligation of the State or constitute a pledge of the faith and credit of the State or the general funds or assets of the Issuer (including funds pertaining to other loans or activities) but shall be a limited obligation of the Issuer payable solely from the Security, as defined in the Indenture.

(f) No consents or authorizations of or by any governmental or public agency, authority or person (except as may be required under the securities or “blue sky” laws of any state and the Governor’s approval letter for the Series 2010A Bonds) not already obtained are required by the Issuer in connection with the issuance and sale of the Bonds, the execution and delivery of, or the performance of its obligations under, this Bond Purchase Agreement, the Bonds, the Indenture, the State Aid Agreement and the Lease Financing Agreement.

(g) The execution, delivery and performance of this Bond Purchase Agreement and of the Indenture, the Bonds, the State Aid Agreement and the Lease Financing Agreement and compliance with the provisions of each of such instruments, will not conflict with or constitute a breach of, or a default under, any commitment, agreement or other instrument to which the Issuer is a party or by which it is bound, or under any existing law, regulation, judgment, order or decree to which the Issuer is subject.

(h) There is no action, suit, proceeding or investigation, at law or in equity, or before any court, public board or body, served upon the Issuer, or to the best of the knowledge of the Issuer, threatened or otherwise affecting the Issuer, wherein an unfavorable decision, ruling or finding would materially and adversely affect the transactions contemplated by this Bond Purchase Agreement or which would in any way adversely affect the validity or enforceability of the Bonds, the Indenture, the State Aid Agreement and the Lease Financing Agreement or this Bond Purchase Agreement (or any other instrument which is executed by the Issuer which is required or contemplated for use in consummating the transactions contemplated thereby).

(i) Any certificate relating to the Bonds signed by any authorized representative of the Issuer and delivered to the Underwriter at or before the Closing Date shall be deemed a representation and warranty by the Issuer to the Underwriter as to the truth of the statements therein contained.

(j) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Issuer is a bond issuer whose arbitrage certifications may not be relied upon.

(k) The information contained under the heading “THE ISSUER” in the Preliminary Official Statement and the Official Statement, as of their respective dates, is true and correct and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(l) Each of the representations and warranties of the Issuer contained in the Lease Financing Agreement and in the Indenture are true and correct on and as of the date hereof and are hereby made to the Underwriter on and as of the date hereof as if set forth herein at length.

4. Academy and Foundation Representations and Warranties.

The Academy and the Foundation make the following representations and warranties:

(a) The material appearing in the Preliminary Official Statement and the Official Statement including the exhibits thereto (the "Official Statement"), and any amendment or supplement that may be authorized by the Academy or the Foundation for use with respect to the Bonds (other than the information contained in the sections captioned "THE ISSUER", "THE BONDS - Book-Entry-Only System", "UNDERWRITING", EXHIBIT F and EXHIBIT G as to which no representation is made) (hereinafter referred to as the "Academy's portion of the Official Statement," as the case may be) does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect.

(b) The Academy has taken or has caused to be taken all necessary action for execution and delivery of the Academy Documents and each will be a legal, valid and binding obligation of the Academy enforceable in accordance with its terms (except as limited by applicable insolvency, reorganization, moratorium and similar laws in effect from time to time and affecting the rights of creditors, generally, and except to the extent that the enforceability thereof may be limited by applicable insolvency, reorganization, moratorium and similar laws in effect from time to time and by the application of general principles of equity) and the performance by the Academy thereunder does not and will not conflict with or result in a breach of any of the unwaived provisions of, or constitute a default under, any agreement or instrument by which the Academy is bound, including, without limitation, the Academy's Articles of Incorporation, Bylaws and its Charter contract with CMU, or result in a violation of law, administrative regulation or court decree to which the Academy or any of its property is subject.

(c) The Academy (i) is a nonprofit corporation and has been duly organized and is now validly existing and in good standing as a public school academy under the laws of the State and (ii) has duly and validly obtained all certificates, licenses and permits from all public authorities, federal, state or local, as are now required by such authorities to enable it to carry on its business as and where now conducted, and no other approvals are needed for the Project other than those which the Academy needs and expects to obtain in connection with the acquisition and installation of the Project.

(d) The Academy Repayments will be sufficient to pay the principal of, premium, if any, and interest on the Bonds when due.

(e) Neither the Securities and Exchange Commission nor any state securities administrator has issued and delivered to the Academy or, to the best of the Academy's knowledge, is threatening to issue any order preventing or suspending the use of the Official Statement or the issue, offer or sale of the Bonds.

(f) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body, known by the Academy to be pending or threatened against or affecting the Academy or the Foundation, nor to the best of the knowledge of the Academy is there any basis therefore, wherein an unfavorable decision, ruling or finding



would, in any way, materially adversely affect the transactions contemplated by the Bond Purchase Agreement or the Official Statement or which, in any way, would adversely affect the validity or enforceability of the Bonds, the Indenture, or the Academy Documents.

(g) The Academy will not take or omit to take any action which action or omission would in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided for in the Lease Financing Agreement.

(h) Any Certificate signed by an authorized officer of the Academy or the Foundation and delivered to the Issuer or the Underwriter shall be deemed a representation and warranty by the Academy or the Foundation, as the case may be, to such parties as to the statements made therein.

(i) The Foundation has taken or has caused to be taken all necessary action for execution and delivery of the Lease Financing Agreement and all other documents to be entered into by the Foundation pursuant to the issuance of the Bonds (the "Foundation Documents") and each will be a legal, valid and binding obligation of the Foundation enforceable in accordance with its terms (except as limited by applicable insolvency, reorganization, moratorium and similar laws in effect from time to time and affecting the rights of creditors, generally, and except to the extent that the enforceability thereof may be limited by applicable insolvency, reorganization, moratorium and similar laws in effect from time to time and by the application of general principles of equity) and the performance by the Foundation thereunder does not and will not conflict with or result in a breach of any of the unwaived provisions of, or constitute a default under its articles of incorporation or bylaws or, any agreement or instrument by which the Foundation is bound, or result in a violation of law, administrative regulation or court decree to which the Foundation or any of its property is subject.

(j) The Foundation: (i) is a nonprofit corporation and has been duly organized and is now validly existing and in good standing under the laws of the State; (ii) is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") and is exempt from federal income tax under Section 501(a) of the Code; and (iii) has duly and validly obtained all certificates, licenses and permits from all public authorities, federal, state or local, as are now required by such authorities to enable it to carry on its business as and where now conducted, and no other approvals are needed for the Project other than those which the Foundation needs and expects to obtain in connection with the acquisition and installation of the Project.

(k) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body, known by the Foundation to be pending or threatened against or affecting the Academy or the Foundation, nor to the best of the knowledge of the Foundation is there any basis therefore, wherein an unfavorable decision, ruling or finding would, in any way, materially adversely affect the transactions contemplated by the Bond Purchase Agreement or the Official Statement or which, in any way, would adversely affect the validity or enforceability of the Bonds, the Indenture, the Bond Purchase Agreement, the Lease Financing Agreement or the Lease.

(l) The Foundation will not take or omit to take any action which action or omission would in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided for in the Lease Financing Agreement.

5. Covenants of the Issuer.

The Issuer covenants as follows:

(a) The Issuer will observe all covenants of the Issuer in the Indenture and the Lease Financing Agreement.

(b) The Issuer will reasonably cooperate with the Underwriter in qualifying the Bonds for offer and sale under the securities or blue sky laws of such jurisdiction of the United States as the Underwriter may request; provided, however, that the Issuer shall not be obligated to consent to service of process, be subject to taxation in any such jurisdiction or be required to pay any costs or expenses of qualification of the Bonds in any such jurisdiction.

6. Covenants of the Academy and the Foundation.

The Academy and the Foundation covenant as follows:

(a) The Academy and the Foundation will cooperate with the Underwriter in qualifying the Bonds for offer and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may reasonably request; provided, however, that neither the Academy nor the Foundation shall be obligated to consent to service of process in any such jurisdiction, qualify as a foreign corporation, or be subject to taxation in any such jurisdiction.

(b) Before amending or supplementing the Official Statement, the Academy or the Foundation, as the case may be, will furnish to the Underwriter a copy of each such proposed amendment or supplement. No amendment or supplement to the Official Statement will contain material information substantially different from that contained in the Official Statement on the date it was issued which is unsatisfactory in form or substance to the Underwriter unless such information is required by law.

(c) The Academy and the Foundation will take such action as may be reasonably requested to facilitate the timely consummation of the transactions contemplated by this Bond Purchase Agreement.

(d) The Academy and the Foundation will operate and maintain the Project as provided in and subject to all the terms and provisions of the Lease Financing Agreement and will observe all covenants in the Lease Financing Agreement.

(e) The Academy and the Foundation will not take any action or permit any action to be taken, or cause or permit any circumstance within its control to arise or continue, if such action would adversely affect the exclusion of interest on the Series 2010A Bonds from gross income for federal tax purposes.

(f) In the event the Bonds are not delivered by the Issuer to the Underwriter, the Academy will pay the reasonable expenses to be paid by it pursuant to Paragraph 12 hereof.

7. Additional Covenants of the Parties.

The Issuer, the Underwriter, the Academy and the Foundation agree to advise each other promptly of the institution of any proceeding by any government agency or of any other material occurrence affecting the use of the Official Statement in connection with the offer and sale of the Bonds.

8. Indemnification.

(a) To the extent permitted by law, the Academy and the Foundation agree to indemnify and hold harmless the Underwriter and each person, if any, who controls the Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the 1934 Act (each an "Indemnified Party") against any and all losses, claims, damages, liabilities, joint or several, and expenses (including reasonable costs of investigation) to which any Indemnified Party may become subject, insofar as such losses, claims, damages, liabilities or actions in respect thereof caused by any untrue statement or alleged untrue statement of a material fact contained in the Academy's portion of the Official Statement or in any amendment or supplement thereto, or caused by any omission or alleged omission to state therein a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Academy's and the Foundation's duty to indemnify and hold the Issuer harmless is specified in, and is controlled by, Section 503 of the Lease Financing Agreement, the provisions of which are incorporated herein notwithstanding that the Lease Financing Agreement has not been executed as of the date hereof.

(b) If any action or claim shall be brought or asserted against the Underwriter or any person so controlling the Underwriter based upon the Official Statement or any amendment or supplement thereto and in respect of which indemnity may be sought from the Academy or the Foundation pursuant to subparagraph (a) of this Paragraph 8, the Underwriter or such person shall promptly notify the Academy and the Foundation in writing, and the Academy or the Foundation shall assume the defense thereof, including the employment of counsel and the payment of all expenses. The Underwriter and such person shall have the right to employ separate counsel in any such action and participate in the defense thereof, but such employment of separate counsel shall be at the expense of the Underwriter or such person, as the case may be, unless (i) the employment thereof has been specifically authorized by the Academy and the Foundation, or (ii) the Academy and the Foundation have failed to assume the defense and employ counsel, or (iii) the named parties to any such action (including any impleaded parties) include both the Underwriter or such person and the Academy and the Foundation, and the Underwriter or such person shall have been advised by such counsel that there may be one or more legal defenses available to it which are inconsistent with those available to the Academy and the Foundation (in which case the Academy and the Foundation shall not have the right or obligation to assume the defense of such action on behalf of the Underwriter or such person), it being understood, however, that the Academy and the Foundation shall not, in connection with any such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and

expenses of more than one separate firm of attorneys for the Underwriter and controlling persons, which firm shall be designated in writing by the Underwriter. The Academy and the Foundation shall not be liable for any settlement of any such action effected without its written consent, but if settled with the written consent of the Academy and the Foundation, or if there be a final judgment for the plaintiff in any such action, the Academy and the Foundation agree to indemnify and hold harmless the Underwriter and any such controlling person from and against any loss or liability by reason of such settlement and judgment.

(c) The Underwriter agrees to indemnify and hold harmless the Academy and the Foundation to the same effect as the foregoing indemnity from the Academy and the Foundation to the Underwriter, but only with respect to information furnished in writing by or on behalf of the Underwriter expressly for use in connection with the Official Statement.

In case any action or claim shall be brought against the Academy or the Foundation based upon the Official Statement, and in respect of which indemnity may be sought from the Underwriter, the Underwriter shall have the rights and duties given to the Academy and the Foundation, and the Academy and the Foundation shall have the rights and duties given to the Underwriter by subparagraph (b) of this Paragraph 8. The indemnity agreement of this subparagraph (c) shall extend upon the same terms and conditions to each officer of the Academy and the Foundation and to each person, if any, who controls the Academy or the Foundation within the meaning of the Securities Act.

(d) The indemnity agreements contained in this Paragraph 8 and the representations and warranties of the Academy and the Foundation set forth in Paragraph 4 shall remain operative and in full force and effect after the Closing Date, regardless of any investigation made by or on behalf of the Underwriter or any person so controlling the Underwriter or by or on behalf of the Academy or the Foundation. A successor of the Underwriter, the Foundation or the Academy, as the case may be, shall be entitled to the benefits of the indemnity agreements contained in this Paragraph 8.

#### 9. The Closing.

On November 16, 2010 (the "Closing Date"), or on such other business day as shall have been agreed upon by the Issuer, the Academy and the Underwriter, the Issuer will deliver the Bonds to the Underwriter through the facilities of The Depository Trust Company ("DTC"), in New York, New York, duly executed and authenticated, and the Underwriter will accept delivery and pay the purchase price of the Bonds as set forth herein, in immediately available funds if the Closing occurs no later than 1:00 p.m., Bloomfield Hills, Michigan time, on the Closing Date, payable to the order of the Trustee for the account of the Issuer. Delivery of documents (other than the Bonds and payments as aforesaid) shall be made at the offices of Dickinson Wright PLLC, Bloomfield Hills, Michigan. Such payment and delivery is hereinafter called the "Closing," and such date and time are called the "Closing Date." The Bonds shall bear proper CUSIP numbers (provided, however, that neither the failure to print such numbers on any of the Bonds nor any error with respect to such numbers shall constitute cause for a failure or refusal by the Underwriter to accept the delivery of or pay for the Bonds in accordance with the terms of this Agreement), and shall be delivered on the Closing Date to DTC, in registered form as one



bond per maturity registered in the name of Cede & Co. The Bonds will be made available through DTC at least 24 hours before the Closing Date.

10. Conditions of the Underwriter's Obligations.

The Underwriter's obligation hereunder to purchase and pay for the Bonds shall be subject to the performance by the Issuer of its obligations and agreements to be performed hereunder at or prior to the Closing; to the performance by the Academy of its obligations and agreements to be performed hereunder at or prior to the Closing; and to the accuracy in all material respects of the representations and warranties of the Issuer and the Academy contained herein as of the date hereof and as of the Closing Date, as set forth in or contemplated by the Official Statement, and shall also be subject to the following conditions:

(a) On the Closing Date, the Indenture, the Academy Documents, and the Bond Resolution shall be in full force and effect, and the Indenture, the Academy Documents, the Official Statement and the Bond Resolution shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter.

(b) The Bonds shall have been duly authorized, executed and authenticated in accordance with the provisions of the Indenture.

(c) (1) There shall not have been any outbreak or escalation of major hostilities, nor shall there have occurred any other national or international calamity or crisis, the effect of such outbreak, escalation, calamity or crisis on the financial markets of the United States of America being such as, in the opinion of the Underwriter, would make it impracticable for the Underwriter to sell the Bonds, (2) nor shall there have occurred a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by United States or State authorities, (3) nor shall there have been any material adverse change or any development involving such prospective material adverse change in the affairs, operations, business, financial condition or prospects of the Academy or the Foundation or the financial or securities markets which, in the reasonable opinion of the Underwriter, either (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (ii) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading.

(d) No order, decree or injunction of any court of competent jurisdiction, nor any order, ruling, regulation or Offering Circular by the Securities and Exchange Commission or any state securities administrator, shall have been made with the purpose or effect of prohibiting or limiting the issuance, offering or sale of the Bonds as contemplated hereby.

(e) On or prior to the Closing Date, the Underwriter shall have received the following documents:

(1) A copy of the resolution authorizing execution of this Bond Purchase Agreement by the Issuer, issuance and delivery of the Bonds and execution and delivery of the Indenture and the Lease Financing Agreement certified by an officer of the Issuer as having been duly adopted by the Issuer and being in full force and effect on the date hereof;

- (2) Each of the documents referred to in Paragraph 2(b) hereof;
- (3) The approving and supplemental opinions, dated the Closing Date, of Dickinson Wright PLLC, Bloomfield Hills, Michigan, as bond counsel ("Bond Counsel");
- (4) The approving and supplemental opinions, dated the Closing Date, of the Attorney General of the State;
- (5) The opinions, dated the Closing Date, of: (i) Clark Hill PLC, Birmingham, Michigan, as counsel for the Underwriter; (ii) Lewis & Munday, A Professional Corporation, Detroit, Michigan, as counsel to the Academy; (iii) T. Daniels & Associates, P.L.L.C., as counsel to the Foundation; (iv) counsel to CMU; and (v) the Trustee, each in form and substance satisfactory to the Issuer and its counsel, the Attorney General of the State, the Underwriter, counsel to the Underwriter, and Bond Counsel;
- (6) A closing certificate, dated the Closing Date, signed by an authorized officer of the Issuer, to the effect that:
- (A) the Bond Resolution has not been amended, modified or supplemented and remains in full force and effect;
- (B) each of the representations and warranties of the Issuer set forth in Paragraph 3 hereof are true, accurate and complete in all material respects as of the Closing Date; and
- (C) each of the agreements of the Issuer as set forth in this Bond Purchase Agreement to be complied with at or prior to the Closing Date has been complied with.
- (7) A closing certificate, dated the Closing Date, signed by the Academy's authorized representative to the effect that:
- (A) The representations and warranties contained herein are true and correct and that the Academy has complied with all its agreements herein contained;
- (B) The material appearing in the Academy's portion of the Official Statement does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect;
- (C) No event has occurred and is continuing which with the lapse of time or the giving of notice, or both, would constitute an Event of Default (as defined in the Academy Documents) by the Academy under the Academy Documents.
- (8) A certificate, dated the Closing Date, signed by an authorized officer or officers of the Trustee, to the effect that the Trustee is a national banking association, duly organized and existing under the laws of the United States, and has full power and authority to conduct its activities, to execute, deliver and perform its obligations under the Indenture, and

to carry out the transactions contemplated thereby; and that the Indenture constitutes the legal, valid and binding obligation of the Trustee enforceable against the Trustee in accordance with its terms except as limited by (i) bankruptcy, insolvency, reorganization, moratorium or other laws relating to, or affecting generally, the enforcement of creditors' rights and remedies, and (ii) the availability of equitable remedies, including specific performance and injunctive relief.

(9) A certificate regarding additional debt test, dated the Closing Date, signed by an authorized representative of the Academy.

(10) A closing certificate, dated the Closing Date, signed by an authorized officer of the Foundation, in form and substance satisfactory to the Issuer and the Underwriter.

(11) A closing certificate, dated the Closing Date, signed by an authorized officer of CMU, as the Academy's authorizing body.

(12) The organizational documents of the Academy, certified by an authorized officer of the Academy.

(13) Letter confirming that the Bonds have been rated "BBB" by Standard & Poor's Ratings Services.

(14) An executed copy of the Continuing Disclosure Agreement.

(15) Evidence of the Governor's issuance of the requisite approval letter for the Series 2010A Bonds.

(16) Copies of the Articles of Incorporation and Bylaws of the Foundation and the determination letter from the Internal Revenue Service to the Foundation confirming that the Foundation is an organization described in Section 501(c)(3) of the Code, each certified by an authorized officer of the Foundation.

(17) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may deem necessary to evidence the truth and accuracy as of the Closing Date of the Issuer's, the Foundation's and the Academy's representations herein contained and the due performance or satisfaction by the Issuer, the Foundation and the Academy at or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the Issuer, the Foundation and the Academy, respectively.

If the Issuer or the Academy shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate, and neither the Underwriter nor the Issuer shall be under further obligation hereunder.

11. Conditions of the Issuer's Obligations.

The Issuer's obligations hereunder to sell and deliver the Bonds shall be subject to the performance by the Underwriter of its obligations to be performed hereunder at or prior to the Closing; to the performance by the Academy and the Foundation of the obligations and agreements to be performed by them at or prior to the Closing hereunder and to the accuracy in all material respects of the representations and warranties of the Underwriter, the Foundation and the Academy contained herein as of the date hereof and as of the Closing Date, as set forth in or contemplated by the Official Statement, and shall also be subject to the Issuer having received, at or prior to the Closing Date, the following documents:

- (a) The opinions of counsel referred to in Paragraphs 10(e)(3)-(5) hereof; and
- (b) The certificates described in Paragraphs 10(e)(7)-(10) hereof; and
- (c) The approval letter described in Paragraph 10(e)(15) hereof.

12. Payment of Expenses.

(a) Whether or not the Bonds are delivered by the Issuer to the Underwriter, the Underwriter shall be under no obligation to pay any expenses incident to the performance of the obligations of the Issuer hereunder except for those expenses authorized in advance by the Underwriter in writing. All reasonable expenses and costs incident to the authorization, issuance, printing, sale and delivery, as the case may be, of the Bonds, the Indenture, and the Academy Documents shall be paid by the Academy, including without limitation (i) the preparation and printing of the Official Statement; (ii) any documentary, stamp or other transfer taxes in connection with the original issue of the Bonds hereunder; (iii) all filing, registration and recording fees and expenses; (iv) the Trustee's fees; (v) the Issuer's fees; (vi) the fees and disbursements of Bond Counsel and Underwriter's counsel; (vii) the fees and expenses, if any, related to the blue sky qualification of the Bonds and the costs related thereto; (viii) CUSIP fees; (ix) fees of DTC; and (x) the interest carrying costs arising in connection with the transaction contemplated hereunder as a result of the receipt by the Underwriter of clearing house funds and the same day payment by the Underwriter of immediately available federal funds.

(b) Any liability of the Issuer under this Bond Purchase Agreement or any certificates rendered hereunder or in connection herewith shall be limited to the security and source of payment pledged for payment of principal of and interest on the Bonds under the Indenture, and in the event the transactions contemplated by this Bond Purchase Agreement do not take place, regardless of the reason therefor, the Issuer shall have no liability whatsoever.

(c) The Issuer shall be under no obligation to pay any fees or expenses incident to this Bond Purchase Agreement or any transaction contemplated hereby, nor shall the proceeds of the Bonds be used for such fees or expenses except as provided in the Lease Financing Agreement or Indenture. To the extent Bond proceeds are not available for payment of such fees and expenses, such fees and expenses shall be paid by the Academy.



13. Notices.

Any notice or other communication to be given hereunder (i) to the Issuer shall be given by mailing the same in writing to the Michigan Finance Authority, Richard H. Austin State Office Building, 1st Floor, 430 W. Allegan, Lansing, Michigan 48901, Attention: Executive Director; (ii) to the Underwriter shall be given by mailing the same in writing to Robert W. Baird & Co. Incorporated, 215 S. Washington Square, Suite 150, Lansing, Michigan 48933; (iii) to the Academy shall be given by mailing the same in writing to Old Redford Academy, 26211 Central Park Blvd., Suite 300, Southfield, Michigan 48076 and (iv) to the Foundation shall be given by mailing the same to Clothilde R. Smith Charitable Foundation, 18470 W. 10 Mile Road, Suite 100, Southfield, Michigan 48075.

14. No Pecuniary Liability of Issuer.

It is understood that the representations, warranties and covenants of the Issuer contained herein are made by the Issuer, and in due reliance thereon, in order to facilitate the offering of the Bonds by the Underwriter and that the same shall not create any general obligation or liability of the Issuer.

No covenant or agreement contained in the Bonds or in this Bond Purchase Agreement shall be deemed a covenant or agreement of any trustee, officer, member, official (elected or appointed), agent or employee of the Issuer in his or her individual capacity, and no such person shall be personally liable for the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

15. Benefit and Survival.

This Bond Purchase Agreement is made solely for the benefit of the Issuer, the Academy, the Foundation and the Underwriter (including their respective successors or assigns) and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Issuer's, the Foundation's and Academy's representations and agreements in this Bond Purchase Agreement shall remain operative and in full force and effect and shall survive delivery of and payment for the Bonds hereunder, regardless of (a) any investigation made by or on behalf of the Underwriter, (b) delivery of and payment for the Bonds hereunder and (c) any termination of this Bond Purchase Agreement.

16. Governing Law.


This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State.

17. Counterparts.


This Bond Purchase Agreement may be executed in any number of counterparts.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.


**ROBERT W. BAIRD & CO. INCORPORATED**

By:   
Its: Director


**MICHIGAN FINANCE AUTHORITY**

By:   
Its: AUTHORIZED OFFICER

**OLD REDFORD ACADEMY**

By:   
Its: President - ORA Board

**CLOTHILDE R. SMITH CHARITABLE  
FOUNDATION**

By:   
Its: President

*[SIGNATURE PAGE TO BOND PURCHASE AGREEMENT]*

## **EXHIBIT A**

### **BOND REDEMPTION, PRICING AND INTEREST RATE INFORMATION**

#### **REDEMPTION**

##### ***Optional Redemption***

The Series 2010A Bonds maturing on or after December 1, 2021 are subject to redemption at the option of the Issuer in whole or in part on any day commencing on or after December 1, 2020, which date shall be the first day for which notice of redemption may be given under the Indenture, at a redemption price of 100% of the principal amount to be redeemed, together with accrued interest to the date fixed for redemption.

##### ***Mandatory Sinking Fund Redemption***

The Series 2010A Bonds maturing December 1, 2020, are subject to mandatory sinking fund redemption on December 1, 2014, and on each December 1 thereafter, at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date from amounts on deposit in the Revenue Fund established pursuant to the Indenture as follows:

#### **Series 2010A Term Bond Maturing December 1, 2020**

<b><u>Date</u></b>	<b><u>Principal Amount</u></b>
December 1, 2014	\$ 210,000
December 1, 2015	220,000
December 1, 2016	235,000
December 1, 2017	245,000
December 1, 2018	260,000
December 1, 2019	275,000
December 1, 2020*	290,000

\* Maturity Date

The Series 2010A Bonds maturing December 1, 2030, are subject to mandatory sinking fund redemption on December 1, 2021, and on each December 1 thereafter, at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date from amounts on deposit in the Revenue Fund established pursuant to the Indenture as follows:

**Series 2010A Term Bond Maturing  
December 1, 2030**

<u>Date</u>	<u>Principal Amount</u>
December 1, 2021	\$ 305,000
December 1, 2022	320,000
December 1, 2023	340,000
December 1, 2024	360,000
December 1, 2025	380,000
December 1, 2026	405,000
December 1, 2027	430,000
December 1, 2028	460,000
December 1, 2029	485,000
December 1, 2030*	515,000

\* Maturity Date

The Series 2010A Bonds maturing December 1, 2040, are subject to mandatory sinking fund redemption on December 1, 2031, and on each December 1 thereafter, at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date from amounts on deposit in the Revenue Fund established pursuant to the Indenture as follows:

**Series 2010A Term Bond Maturing  
December 1, 2040**

<u>Date</u>	<u>Principal Amount</u>
December 1, 2031	\$ 535,000
December 1, 2032	570,000
December 1, 2033	610,000
December 1, 2034	650,000
December 1, 2035	695,000
December 1, 2036	740,000
December 1, 2037	790,000
December 1, 2038	840,000
December 1, 2039	895,000
December 1, 2040*	1,820,000

\* Maturity Date

The Series 2010B Bonds maturing December 1, 2013, are subject to mandatory sinking fund redemption on December 1, 2012, and on each December 1 thereafter, at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date from amounts on deposit in the Revenue Fund established pursuant to the Indenture as follows:

**Series 2010B Term Bond Maturing  
December 1, 2013**

<b><u>Date</u></b>	<b><u>Principal Amount</u></b>
December 1, 2012	\$ 195,000
December 1, 2013*	210,000

\* Maturity Date

***Special Optional Partial Redemption***

Commencing on or after December 1, 2020, the Bonds of each maturity due on or after December 1, 2021 are subject to special optional partial redemption at the option of the Issuer at any time in an amount equal to the applicable Allocable Percentage of each such maturity from (i) funds on deposit with the Trustee and held for such purpose and (ii) to the extent of such Allocable Percentage, the 2010 Class Old Redford Academy Funded Reserve Subaccount for the purpose of redeeming all of the outstanding Series Bonds allocable to the New Middle School Campus or the High School Campus, as the case may be at the Redemption Prices of 100% of the principal amount thereof plus accrued interest to the Redemption Date.

Upon such special optional partial redemption, the lien under the Indenture on the real estate related to the New Middle School Campus or the High School Campus, as the case may be, shall be released as provided in the Lease Financing Agreement.

***Extraordinary Redemption***

As provided in the Indenture, the Bonds are subject to extraordinary redemption at the option of the Issuer, in whole or in part, and from time to time, on any date for which notice of redemption can be given, in any order of maturity and from any series as determined by the Issuer and within any maturity by lot or in such other manner as the Trustee may deem fair, at the Redemption Price equal to the principal amount to be redeemed, without premium, plus accrued interest to the Redemption Date from any funds in the Class Old Redford Revenue Account constituting Liquidation Proceeds.

***Mandatory Redemption Upon Determination of Taxability***

The Series 2010A Bonds are subject to mandatory redemption prior to maturity, as a whole and not in part, on the earliest practicable date for which notice can be given following the occurrence of a Determination of Taxability under the Indenture, at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date.

## PRICING AND INTEREST RATE

### SERIES 2010A BONDS

<u>Maturity</u>	<u>Par Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>Purchase Price</u>
12/1/2020*	\$ 1,735,000	5.250%	5.250%	100.000
12/1/2030*	4,000,000	5.900%	5.900%	100.000
12/1/2040*	8,145,000	6.500%	6.200%	102.213
	<u>\$13,880,000</u>			

\* Term Bonds

### SERIES 2010B BONDS

<u>Maturity</u>	<u>Par Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>Purchase Price</u>
12/1/2013*	\$ 405,000	8.000%	8.000%	100.000
	<u>\$ 405,000</u>			

\* Term Bond

## FUTURE ADVANCE MORTGAGE

1. Date. This Mortgage together with an assignment of leases and rents and security agreement is dated as of December 1, 2005.

2. Parties. The parties to this Mortgage are the CLOTHILDE R. SMITH CHARITABLE FOUNDATION, a Michigan nonprofit corporation, whose address is 26211 Central Park Boulevard, Suite 300, Southfield, Michigan 48076 (the "Mortgagor" or the "Foundation"), OLD REDFORD ACADEMY, a Michigan public school academy, whose address is 17195 Redford, Detroit, Michigan 48219 (the "Academy") and U.S. BANK NATIONAL ASSOCIATION, a national banking association, having an address at 60 Livingston Ave., EP-MN-WS3C, St. Paul, Minnesota 55107 (the "Mortgagee" or "Trustee").

3. Mortgage and Warranty of Property. The following described premises, real property and Fixtures, and all other property rights related to the premises, real property and Fixtures, are referred to in this mortgage as the "Property." In Consideration of and to secure the Secured Obligations defined below, the Mortgagor mortgages and warrants to the Trustee, its successors and assigns, the land, premises and property located at 17195 Redford, City of Detroit, Wayne County, Michigan 48219, as more particularly described on Exhibit A attached hereto.

The Property includes, and the Mortgagor also mortgages and warrants to the Trustee:

(i) The privileges, licenses, appurtenances, improvements, buildings, tenements, hereditaments, easements, rights of way, riparian and littoral rights, and all other rights belonging to the above-described premises and which may hereafter attach thereto; and

(ii) All rents, issues, profits, revenues, proceeds, accounts and general intangibles arising from or relating to the land, premises and property described above or any business conducted thereon; and

(iii) All goods, equipment and fixtures of every kind and nature whatsoever, now or hereafter located in or upon such premises or any part thereof and used or useable in connection with any present or future operation of such premises which are or become fixtures on the real estate (hereinafter collectively called "Fixtures"), whether now owned or hereafter acquired by the Mortgagor, including, without limitation, all heating, air conditioning, ventilation, lighting, incinerating and power equipment, engines, signs, security systems, fences, hoists, cranes, compressors, pipes, pumps, tanks, motors, plumbing, cleaning, fire prevention, fire extinguishing, apparatus, elevators, escalators, shades, awnings, screens, storm doors and



windows, appliances, attached cabinets, shelving, window treatments, partitions, carpeting, communications equipment, rubbish removal equipment, fire extinguishing equipment, snow removal equipment, cleaning and other supplies, materials, furnishings, furniture, office and other equipment, all curtain fixtures, partitions and attached floor covering now or hereafter acquired or located therein or thereon, and all fixtures, apparatus, equipment or articles now or hereafter acquired or located therein or thereon used to supply heat, gas, air conditioning, water, light, power, sprinkler protection, waste removal, refrigeration (whether single units or centrally controlled), and ventilation, including (without restricting the foregoing): all fixtures, apparatus, equipment and articles, it being understood that the enumeration of any specific articles of property shall in no way exclude or be held to exclude any items of property not specifically mentioned, ground maintenance equipment, and similar types of equipment, all of which is deemed to be real estate and mortgaged by this Mortgage; and

(iv) All rights to make Property divisions that are exempt from the platting requirements of the Michigan Land Division Act, as amended from time to time.

(v) All or any part of the oil and gas located in, on or under oil and gas properties, and all or any of the rents and profits from oil and gas properties, and the income from the sale of oil and gas produced or to be produced from oil and gas properties (in accordance with MCLA 565.81 et seq.), insurance proceeds, royalties, mineral, oil and gas rights, air rights, water, water rights and water stock thereof and all replacements and additions thereto, for so long and during such times as Mortgagor may own, have an interest in or be entitled thereto (which are pledged primarily and on a parity with said real estate and not secondarily). All additions to and replacements of the foregoing property and all categories of collateral listed above and all like or similar property of Mortgagor now existing or hereafter acquired and used or useable in connection with the aforesaid property and all categories of collateral listed above shall also be deemed to be subject to this Mortgage; and

(vi) All and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and the reversion or reversions, remainder or remainders, rents, income, issues and profits thereof; and also all the estate, right, title, interest, property, claim and demand whatsoever of the Mortgagor of, in and to the same and of, in and to every part and parcel thereof; and

(vii) All right, title and interest of Mortgagor, if any, in and to the land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the above described real estate to the center line thereof, described in Exhibit A attached hereto; and

(viii) Any and all awards, payments or proceeds, including interest thereon, and the right to receive the same, which may be made with respect to the Property as a result of (a) the exercise of the right of eminent domain, (b) the alteration of the grade of any street, (c) any insured casualty, (d) real and/or personal property tax refunds or (e) any other injury to or decrease in the value of the Property, to the extent of all amount which may be secured by this Mortgage at the date of receipt of any such award, payment or proceeds by Mortgagee, and of the reasonable counsel fees, costs and disbursements incurred by Mortgagee in connection with the collection of such award, payment or proceeds. Mortgagor agrees to execute and deliver,



from time to time, such further instruments as may be requested by Mortgagee to confirm such assignment to Mortgagee of any such award, payment or proceeds.

4. Title to Property, Priority of Lien and Permitted Encumbrances. The Mortgagor does and will own good and marketable title to the Property, free of all easements, liens, mortgages, security interests, encroachments, leasehold interests, rights, claims, and other interests of any nature (herein "Interests"), other than Interests which are set forth in the policy of title insurance for the Property issued by Stewart Title of Detroit and those set forth on Exhibit B hereto (collectively, the "Permitted Encumbrances"). The Mortgagor will forever warrant and defend the Property against any and all Interests, other than Permitted Encumbrances, and the lien created by this Mortgage is and will be kept as a first lien upon the Property, unless otherwise agreed in writing by the Trustee. The Mortgagor will pay when due all obligations which, if unpaid, may become a lien on the Property. Upon request, the Mortgagor will, at the Mortgagor's cost, provide the Trustee with a title insurance policy and other evidence of title as the Trustee may request from time to time which must be in form and substance satisfactory to the Trustee.

5. Secured Obligations. This Mortgage is a "future advance mortgage" within the meaning of Act No. 348 of Michigan Public Acts of 1990, MCL 565.901, *et seq.*, as amended from time to time. This Mortgage secures the following obligations to the Trustee (collectively referred to in this Mortgage as the "Secured Obligations"):

A. The obligation of the Academy to make monthly Lease Payments to the Mortgagor assigned to the Michigan Public Educational Facilities Authority (the "Authority") and pledged by the Authority to the Trustee and payable directly to the Trustee as provided in that certain Lease Financing Agreement dated as of December 1, 2005 (the "Financing Agreement") among the Academy, the Foundation and the Authority, and any extensions, renewals, modifications, or replacements thereof; and

B. ALL EXISTING AND FUTURE OBLIGATIONS OF THE ACADEMY, THE AUTHORITY AND/OR THE MORTGAGOR TO THE TRUSTEE, AS SUCH, INCLUDING FUTURE ADVANCES, WHETHER OR NOT THE INSTRUMENTS EVIDENCING SUCH OBLIGATIONS ARE DESCRIBED ABOVE; and

C. Payment and performance of the provisions of this Mortgage, including without limitation all sums expended by the Trustee to perform such provisions, and to exercise all existing and future assignments of leases and/or rents arising from the Property; and

D. Payment and performance of all advances (including future advances), notes, undertakings, obligations, liabilities, agreements, assignments, guarantees, or promises of or by the Academy, the Authority and/or the Mortgagor to or with the Trustee, whether due, existing or arising, now or in the future, absolute or contingent, direct or indirect, however arising, evidenced or acquired by the Trustee, and including obligations originally owing by the Academy, the Authority and/or the Mortgagor to a third party and assigned by such third party to the Trustee; and

E. Payment and performance of all existing and future obligations (including the kinds of obligations described above) to the Trustee of any persons or entities for which the Academy, the Authority and/or the Mortgagor is or becomes an accommodation party, surety or guarantor or whose obligations this Mortgage is given to secure; and

F. If more than one person appears as the Academy, the Authority and/or the Mortgagor, the Secured Obligations include, without limitation, all of the joint, several and individual obligations of each such person to the trustee; and

G. If the proceeds of any of the Secured Obligations created in the future are utilized to pay and/or renew any then pre-existing Secured Obligations, such future Secured Obligations will be presumed to be renewals or extensions of such pre-existing Secured Obligations; and

H. All extensions, renewals, modifications and replacements of the foregoing.

6. Payment and Performance of Secured Obligations. The Mortgagor and/or the Academy, as the case may be, will pay the Secured Obligations in accordance with their terms and will keep and perform all of the terms, conditions and covenants of the Secured Obligations.

7. Condition, Maintenance and Use of the Property. The Property is in good condition and will be maintained in good condition, sufficient for the use contemplated by the Mortgagor, and free of all material defects. None of the Permitted Encumbrances materially impair or restrict the use of the Property as contemplated by the Mortgagor. The Mortgagor will not commit, now or hereafter, waste on the Property and will maintain all of the Property in good condition and working order satisfactory to the Trustee and will make all repairs and replace all fixtures necessary to maintain the utility and value of the Property and keep it in compliance with all applicable laws, regulations, and ordinances. The Mortgagor will do everything necessary to keep in force any manufacturer's and seller's warranties with respect to the Fixtures. The Mortgagor will hold all valid permits and licenses necessary to operate and maintain the Property as contemplated by the Mortgagor, and the Property will be used only for lawful purposes and in compliance with all applicable laws, regulations and ordinances. The Mortgagor will promptly repair, restore, replace or rebuild each part of the Property which may be damaged or destroyed by fire or other casualty or which may be affected by any eminent domain proceedings, notwithstanding application by the Trustee of the insurance proceeds or eminent domain award to payment of the Secured Obligations.

8. Payment of Taxes. The Mortgagor will pay and discharge, or will cause the Academy to pay and discharge, all taxes, assessments, fees, licenses, liens, and charges at any time levied upon or assessed against the Mortgagor or the Property before the same become delinquent. The Mortgagor will not do anything or permit anything to be done which would impair the lien of this Mortgage. Notwithstanding the foregoing, the Mortgagor will not be required to pay any tax, assessment, fee, license, lien, or charge so long as the Mortgagor is in good faith contesting the validity thereof by proper proceedings. If such contest is made, the Mortgagor will provide security for the payment of such tax, assessment, fee, license, lien, or charge in a manner satisfactory to the Trustee.

9. Insurance. The Mortgagor will carry, or will cause the Academy to carry, insurance against such risks, with such companies, and in such amounts as is required under the Financing Agreement (including but not limited to, hazard insurance and flood insurance, if the Property is located within a flood hazard area). Each policy will be in a form in conformance with the requirements set forth in the Financing Agreement with standard mortgagee clauses making all loss payable to the Trustee. The Mortgagor will promptly pay all premiums therefore, and deliver to the Trustee all such policies of insurance. All insurance policies will provide that notice of nonrenewal or cancellation must be given to the Trustee at least thirty (30) days before such nonrenewal or cancellation. Any insurance money received by the Trustee shall be paid, either in whole or in part, to the Mortgagor for the purpose of defraying the costs and expenses of repair, restoration or replacement of the Property damaged or destroyed, or be retained and applied toward the payment of any of the Secured Obligations, in the order as set forth in the Financing Agreement, with the excess, if any, over the Secured Obligations to be repaid to the Mortgagor, without impairing the Mortgagor's duties under this Mortgage or the Secured Obligations. In the event of loss with respect to the Property, the Mortgagor will promptly notify the Trustee thereof and the Trustee may make any proof of loss not promptly made by the Mortgagor. In the event of foreclosure or other disposition of the Property in partial or full payment of the Secured Obligations, the Trustee will be entitled to all of the Mortgagor's right, title and interest in and to all policies of insurance with respect to the Property, including, without limitation, the right to collect any unearned premium refund relating to such policies.

10. Escrow of Taxes and Insurance. [Omitted]

11. Assignment of Awards and Tax Refunds. The Mortgagor hereby assigns to the Trustee, in their entirety, all judgments, decrees and awards for injury or damage to the Property, all awards pursuant to proceedings for condemnation thereof, and all refunds of local, state or federal income or other taxes relating to the Property or the disposition thereof by the Mortgagor (the "Claims"). Subject to the provisions of the Financing Agreement, including but not limited to the restoration provisions contained therein, the Mortgagor authorizes the Trustee, at its sole election (and as to refunds of taxes, after default), to apply the Claims, or the proceeds thereof, to the Secured Obligations in such manner as the Trustee may elect; and the Mortgagor hereby authorizes the Trustee, at its option (and as to refunds of taxes, after default), in the name of the Mortgagor, to appear and participate in any proceeding related to the Claims and to execute and deliver valid receipts, discharges, and settlements for, and to appeal from, any award, judgment or decree with respect to the Claims.

12. Trustee's Right to Perform. If the Mortgagor defaults in the payment of any taxes, assessments or charges (or in providing security as provided in Section 8), in procuring or maintaining insurance in maintaining the Property, or in performing any of the other obligations of this Mortgage, then the Trustee may, at its option, but shall not be obligated to, (notwithstanding anything to the contrary contained in any of the Secured Obligations), take any action or pay any amount required to be taken or paid by the Mortgagor hereunder. The cost of such action or payment by the Trustee will be immediately paid by the Mortgagor, will be added to the Secured Obligations, will be secured hereby, and will bear interest at the highest rate specified in the Secured Obligations from the date incurred by the Trustee until fully paid. No such action taken or amount paid by the Trustee will constitute a waiver of any default of the Mortgagor hereunder.



13. Removal of the Property. Except for maintenance in the ordinary course of business, the Mortgagor will not, without the prior written consent of the Trustee, materially alter, remove or demolish any timber, topsoil, minerals, fixture, building, or improvement forming part of the Property.

14. Transfer of the Property. The Trustee is relying upon the integrity of the Mortgagor and its promises to perform the covenants of this Mortgage. The Mortgagor will not sell, transfer, convey, assign, rent for a period exceeding one year, dispose of, or further encumber, voluntarily or involuntarily, its interest in any of the Property by deed, land contract, mortgage or otherwise, without the prior written consent of the Trustee. Subject to the foregoing, if the ownership of the Property, or any part thereof, becomes vested in a person other than the Mortgagor, the Trustee may deal with such successor or successors in interest in the same manner as with the Mortgagor, without in any manner vitiating or discharging the Mortgagor's liability hereunder or upon the Secured Obligations. The Mortgagor and/or the Academy, as the case may be, will at all times continue to be primarily liable on the Secured Obligations until fully discharged or until the Mortgagor and/or the Academy is formally released in writing by the Trustee.

15. Additional Documents. At any time, upon request of the Trustee, the Mortgagor will execute and deliver or cause to be executed and delivered to the Trustee and, where appropriate, will cause to be recorded and/or filed at such time and in such offices and places designated by the Trustee, any and all such other and further mortgages, financing statements, instruments of further assurance, certificates and other documents as may be necessary or desirable to effectuate, complete, perfect, continue or preserve the obligation of the Mortgagor under this Mortgage and the lien of this Mortgage as a first lien upon all the Property (except Permitted Encumbrances), as evidenced by an opinion of counsel to the Mortgagor delivered to the Trustee. If the Mortgagor fails to comply with the foregoing sentence, the Trustee may execute, record, file, rerecord and refile any and all such mortgages, financing statements, instruments, certificates and documents for and in the name of the Mortgagor and the Mortgagor hereby irrevocably appoints the Trustee as its agent and attorney in fact to do so. The Mortgagor agrees to execute, acknowledge and deliver, from time to time, such financing statements or other instruments as may be requested by the Trustee or required by the aforementioned opinion of counsel to confirm, protect and perfect the lien of this Mortgage on any Fixtures under the provisions of the Uniform Commercial Code or other applicable statutes in effect in Michigan or otherwise, and this Mortgage will also constitute a security agreement with reference to the Fixtures, and upon the Mortgagor's default the Trustee will, in addition to all other remedies herein provided, have the remedies provided for under the Uniform Commercial Code in effect in Michigan.

16. Observance of Lease Assignment. Mortgagor, pursuant to Act No. 210 of Michigan Public Acts of 1953, as amended, does hereby sell, assign, transfer and set over to Mortgagee all of its right, title and interest in and to all leases, subleases, tenancy, occupancy, rental, use, sale or license agreements (hereinafter collectively referred to as "leases"), existing as of the date hereof, or hereinafter executed, covering all or any part of the property, together with any and all extensions and renewals of any of said leases, and also together with any and all guarantees of the lessee's obligations under said leases, and any and all extensions and renewals thereof, the rents, accounts, issues, income, profits, proceeds, security deposits and any other

payments now owing or which shall hereafter become owing by virtue of all of said leases, all or any part of the oil and gas located in, on or under oil and gas properties, and all or any of the rents and profits from oil and gas properties, and the income from the sales of oil and gas produced or to be produced from oil and gas properties (in accordance with MCLA 565.81 et seq.), and all extensions, amendments and renewals thereof, and all moneys payable thereunder, to have and to hold unto the Mortgagee as security for the mortgage indebtedness. NOTICE OF ABSOLUTE ASSIGNMENT OF RENTS: (a) Mortgagor acknowledges and agrees that the assignment of rents hereunder to Mortgagee is and is intended to be an absolute present assignment of rents pursuant to MCLA 554.231 et seq. and MCLA 565.81 et seq. and that as such, upon the occurrence of a default and without any action by Mortgagee, Mortgagor shall have no further right to collect or otherwise receive such rents and that such rents will be the absolute and sole property of Mortgagee pursuant to said statute, (b) any rents collected or received by Mortgagor subsequent to such default shall be held in trust by Mortgagor for the benefit of Mortgagee and Mortgagor shall have no right thereto or interest therein, and (c) such rents, as the sole and absolute property of Mortgagee, will not under any circumstances be available to Mortgagor or any trustee of Mortgagor in any bankruptcy proceeding. This assignment shall continue and remain in full force and effect during any foreclosure proceedings relating to this Mortgage and the period of redemption, if any, and until all sums secured by this Mortgage, together with interest thereon, shall have been paid in full. If the entire balance secured hereunder shall be bid by Mortgagee at the foreclosure sale (by cash or otherwise) or a third party at such sale, said assignment shall nonetheless continue for the benefit of the successful bidder, with any rent collected by Mortgagee, purchaser at the foreclosure sale or their successors (net of operating expenses actually paid) to be applied in reduction of the redemption price. In the event of any default under the Note, this Mortgage or the other Loan Documents, Mortgagee shall have the full right and power to collect the assigned rents, income security deposits, issues, profits and proceeds by demand, suit or otherwise. All monies received by Mortgagee pursuant to said assignment shall be applicable at the option of Mortgagee in the manner hereinafter provided for the use of such funds if paid to a receiver appointed to manage the Property or in the manner hereinafter provide for the application of proceeds from sale of the Property in the event of a foreclosure. Mortgagor will not, without Mortgagee's prior written consent, make any lease of the Property except for actual occupancy by the lessee thereunder.

17. Waste and Receiver. The failure, refusal or neglect of the Mortgagor to pay any of the taxes assessed against the Property before any interest or penalty attaches thereto and to provide adequate security therefore will constitute waste hereunder and in accordance with the provisions of Act No. 236 of the Public Acts of Michigan for 1961. The failure, refusal or neglect of the Mortgagor to keep the Property adequately insured as herein provided, or to pay the premiums therefore, will likewise constitute waste hereunder and in accordance with the provisions of Act No. 236. Upon the happening of any act of waste and on proper application made therefor by the Trustee to a court of competent jurisdiction, the Trustee will forthwith be entitled to the appointment of a receiver of the Property and of the earnings, income, issue and profits thereof, with such powers as the court making such appointment will confer. The Mortgagor hereby irrevocably consents to such appointment and waives notice of any application therefor.

18. Reimbursement of Expenses. The Mortgagor will pay or reimburse the Trustee for expenses reasonably necessary or incidental to the protection of the lien and priority of this

Mortgage and for expenses incurred by the Trustee in seeking to enforce the provisions hereof and of the Secured Obligations (whether before or after default), including but not limited to costs of evidence of title to and survey of the Property, costs of recording this and other instruments, actual, reasonable attorney fees (including, but not limited to, fees incurred in participating or taking action in any bankruptcy or other insolvency proceeding of the Mortgagor), trustees' fees, court costs, and expenses of advertising, selling and conveying the Property. All such payments or reimbursements will be paid immediately to the Trustee, will be added to the Secured Obligations, will be secured by this Mortgage, and will bear interest at the highest rate specified in the Secured Obligations from the date incurred by the Trustee until fully paid.

19. Inspection and Reports. At all reasonable times, the Trustee and its agents may inspect the Property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed. Upon demand by the Trustee, the Mortgagor will promptly deliver to the Trustee all financial reports, statements, rent rolls, and other documents relating to the Property and the Mortgagor, as will be reasonably requested by the Trustee. Mortgagor hereby authorizes the Trustee to undertake or to have third parties undertake on its behalf (not more often than once in any 12-month period) environmental investigations regarding the Property and its operation including research into the previous and current ownership, use, and condition (by taking samples or borings or otherwise) of the Property for the purpose of attempting to determine whether: (i) Mortgagor or any current or past occupant of the Property has violated any federal, state or local laws involving the protection of the environment and/or the disposition of, or exposure to, hazardous or toxic substances, as now existing or as hereinafter amended or enacted, or any rules, regulations, guidelines or standards promulgated pursuant thereto; and (ii) whether any hazardous or toxic substances have been used or disposed of on the Property. Such investigations may be performed at any time before or after occurrence of an Event of Default and Mortgagor will permit the Trustee and persons acting on its behalf to have access to the Property and records concerning the Property for the purpose of conducting such investigations. The cost of all such investigations will be immediately paid by Mortgagor to the Trustee, and if not paid will be added to the Secured Obligations secured hereby and will bear interest at the highest rate specified in any of the Secured Obligations secured hereby from the date incurred by the Trustee until paid.

20. Events of Default. Occurrence of any one of the following events will constitute an "Event of Default" under this Mortgage:

- (a) An Event of Default under the Financing Agreement.
- (b) Breach or failure of payment under any of the terms, conditions, or covenants of this Mortgage for a period of ten (10) days after such payment is due; or
- (c) Breach, failure of performance, or default under any of the terms, conditions or covenants of this Mortgage for a period of forty-five (45) days after written notice and opportunity to cure.

21. Trustee's Rights Upon Default. Upon occurrence of an Event of Default all of the Secured Obligations (regardless of any contrary terms thereof) will, at the option of the Trustee,



be immediately due and payable without demand or notice, and the Trustee may take any one or more of the following actions not contrary to law:

(a) Foreclose this Mortgage by legal proceedings and collect its actual attorney fees as awarded by the Court;

(b) Sell, grant, and convey the Property, or cause the Property to be sold, granted and conveyed at public sale and to execute and deliver to the purchaser at such sale a good and sufficient deed or deeds of conveyance at law, pursuant to the statute in such case made and provided and out of the proceeds of such sale to retain the sums due under this Mortgage and all costs and charges of the sale (including, without limitation, the attorney fees provided by statute), rendering the surplus moneys, if any, to the Mortgagor or as otherwise provided by law, and in the event of a public sale and unless otherwise prohibited by law, the Property may be sold as one or more parcels, the Trustee may sell the Property for cash and/or secured credit, and the Trustee may give a warranty deed to the purchaser binding upon the Mortgagor and all claiming under the Mortgage;

(c) As to the Fixtures, exercise any of the rights and remedies of a creditor under the Uniform Commercial Code, any other law, and any Court Rule;

(d) Enter upon the Property and take other actions as the Trustee deems appropriate to perform the Mortgagor's obligations under this Mortgage, to inspect, repair, protect or preserve the Property, to investigate or test for the presence of any hazardous materials, and/or to appraise the Property, each of the rights under this subparagraph being specifically enforceable since there is not adequate monetary remedy available to the Trustee;

(e) Exercise any and all rights granted to the Trustee herein or in any of the Secured Obligations; and/or

(f) Take any other action allowed by law.

In addition to and without limitation of the foregoing, the Trustee shall not otherwise acquire possession of or take any other action with respect to the property subject to the Mortgage (the "Mortgaged Property"), if as a result of any such action, the Trustee would be considered to hold title to, to be a "mortgagee-in-possession of, or to be an "Owner" or "operator" of the Mortgaged Property within the meaning of the Comprehensive Environmental Responsibility Cleanup and Liability Act of 1980, as amended, from time to time, unless the Trustee has previously determined, based on a report prepared by a person who regularly conducts environmental audits, that:

(i) the Mortgaged Property is in compliance with applicable environmental laws or, if not, that it would be in the best interest of the owners of the Bonds to take such actions as are necessary for the Mortgaged Property to comply therewith; and

(ii) there are not circumstances present at the Mortgaged Property relating to the use, management or disposal of any hazardous wastes for which investigation, testing, monitoring, containment, clean-up or remediation could be required under any federal, state or local law or regulation, or that if any such materials are present for which such action

could be required, that it would be in the best economic interest of the owners of the Bonds to take such actions with respect to the Mortgaged Property.

The environmental audit report contemplated hereby shall not be prepared by an employee or affiliate of the Trustee, but shall be prepared by a person who regularly conducts environmental audits for purchasers of commercial property, as determined (and, if applicable, selected) by the Trustee, and the cost thereof shall be borne by the Academy or the Bondholders but in no event by the Authority.

22. Application of Payments After Default. Notwithstanding anything to the contrary contained in this Mortgage or in any of the Secured Obligations, upon occurrence of an Event of Default under this Mortgage, any proceeds of any foreclosure, voluntary sale, or other disposition of the Property will be applied by the Trustee to reduction of the Secured Obligations in such order as the Trustee will determine in its sole judgment and the Mortgagor will have no right to require the Trustee to apply such proceeds to any specific Secured Obligation.

23. Waiver of Marshalling. In the event of foreclosure of this Mortgage or the enforcement by the Trustee of any other rights and remedies under this Mortgage, the Mortgagor waives any right otherwise available in respect to marshalling of assets which secure the Secured Obligations or to require the Trustee to pursue its remedies against any other assets or any other party which may be liable for any of the Secured Obligations.

24. Subrogation. Any transferee of endorser, guarantor or surety or other party providing security who pays the Secured Obligations secured hereby in full may take over all or any part of the Property and will succeed to all rights of the Trustee in respect thereto and the Trustee will be under no further responsibility therefor. No party will succeed to any of the rights of the Trustee so long as any of the Secured Obligations remain unpaid to the Trustee.

25. Release of Security. The Mortgagor agrees that the Trustee may, without impairing the obligation of the Mortgagor hereunder: release any other obligors or guarantors from their obligations to pay or perform the Secured Obligations; release any security of any obligor or guarantor of the Secured Obligations before or after maturity of any of the Secured Obligations; take, release or enforce its rights with respect to any of the Property without being obliged first to do so to any other security, whether owned by the Mortgagor or any other person; and agree with any obligor of the Secured Obligations to extend, modify, forbear or make any accommodations with regard to the terms of the Secured Obligations owed by such obligor.

26. WAIVER OF RIGHTS REGARDING SALE BY ADVERTISEMENT. The Mortgagor understands, acknowledges, and agrees that, upon occurrence of an Event of Default, the Trustee has the right, at its option, to foreclose this Mortgage by advertisement pursuant to relevant Michigan statutes and that such statutes provide for notice of a sale solely by advertisement and posting and afford no right to a hearing to the Mortgagor. The Mortgagor hereby voluntarily and knowingly agrees and consents to the right of the Trustee, at its option, to foreclose this Mortgage by advertisement and waives its rights, if any, under the Constitution of the United States and/or the State of Michigan to notice or a hearing regarding such foreclosure by advertisement, except for the notice requirements described in the Michigan statutes providing for such sale.



Mortgagor hereby acknowledges that this Mortgage contains a POWER OF SALE and that in the event Mortgagee elects to foreclose by advertisement pursuant to the POWER OF SALE, in accordance with MCLA 600.3201 et seq., MORTGAGOR EXPRESSLY WAIVES NOTICE THEREOF (EXCEPT ANY NOTICE REQUIRED UNDER THE AFORESAID STATUTE), A HEARING PRIOR TO SALE AND ANY RIGHT, CONSTITUTIONAL OR OTHERWISE, THAT MORTGAGOR MIGHT OTHERWISE HAVE TO REQUIRE A JUDICIAL FORECLOSURE.

27. No Consent. Nothing in this Mortgage will be deemed or construed in any way as constituting the consent or request by the Trustee, express or implied, to any contractor, subcontractor, laborer, mechanic or materialman for the performance of any labor or the furnishing of any material for any improvement, construction, alteration or repair of the Property. The Mortgagor further agrees that the Trustee does not stand in any fiduciary relationship to the Mortgagor.

28. Indemnity. The Foundation, and any successor Mortgagor, each agree, in addition to payments of the Secured Obligations, to indemnify, defend, pay and hold harmless the Trustee and any holder of any of the Secured Obligations, and the officers, directors, employees, agents and affiliates of the Trustee and such holders (collectively called the "Indemnitees") from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs (including, without limitation, settlement costs), expenses or disbursements of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnitee will be designated a party thereto), which may be imposed on, incurred by, or asserted against that Indemnitee, in any manner relating to or arising out of this Mortgage and/or its enforcement, the Secured Obligations, the Trustee's relationship with Mortgagor, the sue or intended use of the proceeds of any of the Secured Obligations or any environmental matter (the "Indemnified Claims"); provided that Mortgagor will have no obligation to an Indemnitee hereunder with respect to Indemnified Claims if it has been determined by a final decision (after all appeals and the expiration of time to appeal) by a court of competent jurisdiction that such Indemnified Claims arose primarily from the gross negligence or willful misconduct of that Indemnitee. To the extent that the undertaking to indemnify, defend, pay and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, Mortgagor will contribute the maximum portion which it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of all Indemnified Claims incurred by the Indemnitees or any of them.

The foregoing indemnity set forth in this Section 28 will include, without limitation, indemnification by Mortgagor to each Indemnitee for any and all expenses and costs (including, without limitation, remedial, removal, response, abatement, clean-up, investigative, closure and monitoring costs), losses, claims (including claims for contribution or indemnity and including the costs of investigating or defending any claim and whether or not such claim is ultimately defeated, and whether such claim arose before, during or after Mortgagor's ownership, operation, possession or control of the Property, or before, on or after the date hereof, and including also any amounts paid incidental to any compromise or settlement by the Indemnitees or any Indemnitee to the holders of any such claim), lawsuits, liabilities, obligations, actions,

judgments, suits, disbursements, encumbrances, liens, damages (including, without limitation, damages for contamination or destruction of natural resources), penalties and fines of any kind or nature whatsoever (including, without limitation, in all cases the reasonable fees and disbursements of counsel in connection therewith) incurred, suffered or sustained by that Indemnatee based upon, arising under or relating to any federal, state or local laws involving the protection of the environment and/or the disposition of, or exposure to, hazardous or toxic substances, as now existing or as hereinafter amended or enacted, or any rules, regulations, guidelines or standards promulgated pursuant thereto, based on, arising out of or relating to, in whole or in part, the exercise and/or enforcement of any rights or remedies by any Indemnatee under this Mortgage or any of the Secured Obligations, and including, but not limited to, taking title to, owning, possessing, operating, controlling, managing or taking any action in respect of the Property. The provisions of this indemnity section of this Mortgage will survive payment of the Secured Obligations, termination of this Mortgage and the resignation or removal of the Trustee.

29. Reinstatement of Mortgage. If any payment to the Trustee on any of the Secured Obligations is wholly or partially invalidated, set aside, declared fraudulent, or required to be repaid to the Mortgagor or anyone representing the Mortgagor or the Mortgagor's creditors under any Bankruptcy or insolvency act or code, under any state or federal law, or any common law or equitable principles, then this Mortgage will remain in full force and effect or be reinstated, as the case may be, until payment in full to the Trustee of the repaid amounts, and of the Secured Obligations. If this Mortgage must be reinstated, the Mortgagor agrees to execute and deliver to the Trustee new mortgages, if necessary, in form and substance acceptable to the Trustee, covering the Property.

30. Miscellaneous. All persons signing this Mortgage on behalf of a corporation, partnership, trust or other entity warrant to the Trustee that they are duly and properly authorized to execute this Mortgage. Nothing in this Mortgage will waive or restrict any right of the Trustee granted in any other document or by law. No delay on the part of the Trustee in the exercise of any right or remedy will operate as a waiver. No single or partial exercise by the Trustee of any right or remedy will preclude any other future exercise of that right or remedy or the exercise of any other right or remedy. No waiver or indulgence by the Trustee of any default will be effective unless in writing and signed by the Trustee, nor will a waiver on one occasion be construed as a bar to or waiver of that right on any future occasion. Acceptance of partial or late payments owing on any of the Secured Obligations at any time will not be deemed a waiver of any default. All rights, remedies and security granted to the Trustee herein are cumulative and in addition to other rights, remedies or security which may be granted elsewhere or by law. Any inspection, audit, appraisal or examination of the Property by or on behalf of the Trustee will be solely for its benefit and will not create any duty or obligation to the Mortgagor or any other person. Whenever possible, each provision of this Mortgage will be interpreted in such manner as to be effective and valid under applicable law. If any provision hereof will be declared invalid or illegal it will be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of the provision or the remaining provisions of this Mortgage. Notice from the Trustee to the Mortgagor, if mailed, will be deemed given when mailed to the Mortgagor, postage prepaid, at the Mortgagor's address set forth at the beginning of this Mortgage or at any other address of the Mortgagor in the records of the Trustee. Any reference to the Trustee will include any holder of the Secured Obligations and any holder will succeed to the Trustee's rights

under this Mortgage. This Mortgage will bind the respective successors and assigns of the Mortgagor. If any payment applied by the Trustee to the Secured Obligations is subsequently set aside, recovered, rescinded or otherwise required to be returned or disgorged by the Trustee for any reason (pursuant to bankruptcy proceedings, fraudulent conveyance statutes, or otherwise), the Secured Obligations to which the payment was applied will for the purposes of this Mortgage be deemed to have continued in existence, notwithstanding the application, and will be secured by this Mortgage as fully as if the Trustee had not received and applied the payment.

31. Joint and Several Obligations. If two or more persons execute this Mortgage as the Mortgagor, the obligations and grants of liens of such persons herein will be joint, several, and individual.

32. WAIVER OF JURY TRIAL. THE MORTGAGOR AND THE TRUSTEE EACH HEREBY KNOWINGLY AND VOLUNTARILY, WITHOUT COERCION AND AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, WAIVE ALL RIGHTS TO A TRIAL BY JURY OF ALL DISPUTES BETWEEN THEM ARISING OUT OF THIS MORTGAGE, ANY OF THE SECURED OBLIGATIONS, OR ANY ALLEGED ACT OR NEGLECT OF THE TRUSTEE. NEITHER THE MORTGAGOR NOR THE TRUSTEE WILL SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THIS WAIVER OF JURY TRIAL MAY NOT BE MODIFIED IN ANY RESPECT OR RELINQUISHED BY ANY PARTY EXCEPT IN A WRITTEN INSTRUMENT EXECUTED BY ALL PARTIES.

33. Environmental Covenants.

(a) The Mortgagor has not, nor will not, use Hazardous Materials on, under, from or affecting the Property, or any part thereof, in any manner which violates federal, state or local laws, ordinances, rules, regulations or policies. The Mortgagor is unaware of any prior owner or occupant of the Property, or any part thereof, which has used Hazardous Materials on, under, from, or affecting the Property, or any part thereof, in any manner which violates federal, state or local laws, ordinances, rules, regulations or policies ("Environmental Laws"). The Mortgagor shall conduct and complete all investigations, studies, sampling and testing, and all removal and other actions necessary to clean up and remove all Hazardous Materials on, under, from or affecting the Property, or any part thereof, if the Mortgagor is required by applicable federal, state or local laws, ordinances, rules, regulations and policies to undertake such acts (for purposes hereof, "Hazardous Materials" include any hazardous or toxic substances or related materials defined in any federal, state or local law, ordinance, rule, regulation or policy). The Mortgagor shall indemnify, defend and hold harmless Mortgagee and its successors or assigns and their respective employees, attorneys, agents, advisors, trustees, shareholders, officers and directors from and against any claims, suits, demands, penalties, fines, liabilities, settlements, damages, costs or expenses of whatever kind or nature, including attorneys' fees, to the extent the same arose, occurred or existed on or prior to the date, if any, that title passes to the Mortgagee through foreclosure, deed in lieu of foreclosure or otherwise, related to: (i) the presence, use, disposal, release or threatened release, discharge or emission of any Hazardous Materials on, over, under, from or affecting the Property or the soil, water, vegetation, buildings,

personal property, persons or animals thereon; (ii) any personal injury, including, but not limited to, sickness and death, or property damage, real or personal, including the loss of the use thereof, arising out of or related to any Hazardous Materials on the Property; (iii) any lawsuit brought or threatened, including any settlement thereof, or governmental order or directive relating to any Hazardous Materials on the Property; and/or (iv) any violation, including any such violations which arose, occurred or existed prior to possession of the Property by Mortgagor, of the Environmental Laws applicable to the Property to the extent the same arose or existed on or prior to the date, if any, that title passes to Mortgagee, through foreclosure, deed in lieu of foreclosure or otherwise.

(b) The provisions of subparagraph (a) of Paragraph 33 shall be in addition to any and all other obligations and liabilities the Mortgagor may have to Mortgagee hereunder, under the Financing Agreement, and in common law and shall survive the repayment of all Secured Obligations and the satisfaction of all of the other obligations of the Mortgagor hereunder, to the extent that Mortgagee shall incur any liability with respect to Hazardous Materials after the discharge of this Mortgage.

34. Future Advance Notice Language. Notice is hereby given that the indebtedness secured hereby may increase as a result of any defaults hereunder by Mortgagor due to, for example, and without limitation, unpaid interest or late charges, unpaid taxes or insurance premiums which Mortgagee elects to advance, defaults under leases that Mortgagee elects to cure, attorney fees or costs incurred in enforcing the Financing Agreement or other expenses incurred by Mortgagee in protecting the Property, the security of this Mortgage or Mortgagee's rights and interests.

35. Subordination by Lessee. By execution of this Mortgage, the Academy subordinates to the Trustee and to the lien of this Mortgage all of the Academy's present and future rights, title and interest in the Property, including, without limitation, all of the Academy's present and future rights, title and interest as a lessee of the Property.

36. Recordable Events. The provisions set forth in this Mortgage are not intended to evidence an additional recordable event, as may be proscribed by Act 459 of the Public Acts of Michigan of 1996, but rather are included in this Mortgage for purposes of complying with applicable law.

**[SIGNATURES FOLLOW NEXT PAGE]**

IN WITNESS WHEREOF, Mortgagor and Academy execute and deliver this Mortgage as of the date set forth in Paragraph 1 above.

**MORTGAGOR:**

CLOTHILDE R. SMITH CHARITABLE FOUNDATION,  
a Michigan nonprofit corporation

By: Patricia Moncrease

Its: President

STATE OF MICHIGAN     )  
  )ss  
COUNTY OF WAYNE     )

The foregoing instrument was acknowledged before me this 15<sup>th</sup> day of November 2010 by Patricia Moncrease, the Authorized Officer of the Clothilde R. Smith Charitable Foundation, a Michigan nonprofit corporation, on behalf of said corporation.

Susan F. Snyder  
Notary Public, Oakland County, Mi  
Acting in Oakland County, Michigan  
My Commission Expires on 07-05-2015

Susan F. Snyder  
Notary Public, State of Michigan  
County of: Oakland  
My Commission Expires: \_\_\_\_\_  
Acting in the County of: \_\_\_\_\_

[SIGNATURES CONTINUE NEXT PAGE]



**ACADEMY,  
as Subordinated Lessee:**

OLD REDFORD ACADEMY,  
a Michigan public school academy

By: Sam Williams

Its: President

STATE OF MICHIGAN     )  
  )ss  
COUNTY OF WAYNE     )

The foregoing instrument was acknowledged before me this 15<sup>th</sup> day of November 2010 by Sam Williams, the Authorized Officer of Old Redford Academy, a Michigan public school academy, on behalf of said academy.

Susan F. Snyder

Susan F. Snyder  
Notary Public, Oakland County, MI  
Acting In Oakland County, Michigan  
My Commission Expires on 07-05-2015

Notary Public, State of Michigan  
County of: Oakland  
My Commission Expires: \_\_\_\_\_  
Acting in the County of: \_\_\_\_\_

## EXHIBIT A

### LEGAL DESCRIPTION OF THE PROPERTY

#### Parcel A:

A parcel of land located West of and including parts of Lots 8, 9, and 10 of Bosworth Court Subdivision of Part of Lot 1 of Fair Plains Subdivision on Southeast ¼ of Section 9, Town 1 South, Range 10 East, Redford Village (now City of Detroit), Wayne County, Michigan, recorded in Liber 42, Page 67, of Plats, Wayne County Records, also including Part of said Lot 1 of Fair Plains Subdivision. Parcel A being more particularly described as commencing at the intersection of Northwesternly line of Redford Ave, 66 feet wide, with the North line of McNichols Road 66 feet wide; thence North 60 degrees 22 minutes 07 seconds East 541.19 feet along the Northwesternly line of Redford Ave (66 feet wide) to the point of beginning; thence North 29 degrees 52 minutes 09 seconds West 243.97 feet (North 29 degrees 37 minutes West 246.20 record); thence South 79 degrees 06 minutes 35 seconds West 24.29 feet; thence North 29 degrees 00 minutes 00 seconds East 196.54 feet along the Northwesternly line of said Lot 8; thence South 57 degrees 20 minutes 22 seconds East 51.52 feet; thence South 46 degrees 20 minutes 38 seconds West 12.66 feet; thence South 29 degrees 03 minutes 46 seconds East 59.59 feet; thence North 83 degrees 50 minutes 45 seconds East 77.66 feet; thence South 79 degrees 43 minutes 20 seconds East 61.83 feet; thence North 86 degrees 39 minutes 13 seconds East 147.18 feet to the Southeast corner of said Lot 11; thence South 58 degrees 00 minutes 37 seconds East 116.94 feet; thence along the Northwesternly line of said Redford Ave the following two courses South 31 degrees 38 minutes 22 seconds West 14.85 feet; thence South 60 degrees 22 minutes 07 seconds West 448.06 feet to the point of beginning.

Commonly known as 17185 Redford, 17201 Redford, 17225 Redford, 17235 Redford and part of 17129 Bosworth Court.

Tax Parcel numbers: Ward 22, Item 014189; Ward 22, Item 014190; Ward 22, Item 014191; Ward 22, Item 014192; and part of Ward 22, Item 007489-90

Said Parcel A includes the following parcels:

#### Parcel C:

A part of the SE ¼ of Section 9, Town 1 South, Range 10 East, also that part of Lot 1 Fair Plains Subdivision described as follows: Beginning at a point distant from the intersection of the northerly lines of McNichols Road and Redford Avenue north 60 degrees 23 minutes 30 seconds east 472 feet; thence north 60 degrees 19 minutes 30 seconds east 262.50 feet to said point of beginning; thence north 43 degrees 25 minutes west 111.31 feet; thence north 60 degrees 54 minutes east 202.50 feet along the southeasterly line of Bosworth Court Subdivision; thence south 29 degrees 33 minutes east 108 feet; thence s 60 degrees 19 minutes 30 seconds west 173.08 feet along the northerly line of Redford Avenue to the point of beginning.

Commonly known as 17225 Redford

Tax Parcel Number Ward 22, Item 014191

Parcel D:

A part of Lot 1, Fair Plains Subdivision and part of the Southeast  $\frac{1}{4}$  of Section 9, Town 1 South, Range 10 East, City of Detroit, Wayne County, Michigan, commencing at the NW corner of Redford Avenue and McNichols Road; thence north 60 degrees 23 minutes 30 seconds east along the northwesterly line of Redford Avenue 472 feet; thence north 60 degrees 19 minutes 30 seconds east 457.98 feet to the point of beginning; thence north 29 degrees 33 minutes west 107.3 feet to a point; thence south 60 degrees 54 minutes west 20 feet to a point; thence south 29 degrees 33 minutes east 107.3 feet to the northwesterly line of Redford Avenue; thence north 60 degrees 19 minutes 30 seconds east 20 feet along the northwesterly line of Redford Avenue to the point of beginning;

Also all that part of the southeast  $\frac{1}{4}$  of Section 9, Town 1 South, Range 10 East, describes as: Beginning at a point on the west line of Redford Avenue, said point being south 31 degrees 28 minutes 40 seconds west 219.45 feet from the southwest corner of said Redford Avenue and Grand River Avenue, as now widened; thence north 57 degrees 21 minutes 20 seconds west 115.52 feet; thence south 58 degrees 25 minutes west 18 feet; thence south 29 degrees 14 minutes 40 seconds east 108 feet to the westerly line of Redford Avenue; thence north 60 degrees 19 minutes 40 seconds east along said line 61.04 feet; thence continuing along said westerly line 31 degrees 28 minutes 40 seconds east 13.08 to beginning, according to survey made by Guy Kennedy, Registered Surveyor, May 27, 1940.

Commonly known as 17235 Redford  
Tax Parcel Number Ward 22, Item 014192

Parcel E:

A parcel of land described as part of Lots 10 and 11 of Bosworth Court Subdivision of Part of Lot 1 of Fair Plains Subdivision on southeast quarter of Section 9, Town 1 South, Range 10 East, Redford Village (now City of Detroit), Wayne County, Michigan, recorded in Liber 42, page 67 Plats, Wayne County Records, being more particularly described as: Commencing at the intersection of the northwesterly line of Redford Ave., 66 feet wide, with the north line of McNichols Road, 66 feet wide; thence north 60 degrees 22 minutes 07 seconds east 734.36 feet along the northwesterly line of Redford Ave. (66 feet wide); thence north 44 degrees 07 minutes 45 seconds west 110.35 feet; thence north 59 degrees 36 minutes 27 seconds east 74.74 feet along the southeasterly line of said Lot 10 to the point of beginning; thence north 20 degrees 51 minutes 18 seconds west 41.28 feet; thence north 15 degrees 46 minutes 52 seconds east 37.85 feet; thence north 86 degrees 39 minutes 13 seconds east 147.18 feet; thence south 59 degrees 36 minutes 27 seconds west 165.23 feet along the southeasterly line of said lots 10 and 11 to the point of beginning, subject to all easements, right-of-way, and restrictions of record recorded or otherwise.

Commonly known as a part of 17129 Bosworth Court  
Part of Tax Parcel Number Ward 22, Item 007489-90



## **EXHIBIT B**

### **PERMITTED ENCUMBRANCES**

#### **Middle School Site**

1. Easement for public utilities over that part of subject property within the vacated alley as set forth in Liber 24066, Page 442 and Liber 24204, Page 600, Wayne County Records.
2. Matters of Survey dated May 24, 2010, last revised November 12, 2010, prepared by Landmark Engineering Co. and designated as Job No. 1131:
  - (a) Overhead lines across subject property.
3. Middle School Lease Agreement between the Academy and the Foundation dated November 1, 2010.

#### **High School Site**

1. Easement for sewer line as disclosed by instrument recorded in Liber 13921, Page 469, Wayne County Records.
2. Easements for public utilities over the rear 6 feet of Lots 312 through 318, Lots 324 through 330, 337 through 343, 349 through 355, 362 through 368 and 374 through 380, together with restrictions as to said easements shown and disclosed in the dedication of the plat recorded in Liber 55 of Plats, Page 5, Wayne County Records.
3. Matters of Survey dated November 12, 2010, prepared by Landmark Engineering Co., designated as Job No. 1120:
  - (a) Building over easements as to Lots 314 to 318.
  - (b) Asphalt encroachment over South property line.
4. High School Lease Agreement between the Academy and the Foundation dated November 1, 2010.

**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:

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%

**This space left intentionally blank.**



**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 $< 30.0\%$	PSAT 9 EBRW: 60% Math: 40%
			PSAT 10 EBRW: 60% Math: 40%
			SAT 11 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 the Terms and Conditions of this Contract, including Article VI, Section 6.3, the Academy shall implement, deliver, and support the educational programs identified in this schedule.

### MISSION STATEMENT

Old Redford Academy (“Academy”) provides a safe learning community where students thrive academically, socially, and emotionally while developing skills for post-secondary success.

### EDUCATIONAL PHILOSOPHY AND PROGRAMS

The Academy believes every child is capable of learning and achieving academic growth. All students are individuals who can contribute to classroom learning by sharing and gaining knowledge from each other. The Academy’s philosophy is based on the early work of Dr. Maria Montessori’s Method of Teaching (and others to follow) which has a focus on educating “the whole child” (physical, social, emotional, and cognitive development). In addition to integrating Dr. Montessori’s approach, Academy students will achieve their maximum potential with the following supports and beliefs:

- Academy staff will be responsive to student/community needs
- The Academy will have mutual respect and understanding from peers and adults
- Academy staff will set high expectations for all students and provide the necessary support
- Academy staff will use varying methods of teaching to create an engaging environment that supports and encourages student inquiry
- The Academy provides a comprehensive curriculum for all subject areas
- The Academy provides social emotional learning to foster needs of students
- The Academy believes that student learning occurs best when an environment is rich in resources
- The Academy believes that learning is maximized through a clear integration and alignment of curriculum, instruction, and assessment
- The Academy will provide a safe and secure learning environment

In addition to the listed beliefs and supports, the Academy will educate all students in an environment that encourages the District Core Values (5 C’s).

<b>Curious Learners</b>	Curious Learners allow for inquiry to drive their learning process by not only asking questions, but also actively seeking out answers.
<b>Critical Thinkers</b>	Critical Thinkers approach all subjects, content, or problems from an analytical lens that seeks to gain clarity, comprehension and solutions.
<b>Creative</b>	Creative Scholars incorporate nontraditional demonstrations of comprehension into their learning process, which allows for individuality, student autonomy and student learning ownership.

<b>Collaborative</b>	Collaborative Scholars thrive on opportunities to engage with other peers during the learning process through partner and group activities.
<b>Compassionate Citizens</b>	Compassionate Citizens seek awareness of societal concerns and actively engage in activities that promote, assist and uplift community advancement.

### **Climate and Culture**

The Academy culture utilizes best practices to foster improvement, collaborative decision making, professional development, and staff and student learning. The aim of the Academy learning community is for all students to feel valued and have a voice. The Academy maintains a safe place for students to flourish socially and excel academically.

- **The Academy maintains standards and upholds expectations with the Student Code of Conduct (“SCC”):**
  - SCC includes guiding principles that the Academy believes are viable and essential to ensuring a safe, secure and clean educational environment that is conducive to learning.
- **District wide Positive Behavioral Interventions and Supports (“PBIS”):**
  - The implementation of PBIS involves specifically promoting, practicing, modeling, and encouraging positive expected social skills across the district. When scholars are taught to successfully use meaningful social skills for themselves and with others, school climates are characterized as more positive, learning environments are justified safer, and student-educator relationships are more trusting and respectfully established.
- **Community Engagement and Partnerships with meaningful educational programs:**
  - The Academy’s use of community and family engagement empowers a formative experience, enables the learning community to gain knowledge, democratic experience as well as self-confidence, self-reliance, pride and autonomy. Academy scholars learn to take action in the resolution of problems. Furthermore, it enables students to share in responsibility and accountability over the outcome of a process- in this case, an excellent and equitable education for the entire learning community.

Academy staff and teachers are committed to fostering student growth in all dimensions; socially, emotionally, physically, and intellectually. From project-based learning, to field trips, to the classroom, every aspect of the Academy experience is designed for students to connect with others, to take further steps in their journey, discover their unique calling in an evolving world, and maximize their potential.

### **INSTRUCTIONAL MODEL**

The Gradual Release of responsibility model requires the cognitive work to shift at various components of the lesson, beginning with the teacher carrying the cognitive load at the start of the lesson to more responsibility falling on the students as the lesson carries out. This model provides

a structure for teachers to move from assuming “all the responsibility for performing a task . . . to a situation in which the students assume all of the responsibility” (Duke & Pearson, 2004, p. 211).

The goal of the Gradual Release Model is to provide appropriate instruction, moving students toward independence.

The four stages of the Gradual Release model include:

- **Focused Instruction:** The purpose (learning target) is established and teacher models thinking and learning expectations
- **Guided Practice:** The teacher intentionally incorporates questions, prompts and cues to facilitate and monitor student understanding.
- **Collaborative Learning:** Students work in collaborative groups to produce a finished product. This phase of instruction should provide students with an opportunity to consolidate their understanding before they apply it independently
- **Independent Learning:** The last step in the Gradual Release Model includes Students working independently to practice skills and master the learning target. Many independent learning tasks are used as formative assessments, designed to check for understanding and to identify needs for reteaching.

## **CURRICULUM**

The Academy’s curriculum ensures students engage in a robust learning experience. The Academy is committed to the development of a districtwide curriculum that fosters achievement by all students. The Michigan Academic Standards (“MAS”) serve as the basis for the Academy’s curriculum with the expectation that all students can and will reach established learning outcomes. The curriculum supports students as they realize their potential and matriculate towards higher educational and career goals. The curriculum design for each of the content areas throughout the grade level bands enhances opportunities for students to meet state standards. The Academy has adopted research – based curriculum. Pacing guides are utilized at each grade level to ensure full coverage of state standards.

Teachers are provided with common planning time for the purpose of professional collaboration, focused on shared goals, data analysis and instructional strategies. Research supports the use of professional learning communities as a means for collaboration, focused planning and professional growth. Further, monthly lead teacher/department chair meetings are scheduled to discuss grade level concerns and to develop strategic plans to support identified tier one students.

### **Elementary School**

The Elementary School serves kindergarten through fourth grade. Classes are self-contained with the exception of one elective class offered to each grade level to ensure common planning time. The adopted curriculum for the Elementary School includes:

#### ***Language Arts***

Core Knowledge Language Arts (“CKLA”) uses a knowledge-based schooling approach that has an emphasis on teaching and learning and enabling core broadly shared knowledge. The Core Knowledge Sequence represents an effort to identify and describe the specific core of shared

knowledge that all children should learn. The Sequence is intended to help children establish strong foundations of knowledge grade by grade.

### ***Mathematics***

Students will be working with Great Minds Eureka Math<sup>2™</sup>. The program includes opportunities for student to engage in peer-to-peer discussion, proven to solidify understanding of math concepts.

### ***Science***

McGraw Hill Inspire Science<sup>®</sup> provides students opportunity to investigate, problem-solve, argue and discuss scientific phenomena to make sense of the world from their perspective. Inspire Science is organized around the 5E Instructional Framework (Engage, Explore, Explain, Elaborate and, Evaluate).

### ***Social Studies***

McGraw Hill IMPACT<sup>™</sup> Social Studies uses the 3 C framework (Engage, Investigate, and Report and Take Action). Students engage in learning activities that model how to analyze sources and consider multiple perspectives as they think critically about problems, events, places and people.

### **Middle School**

The Middle School serves grades 5-8. Classes are departmentalized and all teachers are assigned one elective class to ensure common planning time. Instructional blocks for the middle school are 75 minutes. The adopted curriculum for the Middle School includes:

### ***Language Arts***

EngageNY Expeditionary Learning ELA curriculum is a comprehensive standards-based program based on college and career readiness standards and engages students through real-world content. The curriculum is designed on a three- dimensional view of student achievement (mastery of knowledge and skills, character, and high-quality work). The curriculum has a foundational focus on equity for all learners and uses backward design planning and implementation.

### ***Mathematics***

Students work with Eureka Math<sup>2</sup>. The program includes opportunities for students to engage in peer-to-peer discussion, proven to solidify understanding of math concepts.

### ***Science***

STEMscopes<sup>™</sup> Science is a comprehensive STEM curriculum that is adaptable and supports instruction in any kind of learning environment. The curriculum is designed around 5E lesson model (Engage, Explore, Explain, Elaborate and Evaluate) with Intervention and acceleration components to ensure support for students on various levels.

### ***Social Studies***

Oakland Schools MC3 Curriculum provides a model curriculum with instructional materials for middle school students aligned to the MAS for social studies and content literacy. The curriculum is grounded in research and outlines best practices in social studies education.

### ***Electives***

In addition to the core curricular classes, students in the Middle School are offered physical education, computers, music and art.

### **High School**

The Academy's High School serves grades 9-12. The requirements for graduation are based on the Michigan Merit Curriculum ("MMC") guidelines. Students at the High School level follow the 4-Year Course Plan. Teachers are assigned one elective period to ensure common planning time. Instructional blocks for the High school are 60 minutes.

<b>9<sup>TH</sup> Grade</b>	<b>1<sup>st</sup> Semester</b>	<b>2<sup>nd</sup> Semester</b>
	English 9A	English 9B
	Algebra 100 A	Algebra 100 B
	Earth Science A	Earth Science B
	US History & Geography A	US History & Geography A
	Freshman Writing	Creative Writing
	Media Literacy A or Study Skills/Test Prep	Media Literacy A or Study Skills/Test Prep
<b>10<sup>th</sup> Grade</b>		
	English 10 A	English 10 B
	Geometry A	Geometry B
	World History A	World History B
	Biology A	Biology B
	Spanish 100 A	Spanish 100 B
	Criminal Justice	Current Events
	Electives /CTE	Electives /CTE
<b>11<sup>th</sup> Grade</b>		
	English 11 A	English 11 B
	Algebra 200 A	Algebra 200 B
	Civics/Government	Economics
	Chemistry A	Chemistry B
	Spanish 200 A	Spanish 200 B
	African American History A	African American History A
	Electives /CTE	Electives /CTE
<b>12<sup>th</sup> Grade</b>		
	English 12 A	English 12 B
	Personal Finance or CTE	Math Elective or CTE
	Science Elective or CTE	Science Elective or CTE
	Journalism	Yearbook
	Electives /CTE	Electives/ CTE
	Electives /CTE	Electives/ CTE

### **Ninth Grade Academy**

The Ninth Grade Academy is developed around the concept of a small learning community. The Ninth Grade Academy is an academy-within-an-academy. The mission of the Ninth Grade

Academy is to assist the incoming freshmen to make a smooth transition into high school and meet the rigorous high school standards. Providing programs and support to address the unique needs of entering freshmen results in increased student achievement.

Ninth graders are connected to a team of caring staff to address students' needs more personally. Teachers work in a collaborative environment and are committed to student learning.

The adopted curriculum for the four core classes at the High School includes:

### ***Language Arts***

Engage NY is curriculum aligned to the MAS, contains text that is appropriately rigorous and allows teachers flexibility in presentation.

### ***Mathematics***

Engage NY and Eureka Math<sup>2</sup> Curriculum modules provide in-depth focus on fewer topics. They integrate the MAS, rigorous classroom reasoning, extended classroom time devoted to practice and reflection, and high expectations for mastery. Algebra 1 students work with Eureka Math<sup>2</sup>.

### ***Science***

Oakland Schools Michigan Association of Intermediate School Administrators (“MAISA”) provides a model curriculum with instructional materials for high school students aligned to MAS in Science. The curriculum is grounded in research and outlines best practices in social studies education.

### ***Social Studies***

Oakland Schools MC3 Curriculum provides a model curriculum with instructional materials for high school students aligned to MAS for social studies. The curriculum is grounded in research and delineate best practices in social studies education.

### ***Electives***

High School Students are offered the following electives to support the MMC requirements:

- Writing
- Journalism
- Current Events
- Criminal Justice
- Critical Thinking and Study Skills
- African American History
- African American Literature
- Creative Writing
- Media Literacy
- College and Career Readiness (Xello)
- Yearbook

### ***Credit Recovery***

High schools have adopted various strategies designed to keep students who are at risk of not graduating in school and on track for earning the credits required to graduate. Credit recovery is defined as a strategy that encourages at-risk students to re-take a previously failed course required



for high school graduation and earn credit if the student successfully completes the course requirements (U.S. Department of Education 2015b). Credit recovery courses at the high school are available online using Edgenuity®. Edgenuity courseware provides flexible digital content and curriculum that engages students to take ownership of their learning. The platform is available to students 24 hours each day. The High School offers credit recovery classes as a part of students' schedules, after school or with Saturday School options.

### ***Dual Enrollment***

In partnership with Wayne County Community College District ("WCCCD"), the high school offers a dual enrollment program. The dual enrollment program allows students to earn college credit during high school. Classes are offered after school twice a week for two hours. Classes take place at the high school and are led by college instructors.

### **Research-Based Benefits to Students**

The Academy is committed to providing students with a seamless and effective K-12 research – based curriculum. An effective curriculum is designed to facilitate the acquisition of skills and knowledge that align with standards outlining what students need to learn. Research-based instructional programs, according to the U.S. Department of Education, are those that withstand the test of standard scientific testing practices. The Academy utilizes the following researched based practices to promote optimum learning outcomes:

- Professional Development
- Data Analysis
- Professional Learning Communities
- Common Planning
- Tutoring Programs
- Enrichment Programs
- Teacher/Staff Recognition
- Climate and Culture
- Student Recognition Programs
- Culturally Responsive Teaching
- New Teacher Institute

### **PARENTAL INVOLVEMENT**

The Academy recognizes that a child's education is a responsibility shared by teachers, parents, and extended family and community members. With this understanding, the Academy and family work collaboratively in the best interest of the student. Research suggests that parental involvement is the most accurate predictor of school achievement. This predictor supersedes income or social status. Students that have parents involved have higher grades, better attendance, higher self-esteem, and graduate from high school and matriculate to post-secondary education. With this focus, the Academy involves parents through a parent university, school events, conferences, automated family messaging, website and social media information, school newsletters, perception data and school improvement planning.

### **SPECIAL EDUCATION**

Special education pre-referral and referral processes and policies are established in accordance with state and federal regulations. Students with disabilities are educated in an inclusive setting to

the maximum extent possible consistent with the provisions of an education appropriate for the students' needs.

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, the Academy will ensure that the IEP is fully implemented in accordance with the IDEIA and reviewed on an annual basis or more frequently as determined by the IEP team.

### **Response to Intervention ("RTI")**

In order to provide a quality education for all Academy students, an RTI / MTSS process is in place to serve underachieving students. RTI is a school process used to determine if a student is responding to classroom instruction and progressing as expected. In an RTI / MTSS process, a student who is struggling receives additional instructional support provided by matching instruction to a student's individual needs through a multi-tier instructional model. Each level, also known as a tier, provides instruction with increased intensity such as smaller groups or instructional time focused on specific areas. For students who qualify for special education services, the Academy provides students with academic and emotional support, interventions and enrichment activities.

### **Educational Development Plans ("EDP")**

The EDP documents an ongoing process in which a learner identifies both career goals and a plan of action to achieve the identified goals. The purpose of the EDP is to provide every student with a periodically updated and ongoing record of career planning that will guide in taking effective

steps to enter a career of choice. Students are given an opportunity to create an EDP beginning in seventh grade and use [www.michigancap.org](http://www.michigancap.org) to establish college goals and career paths.

The Academy's EDP documents educational and career plans that encompass the following six basic EDP elements approved by the Michigan Department of Career Development as part of the Career Preparation System:

1. personal information;
2. career pathway goals;
3. educational/training goals;
4. career assessment results;
5. plan of action; and
6. parent/family consultation and endorsement (under age 18).

Additionally, the Academy's EDP meet the state's expectations and ensures that all middle school and high school buildings within the district utilize the EDP document and processes adopted by the district as evidenced by student records in each building.

## **ASSESSMENTS**

The Academy informs instruction through assessment data. Assessments are administered on a regular basis and results are systematically analyzed by administrators, teachers and students. To evaluate the standard mastery of Academy students, the Academy uses Northwest Evaluation Association™ ("NWEA™") Primary Grade Assessment for kindergarten and first grade and NWEA MAP® Growth™ for grades two through eight. Starting in 9<sup>th</sup> grade, the Academy informs instruction and individualized student need based on the pre-assessment from Edgenuity (the online platform). All high schoolers complete a pre-assessment in September of the new school year. Additionally, eighth through 10<sup>th</sup>-graders take the PSAT™ as a predictor to the SAT® in the 11<sup>th</sup> grade. The Academy administers the mandated state assessments for all grades, including the Michigan Merit Exam ("MME").

Assessments are created from CMU and Board approved curriculum that is used with fidelity across the K – 12 District. The Academy uses approved pacing charts to determine when formative and summative assessments will be given. At the elementary level, common assessments are given and discussed during PLC. The Middle and High School PLC meetings occur within subjects (Math, ELA, Science, Social Studies, and Specials).

All Schools have a weekly PLC meeting during their common prep time where each grade level or department meet. PLC's are led by the Lead Teacher or the Department Chair. These leaders provide an Agenda and Sign-In sheet. Teachers bring their Assessment Binders to each PLC so they can share their formative findings and Summative Data results. Summative Assessments are identified and discussed at the PLC and pacing charts are reviewed. Formative and Summative findings are reviewed, and curriculum or teaching adjustments are made if necessary. Summative Data Forms are completed within the District Data Drive and are due two days following an assessment.

Edulastic is the testing platform used in the Academy's K – 12 district. Edulastic provides the teacher and administration with a live class board and instant test results and data at the close of the testing session.

Aggregated data is reported monthly in the Board Report and discussed during weekly PLC's, and within data dives during the culmination of high stakes testing.

All staff attend professional development prior to the start of school regarding all aspects of our Data Driven School and weekly during PLC times.

## **PROGRAM EVALUATION**

The district will reflect on the educational programs and evaluate their effectiveness annually.

The instructional staff, students and administrators collaboratively reflect on the educational programs and evaluate its effectiveness annually. Students are given the opportunity to reflect on instructional strategies, teacher delivery and resources through end of the year surveys. Parents are also asked to participate in Academy-wide curriculum surveys. Staff members use Cognia™ surveys as well as Survey Monkey® to provide input on the effectiveness of programs and offer suggestions. Additionally, formative and summative data is utilized to determine effectiveness or needed enhancements throughout the school year.

The School Improvement Committee, which includes administrators, teachers, paraprofessionals and parents complete a comparative analysis of data results derived from surveys and assessment data to measure growth and recommend changes in programs. Further, professional development opportunities are provided to enrich staff development collaboration between departments.

## **Best Practices**

Best practices are the utilization of existing practices that already yield high levels of widely agreed effectiveness. The Academy employ the follow research- based practices:

**Tutoring Programs:** Well-designed tutoring programs can be effective for improving student outcomes. The Academy offers after school tutoring from October – May. At risk students have the opportunity to receive assistance with math and reading.

**Shared Planning Time:** Common planning time has the potential to establish high yielding learning environments through personalization, instructional coordination, and peer learning. School schedules have been created in each building to allow teachers weekly common planning time for the purposes of planning, collaboration and data analysis.

**Monitoring, Accountability, and Assessment:** The Academy promotes data driven inquiry whereby teaching and learning is adjusted based on data from formative and summative assessment.

**Curriculum and Instruction:** The Academy has aligned the curriculum with core learning expectations. Teachers are provided with on-going coaching and professional development focused on need and instructional best practices.

**Active Learning:** The Academy promotes an engaging learning environment whereby learners are actively engaged in the learning process.

**Differentiated Instruction:** Research supports that curriculum should be taught to connect to the lives of the learners. Differentiated instruction is non-negotiable part of the Academy. We foster this belief through professional development and coaching.

### **Early Childhood Education Program**

The Academy operates an early childhood education program (Pre-Kindergarten and Great Start Readiness Program ["GSRP"]). 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.

The Academy operates a GSRP early childhood program under a grant awarded by the Michigan Department of Education. Throughout the school year, the Early Childhood Specialist ("ECS") who is a Reliable Assessor/Certified Observer completes the observations, interviews and scoring of the program evaluation tool. The ECS documents evidence about classroom observations and specific classroom-level grant requirements. The formal end-of-year program evaluation, Program Quality Assessment-Revised ("PQA-R") by HighScope, is completed by the ECS assigned to the classroom(s). The PQA-R measures the quality and use of the indoor and outdoor learning environments, teaching and learning routines, adult-child interactions (including interactions that encourage the development of expressive/receptive language, vocabulary, math, literacy, social and emotional skills, executive function skills and conflict resolution skills), evidence-based comprehensive curricula, planning to differentiate instruction based on student interests, ongoing child assessment to monitor learning and adapt/modify learning if needed, and parent engagement activities. Wayne Regional Educational Service Agencies' Early Childhood Consultant ("ECC") is responsible to monitor compliance with the program evaluation reporting requirement. The ECC will access, aggregate, and analyze information to support those serving in the Early Childhood Specialist role across the ISD, and also inform the creation of a professional learning plan.

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**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 Core Knowledge<sup>®</sup> Language Arts (“CKLA<sup>®</sup>”) for kindergarten through fourth grade English language arts (“ELA”), Engage NY ELA for fifth through twelfth grades, Great Minds<sup>™</sup> Eureka Math<sup>2™</sup> mathematics, McGraw Hill Inspire Science<sup>®</sup> for kindergarten through fourth grades, STEMscopes<sup>™</sup> science for fifth through eighth grades, Oakland Schools MAISA science for ninth through twelfth grades, McGraw Hill IMPACT<sup>™</sup> social studies for kindergarten through fourth grades, Oakland Schools MC3 social studies for fifth through twelfth grades, Edgenuity<sup>®</sup> virtual courses and Academy developed curriculum. The curriculum for all core subjects has been received, reviewed and approved by the Center.

- CKLA <https://www.coreknowledge.org/curriculum/>
- Eureka Math<sup>2</sup> <https://greatminds.org/eurekamathsquared>
- STEMscopes <https://app.acceleratelearning.com/scopes>
- Oakland Schools <https://oaklandk12-public.rubiconatlas.org/Atlas/Browse>
- Edgenuity <https://www.edgenuity.com/online-courses/>

### **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**	Course Name	Grade**
English ( <i>minimum 4</i> )		World Language ( <i>minimum 2</i> )	
English 9	9	Spanish I	10-11
English 10	10	Spanish II	11-12
English 11	11		
English 12	12	Visual, Performing & Applied Arts ( <i>minimum 1</i> )	
		Music	Any
Mathematics ( <i>minimum 4</i> )		Art	Any
Algebra I	9		
Geometry	9-10	Other	
Algebra II	10-11	Writing (.5)	9-12
Pre-calculus	12	Journalism (.5)	10-12
Personal Finance (.5)	12	Current Events (.5)	10-12
Probability & Statistics (.5)	12	Criminal Justice (.5)	10-12
Science ( <i>minimum 3</i> )		Critical Thinking & Study Skills (.5)	Any
Earth Science	9	African American History (.5)	11-12
Biology	10	African American Literature (.5)	11-12
Chemistry	11	Creative Writing (.5)	10-12
Physics	11	Speech (.5)	Any
Forensic Science	10-12	Media Literacy (.5)	10-12
Social Studies ( <i>minimum 3</i> )		Yearbook (.5)	11-12
US History & Geography	9	Virtual Courses ***	
World History & Geography	10	Edgenuity virtual courses	Any
Civics (.5)	11-12	Dual Enrollment—CMU Fashion Merchandising and Design	11-12
Economics (.5)	11-12		
Physical Education & Health		Off Camus Courses***	
Physical Education (.5)	Any	CTE (WCCCD)	11-12
Health (.5)	Any	Dual Enrollment (WCCCD)	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 2,500 students across the three sites identified in Schedule 6 of the Contract. Enrollment will be distributed over the sites as follows:

Elementary Site: No more than 800 students may be served at this Site.

Middle School Site: No more than 675 students may be served at this Site.

High School Site: No more than 1,025 students may be served at this Site.

At no time may the combined enrollment of the three sites exceed 2,500 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.