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**CONTRACT TO CHARTER A PUBLIC SCHOOL ACADEMY  
AND RELATED DOCUMENTS**

**ISSUED BY**

**THE GRAND VALLEY STATE UNIVERSITY BOARD OF TRUSTEES  
(AUTHORIZING BODY)**

**ISSUED TO**

**HILLSDALE PREPARATORY SCHOOL  
(A PUBLIC SCHOOL ACADEMY)**

**CONFIRMING THE STATUS OF  
HILLSDALE PREPARATORY SCHOOL**

**AS A**

**PUBLIC SCHOOL ACADEMY**

**DATED:  
JULY 1, 2018**

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## Contract to Charter a Public School Academy

Pursuant to Part 6a of the Revised School Code (“Code”), being Sections 380.501 to 380.507 of the Michigan Compiled Laws, the Grand Valley State University Board of Trustees (“University Board”) issues a contract to Hillsdale Preparatory School (the “Academy”), to be effective July 1, 2018, confirming the Academy’s status as a public school academy in this State. The Parties agree that the issuance of this Contract is subject to the following Terms and Conditions:

### ARTICLE I

#### DEFINITIONS

Section 1.1. Certain Definitions. For purposes of this Contract, and in addition to the terms defined throughout this Contract, each of the following words or expressions, whenever capitalized, shall have the meaning set forth in this section:

- a) **Academy** means the Michigan non-profit corporation authorized by this Contract.
- b) **Academy Board** means the Board of Directors of the Academy authorized by this Contract. **Academy Board member** or **Academy Director** means an individual who is a member of the Academy Board, whether in the past, present or future.
- c) **Accountability Plan** means a Community District accountability plan established, implemented, and administered by the State School Reform/Redesign Officer under section 390 of the Code, MCL 380.390.
- d) **Applicable Law** means all state and federal law applicable to public school academies.
- e) **Applicant** means the person or entity that submitted the public school academy application to the University for the establishment of the Academy.
- f) **Application** means the public school academy application and supporting documentation submitted to the University for the establishment of the Academy.
- g) **Authorization Resolution** means the resolution adopted by the Grand Valley State University Board of Trustees approving the issuance of a Contract.
- h) **Charter School** means public school academy.
- i) **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.



- j) **Community District** means a community school district created under part 5B of the Code, MCL 380.381 et seq.
- k) **Conservator** means an individual appointed by the University President in accordance with Section 10.10 of these Terms and Conditions.
- l) **Contract** means, in addition to the definitions set forth in the Code, the Terms and Conditions and the Schedules.
- m) **Educational Service Provider or “ESP”** means an educational management organization 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, which contract has been submitted to the University Charter Schools Office Director for review as provided in Section 11.15 and has not been disapproved by the University Charter Schools Office Director, and is consistent with the Charter Schools Office Educational Service Provider Policies, as they may be amended from time to time, and Applicable Law.
- n) **Educational Service Provider Policies or ESP Policies** means those policies adopted by the Charter Schools Office Director that apply to a Management Agreement. The Charter Schools Office Director may, at any time and at his or her sole discretion, amend the ESP Policies. 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.
- o) **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 from, or 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 actions or inactions of the Academy Board, then such gift or grant shall not constitute a financial borrowing or contribution for purposes of determining a Fund Balance Deficit.
- p) **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 operation and/or management of the Academy, which has been submitted to the University Charter Schools Office Director for review as provided in Section 11.15 and has not been disapproved by the University Charter Schools Office Director, and is consistent with the CSO Educational Service Provider Policies as they may be amended from time to time, and Applicable Law.

- q) **Master Calendar of Reporting Requirements (MCRR)** means the compliance certification duties required of the Academy by the University Board. The University Charter Schools Office may amend the MCRR each fiscal year or at other times as deemed appropriate by the University President. These changes shall be automatically incorporated into the Contract and shall be exempt from the Contract amendment procedures under Article IX of these Terms and Conditions.
- r) **Method of Selection Resolution** means the resolution adopted by the University Board providing for the method of selection, length of term, number of members, qualification of Board Academy members and other pertinent provisions relating to the Academy Board.
- s) **Resolution** means any resolution adopted by the Grand Valley State University Board of Trustees.
- t) **Schedules** mean the schedules incorporated into and part of the Terms and Conditions.
- u) **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.
- v) **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 18.554, and transferred from the Michigan Department of Technology Management and Budget to the Michigan Department of Education by Executive Order 2017-05 and codified at MCL 388.1282.
- w) **State School Reform/Redesign Officer** means the officer described in Section 1280c(9) of the Code, MCL 380.1280c(9), and authorized to act as the superintendent of the State School Reform/Redesign District under Section 1280c(6)(b) of the Code, MCL 380.1280c(6)(b).
- x) **Superintendent** means the Michigan Superintendent of Public Instruction.
- y) **Terms and Conditions** means this document entitled Terms and Conditions of Contract issued by the Grand Valley State University Board of Trustees.
- z) **University** means Grand Valley State University established pursuant to Article VIII, Sections 4 and 6 of the 1963 Michigan Constitution and MCL 390.841 *et seq.*
- aa) **University Board** means the Grand Valley State University Board of Trustees.

bb) **University Charter Schools Hearing Panel** or **Hearing Panel** means such person(s) as designated by the University President.

cc) **University Charter Schools Office** or **CSO** means the office the University Board, by issuance of this Contract, hereby designates as the point of contact for public school academy applicants and public school academies authorized by the University Board. The University Charter Schools Office is also responsible for managing, implementing, and overseeing the University Board's responsibilities with respect to the Contract.

dd) **University Charter Schools Office Director** or **CSO Director** means the person designated by the University President to administer the operations of the University Charter Schools Office.

ee) **University President** means the President of Grand Valley State University or his or her designee.

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 use of any gender in this Contract shall be deemed to be or include the other genders, including neuter, and the use of the singular shall be deemed to include the plural (and vice versa) wherever applicable.

Section 1.4. Schedules. All Schedules to this Contract are part of this Contract.

Section 1.5. Statutory Definitions. Statutory terms defined in the Code shall have the same meaning in 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. In the event that there is an inconsistency or dispute between materials in the Application and the Contract, the language or provisions in the Contract shall control.

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

## ARTICLE II

### ROLE OF GRAND VALLEY STATE UNIVERSITY

## **BOARD OF TRUSTEES AS AUTHORIZING BODY**

Section 2.1. Independent Status of the University. The University Board is an authorizing body as defined by the Code. In approving this Contract, the University voluntarily exercises additional powers given to the University under the Code. Nothing in this Contract shall be deemed to be any waiver of the University's powers or independent status and the Academy shall not be deemed to be part of the University Board. The University Board has provided the State School Reform/Redesign Officer the accreditation notice required under Section 502.

Section 2.2. Independent Status of the Academy. The Academy is a body corporate and governmental entity authorized by the Code. The Academy is organized and shall operate as a public school academy and a nonprofit corporation. The Academy is not a division or part of the 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, if applicable.

Section 2.3. University Board Resolutions. For purposes of this Contract, the University Board has adopted the following resolutions:

(a) Method of Selection Resolution. The University Board has adopted the Method of Selection Resolution, which is incorporated into this Contract as part of Schedule 1. At anytime and at its sole discretion, the University Board may amend the Method of Selection Resolution. Upon University Board approval, changes to the Method of Selection Resolution shall automatically be incorporated into this Contract and shall be exempt from the amendment procedures under Article IX of the Terms and Conditions.

(b) Authorizing Resolutions. The University Board has adopted the Authorizing Resolution, which is incorporated into this Contract as part of Schedule 1.

Section 2.4. Method for Monitoring Academy's Compliance with Applicable Law and Performance of its Targeted Educational Outcomes. The University Board has the responsibility to oversee the Academy's compliance with the Contract and all Applicable Law. The Academy shall perform the compliance certification duties required by the University Board as outlined in the Contract incorporated into this Contract as Schedule 5. Additionally, the Academy shall be responsible for the following:

- a) In the event that the University President determines that the Academy's educational outcomes should be reviewed to help determine if the Academy is meeting the educational goals set forth in the Schedules, the University President, at his or her discretion, may require an objective evaluation of student performances by an educational consultant, acceptable to both the Academy and the University President. The Academy shall pay for the expense of the evaluation. In addition, at any time, the University President may require an evaluation of student performance to be selected by and at the expense of the University. The Academy shall cooperate with the evaluation, including any student testing required.

- b) Within ten (10) days of receipt, the Academy shall notify the University Charter Schools Office of correspondence received from the Department of Education or State Board of Education that requires a written or formal response.
- c) Within ten (10) days of receipt, the Academy shall report to the University Charter Schools Office and the University Counsel Office any litigation or formal proceedings alleging violation of Applicable Law or contractual agreement against the Academy, its officers, employees, agents, and/or contractors.
- d) The Academy shall permit review of the Academy's records and inspection of its premises at any time by representatives of the University. Normally, such inspections shall occur during the Academy's hours of operation and after advance notice to the Academy.
- e) The Academy shall provide the Charter Schools Office with copies of reports and assessments concerning the educational outcomes achieved by pupils attending the Academy and shall provide necessary approvals for the Charter Schools Office to access electronic information received or stored by the State of Michigan including, but not limited to, the Department of Education or other agency authorized by the State to collect school data.
- f) The Academy shall submit audited financial statements, including auditor's management letters and any exceptions noted by the auditors, to the University Charter Schools Office. The financial statements and auditor's management letters shall be submitted to the University Charter Schools Office within ninety (90) days after the end of the Academy's fiscal year.
- g) The Academy shall provide the University Charter Schools Office with a copy of the approved annual budget for the upcoming fiscal year of the Academy no later than July 1st. The Academy Board is responsible for establishing, approving and amending the annual budget in accordance with the Uniform Budgeting and Accounting Act, MCL 141.421 *et seq.*, and for providing all amendments and revisions to the University Charter Schools Office following Academy Board approval.
- h) The Academy shall provide to the University Charter Schools Office minutes of all Academy Board meetings no later than fourteen (14) days after such meeting.

Section 2.5. University Board Administrative Fee. During the term of this Contract, the Academy shall pay the University Board an administrative fee of 3% of the state school aid payments received by the Academy. For purposes of this Contract, state school aid payments received by the Academy in July and August in any given year shall be deemed to have been received by the Academy during the Contract term. This fee shall be retained by the University Board from each state school aid payment received by the University Board for forwarding to the Academy. This fee shall compensate the University Board for issuing the Contract and overseeing the Academy's compliance with the Contract and all Applicable Law. This fee may

also be used to fund college readiness work and scholarships for academies that are in compliance with this Contract.

Section 2.6. University Board as Fiscal Agent for the Academy. The University Board is the fiscal agent for the Academy. The University Board shall, within three (3) business days, 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 University Board shall retain any amount owed to the University Board by the Academy pursuant to this Contract. For purposes of this section, 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 4.

Section 2.7. Authorization of Employment. The Academy may employ or contract with personnel. If the Academy contracts for personnel with an Educational Service Provider, the Academy shall submit a draft of the proposed agreement to the University Charter Schools Office for review. The University Charter Schools Office may disapprove the proposed agreement if it contains provisions in violation of this Contract or Applicable Law. No ESP agreement shall be effective unless and until the agreement complies with Section 11.16 of these Terms and Conditions. With respect to Academy employees, the Academy shall have the power and responsibility to (i) select and engage employees; (ii) pay their wages; (iii) dismiss employees; and (iv) control the employees' conduct, including the method by which the employee carries out his or her work. 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. The Academy Board shall prohibit any individual from being employed by the Academy, an ESP, 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. The Academy shall be responsible for carrying worker's compensation insurance and unemployment insurance for its employees.

Section 2.8. 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 assigned or pledged for the payment of any Academy contract, agreement, note, mortgage, loan or other instrument of indebtedness.

Section 2.9. Academy Has No Power to Obligate or Bind State of Michigan, 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, 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, University Board or the University in any way guarantee, are financially obligated, or are in any way responsible for any contract, agreement, note, mortgage, loan or other instrument of indebtedness entered into by the Academy.

Section 2.10. Authorizing Body Contract Authorization Process. Pursuant to the Code, the University Board is not required to issue a contract to the Academy. This Contract is for a fixed term and will terminate at that end of the Contract term set forth in Section 12.14 without any further action of either the Academy or the University Board. Prior to the end of the Contract term, the University Board shall provide a description of the process and standards by which the Academy may be considered for the issuance of a new contract. The timeline for consideration of whether to issue a new contract to the Academy shall be solely determined by the University Board. The standards for 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. The University Board, at its sole discretion, may change its process and standards for issuance of a contract at any time, and any such changes shall take effect automatically without the need for any amendment to this Contract. Consistent with the Code, the University Board may elect, at its sole discretion, not to consider the issuance of a contract, consider reauthorization of the Academy and elect not to issue a contract, or consider reauthorization of the Academy and issue a contract for a fixed term.

Section 2.11. 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 Charter Schools Office Director describing the proposed acquisition and the purpose for which the Academy desires to acquire the property. The Charter Schools Office Director will generate a recommendation for consideration by the University Board with regard to the proposed acquisition. The request and the Charter Schools Office Director's recommendation will be submitted by the Charter Schools Office Director for the University Board's consideration in accordance with the University Board's generally applicable timelines and policies for the agendas of regularly-scheduled University Board committee meetings and formal sessions of the University Board. No acquisition may be made until the approval of the University Board is obtained by resolution adopted at a formal session of the University Board.

Section 2.12. Charter Schools Office Director Review of Certain Financing Transactions. If the Academy proposes to (i) finance the acquisition, by lease, purchase, or other means, of facilities or equipment, or renovation of facilities, in excess of \$150,000, pursuant to arrangements calling for payments over a period greater than one (1) year, and which include a pledge, assignment or direction to one or more third parties of a portion of the funds to be received by the Academy from the State of Michigan pursuant to the State School Aid Act of 1979, as amended, being MCL 388.1601 et seq., or (ii) direct that a portion of its State School Aid Payments be forwarded by the Fiscal Agent University Board to a third party account for the payment of Academy debts and liabilities, the Academy shall submit the transaction for prior review by the Charter Schools Office Director as designee of the University Board, in the manner provided herein. The Academy shall, not later than thirty (30) days prior to the proposed closing date of the transaction, submit a written request to the Charter Schools Office Director describing the proposed transaction and the facilities or equipment to be acquired with the proceeds thereof (if any), and in the case of a transaction described in subparagraph (ii) of this Section, (a) a copy of the Academy Board's resolution authorizing the direct intercept of State School Aid Payments; (b) a copy of a State School Aid Payment Agreement and Direction

document that is in a form acceptable to the University Charter Schools Office; and (c) copies of such other documentation regarding the transaction which is the subject of the proposed direct intercept as the University Charter Schools Office may request. Unless the Charter Schools Office Director extends the review period, within thirty (30) days of receiving a written request in compliance with this Section, the Charter Schools Office Director shall notify the Academy if the proposed transaction is disapproved. The Charter Schools Office Director may disapprove the proposed transaction if the proposed transaction violates this Contract or applicable law. If the proposed transaction is disapproved, such disapproval may, but shall not be required to, state one or more conditions which, if complied with by the Academy and any lender, lessor, seller or other party, would cause such disapproval to be deemed withdrawn. No transaction described in this Section may be entered into that is disapproved by the Charter Schools Office Director. By not disapproving a proposed transaction, the Charter Schools Office Director is in no way giving approval of the proposed transaction, or any of the terms or conditions thereof.

### **ARTICLE III**

#### **REQUIREMENT THAT ACADEMY ACT SOLELY AS GOVERNMENTAL AGENCY OR ENTITY AND POLITICAL SUBDIVISION**

Section 3.1. Governmental Agency or Entity and Political Subdivision. The Academy shall act exclusively as a governmental agency or entity and political subdivision.

Section 3.2. Other Permitted Activities. 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. Subject to Section 2.7 and Section 6.15 of the Terms and Conditions, the Academy may enter into agreements with other public schools, public school academies, governmental units, businesses, community and nonprofit organizations where such agreements contribute to the effectiveness of the Academy or advance education in this state.

Section 3.3. 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 Resolution or Schedule 2: Bylaws. As set forth in the Resolution, a Director serves at the pleasure of the University Board, and may be removed with or without cause by the University Board at any time.



## **ARTICLE IV**

### **PURPOSE**

Section 4.1. Academy's Purpose. The Academy Board shall identify the purpose or mission of the Academy. Any subsequent changes to the Academy's purpose or mission shall be carried out by amendment in accordance with Article IX of these Terms and Conditions. The Academy's stated purpose or mission shall be set forth in the Schedules.

## **ARTICLE V**

### **CORPORATE STRUCTURE OF THE ACADEMY**

Section 5.1. Nonprofit Corporation. The Academy shall be organized and operated 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. Unless amended pursuant to Section 9.3 of Article IX herein, the Articles of Incorporation of the Academy, as set forth in Schedule 2, shall be the Articles of Incorporation of the Academy. The Academy Board represents to the University Board that Schedule 2 includes all amendments to the Academy's Articles of Incorporation as of the date set forth above.

Section 5.3. Bylaws. Unless amended pursuant to Section 9.4 of Article IX herein, the Bylaws of the Academy, as set forth in Schedule 3, shall be the Bylaws of the Academy. The Academy Board represents to the University Board that Schedule 3 includes all amendments to the Academy's Bylaws as of the date set forth above.

Section 5.4. Quorum. Notwithstanding any document in the Contract that is inconsistent with this Section, including the Academy's Articles of Incorporation and Bylaws, a quorum of the Academy Board that is necessary to transact business and to take action shall be a majority of the Academy Board members as set by the Authorizing Resolution.

## **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 its Bylaws. The Academy's Board of Directors shall meet at least six times per fiscal year, unless another schedule is mutually agreed upon by the University President or Designee and the Academy.

Section 6.2. 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 the University. The University shall not be required to receive any contributions or donations for the benefit of the Academy. If the University receives contributions or donations for the benefit of the Academy, it shall forward such funds to the Academy within three (3) business days of receipt.

Section 6.3. Educational Goals and Programs. The Academy shall pursue the educational goals and programs identified and contained in the Schedules. The educational goals shall include demonstrated improved pupil academic achievement for all groups of pupils. Such goals and programs may be amended pursuant to Section 9.2 of Article IX of the Terms and Conditions. Upon request, the Academy shall provide the University Charter Schools Office with a written report, along with supporting data, assessing the Academy's progress toward achieving its goal(s).

Section 6.4. Curriculum. The Academy shall have flexibility in developing, realigning, and implementing the curriculum identified in the Schedules. Any changes to the curricula shall be administered pursuant to Section 9.2 of Article IX of the Terms and Conditions, and such proposed curricula shall be designed to achieve the Academy's overall educational goals and State's educational assessment objectives.

Section 6.5. Methods of Accountability and Pupil Assessment. In addition to those set forth in this Section 6.5, the Academy shall evaluate its pupils' work based on the assessment strategies identified in the Schedules. To the extent applicable, the pupil performance of the Academy shall be assessed using both the mathematics and reading portions of the approved Michigan state assessment. The Academy shall provide the University Charter Schools Office with copies of reports, assessments and test results concerning the following:

- a) educational outcomes achieved by pupils attending the Academy and other reports reasonably requested by the University Charter Schools Office;
- b) an assessment of the Academy's student performance at the end of each academic school year or at such other times as the University Board may reasonably request;
- c) an annual education report in accordance with the Code;
- d) an annually administered nationally recognized norm-referenced achievement test for the Academy's grade configuration or a program of testing approved by the University Charter Schools Office Director; and
- e) all tests required under Applicable Law.

The University Board may use such reports, assessments and test results in making its decision to suspend, terminate, or not issue a new contract at the end of the Contract, or revoke the Contract.

Section 6.6. Staff Responsibilities. Subject to Section 2.7 Article II of the Terms and Conditions, the University Board authorizes the Academy to employ or contract with an Educational Service Provider. A copy of the ESP agreement shall be included in the Schedules.

Section 6.7. Admission Policy. The Academy shall comply with all application, enrollment, and admissions policies and criteria required by Applicable Law. A copy of the Academy's admission policies and criteria are set forth in the Schedules. With respect to the Academy's pupil admissions process, the Academy shall provide any documentation or information requested by the University Charter Schools Office that demonstrates the following:

- a) the Academy has made a reasonable effort to advertise its enrollment efforts to all pupils; and
- b) the Academy's open enrollment period was for a duration of at least 2 weeks and permitted the enrollment of pupils by parents at times in the evening and on weekends.

Section 6.8. School Calendar/School Day Schedule. The Academy shall comply with all minimum standards governing the length of the school term, minimum number of days and hours of instruction required by Applicable Law. The Academy agrees to make available to the CSO Office a copy of the School Calendar/School Day Schedule for each academic school year no later than July 1<sup>st</sup>. A copy of the School Calendar/School Day Schedule shall be automatically incorporated into the Schedules, without the need for an amendment under Article IX of the Terms and Conditions.

Section 6.9. Age/Grade Range of Pupils Enrolled. The Academy is authorized to operate Kindergarten through Eighth grade(s). The Academy may add additional grades and vocational programs in the future, pursuant to Section 9.2 of Article IX of the Terms and Conditions.

Section 6.10. Annual Financial Audit. The Academy shall conduct an annual financial audit prepared and reviewed by an independent certified public accountant in accordance with generally accepted governmental auditing principles. The Academy shall submit the annual financial statement audit and auditor's management letter to the Charter Schools Office in accordance with the MCRR. The Academy Board shall provide to the Charter Schools Office a copy of any responses to the auditor's management letter in accordance with the MCRR.

Section 6.11. Address and Description of Proposed Site(s); Process for Expanding Academy's Site Operations. The proposed address and physical plant description of the Academy's proposed site or sites is set forth in Schedule 7-8. Following Academy Board and University Board approval, proposed changes to the address and description of any site or sites shall be incorporated into this Contract by amendment. 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 7-8 are under the direction and control of the Academy Board.

The University Board's process for evaluating and approving the same configuration of age or grade levels at more than one (1) site is as follows:

By formal resolution, the Academy Board may request the authority to operate the same configuration of age or grade levels at more than one site. The Academy Board shall submit to the University Charter Schools Office an application for site expansion, in a form or manner determined by the University Charter Schools Office. The application for site expansion shall include all information requested by the University Charter Schools Office, including detailed information about the site, revised budget, renovation and site improvement costs, the Academy's proposed operations at the site, and the information provided in Contract Schedules 7-8. Upon receipt of a complete application for site expansion, the University Charter Schools Office shall review the application for site expansion and make a recommendation to the University Board on whether the Academy's request for site expansion should be approved. A positive recommendation by the University Charter Schools Office of the application for site expansion shall include a determination by the Charter Schools Office that the Academy is operating in compliance with the Contract and is making measureable progress toward meeting the Academy's educational goals. The University Board may consider the Academy Board's site expansion request following submission by the University Charter Schools Office of a positive recommendation.

If the University Board approves the Academy Board's site expansion request, the Contract shall be amended in accordance with Article IX of these Terms and Conditions. The University Board reserves the right to modify, reject, or approve any application for site expansion in its sole and absolute discretion.

Section 6.12. Accounting Standards. The Academy shall at all times comply with generally accepted public sector accounting principles, and accounting system requirements that comply with Applicable Law.

Section 6.13. Placement of University Student Interns. The Academy may be a placement site for University students who are in education or other pre-professionals in training to serve in public schools. Such placement shall be without charge to the University and subject to other terms and conditions as the Academy and the University agree.

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 Matriculation Agreements. Before the Academy Board approves a matriculation agreement with another public school, the Academy shall provide a draft and final copy of the agreement to the University Charter Schools Office for review and retention.

Section 6.16. Posting of Accreditation Status. The Academy shall post notice to the Academy's homepage of its website disclosing the accreditation status of each school in accordance with section 1280e of the Code, MCL 380.1280e.

Section 6.17. Academy Site is Former Site of Closed Community School District School; State School Reform/Redesign Officer Approval Required. If the Academy's proposed site is located within the geographical boundaries of a Community District and is a site that was a former site of a Community District school closed by the State School Reform/Redesign Office within the last 3 years, then the University Board shall not issue the Contract unless (a) the new Academy site has a substantially different leadership structure and curricular offering than the previous Community District school that operated at the site; and (b) the State School Reform/Redesign Officer has approved the Academy's use of the site. A copy of the State School Reform/Redesign Officer's approval shall be provided to the Charter Schools Office as part of the application process.

Section 6.18. New Public School Academies Located within the Boundaries of a Community District. If the circumstances listed below in (a) and (b) or (c) 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 this Contract, that the Academy will have a substantially different governance, leadership, and curriculum than the public school previously operating at that 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), of the public schools in this State that the State School Reform/Redesign Office has determined to be among the lowest achieving 5% of all public schools; or (ii) has been on the list during the immediately preceding 3 school years.
- b) If an Accountability Plan has been in effect for at least 3 full school years, the Academy's proposed site is at the same location as a public school that has been assigned a grade of "F" under the Accountability Plan for 3 of the preceding 5 school years;
- c) The Academy's proposed site is not 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.

Section 6.19. Community District Accountability Plan. If any part of the Academy's proposed school site(s) is located within the geographical boundaries of a Community District, then the Academy shall comply with the Accountability Plan. This provision shall not apply if a statewide accountability system is enacted into law replacing the Accountability Plan.

Section 6.20. Collective Bargaining Agreements. Collective bargaining agreements, if any, with employees of the Academy shall be the responsibility of the Academy.

## **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 law.

## **ARTICLE VIII**

### **COMPLIANCE WITH PART 6A OF THE CODE AND OTHER LAWS**

Section 8.1. Compliance with Part 6a of the Code. The Academy shall comply with Part 6a of the Code.

Section 8.2. 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 from time to time. The Academy may expend funds from the State School Aid Act 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 8.3. Open Meetings Act. Pursuant to Section 503(6)(a) of the Code, the Academy Board shall conduct all of its meetings in accordance with the Michigan Open Meetings Act, Act No. 267 of the Public Acts of 1976, as amended, being Sections 15.261 to 15.275 of the Michigan Compiled Laws.

Section 8.4. Freedom of Information Act. Pursuant to Section 503(6)(b) of the Code, the records of the Academy shall be records subject to the provisions of the Michigan Freedom of Information Act ("FOIA"), Act No. 442 of the Public Acts of 1976, as amended, being Sections 15.231 to 15.246 of the Michigan Compiled Laws. The Academy Board shall designate a freedom of information coordinator to assure compliance with FOIA and other applicable law providing for public disclosure or for protection of privacy.

Section 8.5. Public Employees Relation Act. Pursuant to Section 503(6)(c) of the Code, the Academy shall comply with Act No. 336 of the Public Acts of 1947, being Sections 423.201 to 423.217 of the Michigan Compiled Laws. Organizational efforts and collective bargaining agreements, if any, with employees of the Academy shall be the responsibility of the Academy.

Section 8.6. Prevailing Wage on State Contracts. The Academy shall comply with the Prevailing Wage on State Contracts statute, Act No. 166 of the Public Acts of 1965, being Sections 408.551 to 408.558 of the Michigan Compiled Laws.

Section 8.7. Uniform Budgeting and Accounting Act. The Academy shall comply with the Uniform Budgeting and Accounting Act, Act No. 2 of the Public Acts of 1968, being MCL 141.421 to 141.440a.

Section 8.8. Revised Municipal Finance Act of 2001. With respect to the Academy's borrowing money and issuance of bonds, the Academy shall comply with section 1351a of the Code and Part VI of the Revised Municipal Finance Act of 2001, Act No. 34 of the Public Acts of 2001, being MCL 141.2601 to 141.2613 of the Michigan Compiled Laws, except that the borrowing of money and issuance of bonds by the Academy is not subject to section 1351a(4) or section 1351(2) to (4) of the Code. Bonds issued by the Academy are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

Section 8.9. Non-discrimination. The Academy shall be separately responsible for compliance with applicable laws pertaining to equal opportunity and anti-discrimination laws such as the Elliott-Larsen Civil Rights Act, Act No. 453 of the Public Acts of 1976, as amended, being MCL 37.2101 to 37.2804, the Michigan Handicappers' Civil Rights Act, Act No. 22 of the Public Acts of 1976, as amended, being MCL 37.1101 to 37.1607, and Subtitle A of Title II of the Americans with Disabilities Act of 1990, Public Law 101-336, 42 USC & 12101 *et seq.* or any successor law.

Section 8.10. Other State Laws. The Academy shall comply with other state laws which are applicable to public school academies. Nothing in this Contract shall be deemed to apply any other state law to the Academy.

Section 8.11. Federal Laws. The Academy shall comply with federal laws which are applicable to public school academies. Nothing in this Contract shall be deemed to apply any other 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 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 Amending the Contract. Either party may propose changes in this Contract or may propose a meeting to discuss potential revision of this Contract. Except as provided in Sections 2.3, 5.2 and 6.11, the University Board delegates to its University President the review and approval of changes or amendments to this Contract. The Academy Board may delegate the same authority to the Academy Board President. The Contract shall be amended upon agreement and approval of the respective authorized designees.

Section 9.3. Process for Amending Academy Articles of Incorporation. The Academy Board, or any authorized designee of the Academy Board, may propose changes to the Academy's Articles of Incorporation. The Academy shall be authorized to make such changes to its Articles upon approval by the University President or Designee after review and recommendation by the University's Legal Counsel. Upon University approval, the Academy Board's authorized designee is authorized to file the amendment to the Academy's Articles of Incorporation with the appropriate state agency. Upon receipt of the filed amendment, the Academy shall forward the filed amendment to the University Charter Schools Office. The filed amendment shall be automatically incorporated into Schedule 2 of this Contract upon receipt of the amendment by the University Charter Schools Office. If the University identifies a provision in the Articles of Incorporation that violates or conflicts with this Contract, due to a change in law or other reason, after approval has been given, it shall notify the Academy Board in writing and the Academy Board shall amend the Articles of Incorporation to make them consistent with the Contract. If the change is requested by the University, the University shall reimburse the Academy for the filing fees payable to the Michigan Department of Licensing and Regulatory Affairs, Corporate Division.

Section 9.4. Process for Amending Academy Bylaws. The Academy Board shall submit proposed Bylaw changes to the Charter Schools Office, for review and comment, at least thirty (30) days prior to Academy Board adoption. The Academy's Bylaws, and any subsequent or proposed changes to the Academy's Bylaws, shall not violate or conflict with the Contract. If at any time the University identifies a provision in the Academy Board's Bylaws that violates or conflicts with Applicable Law or this Contract, the Academy Board's Bylaws shall be automatically void and the Academy Board shall amend the identified provision to be consistent with Applicable Law and the Contract. The amendment shall be automatically incorporated into Schedule 3 of the Contract upon receipt by the University Charter Schools Office of a duly authorized Academy Board Bylaw change made in accordance with this Section 9.4.

Section 9.5. 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 Charter Schools Office 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 and the University Board.

Section 9.6. 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 laws 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 9.7. 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 on behalf 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 Chairperson for confirmation at the next meeting so that the emergency action continues or, upon confirmation by the University Board, becomes permanent.

## **ARTICLE X**

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

Section 10.1. Grounds and Procedures for Academy Termination of Contract. At anytime and for any reason, the Academy Board may terminate this Contract. The Academy Board shall notify the CSO Director in writing of the request for the termination of the Contract not less than six (6) calendar months in advance of the effective date of termination. The University Board, in its sole discretion, may waive the six (6) month requirement. A copy of the Academy Board's resolution approving the Contract termination, including a summary of the reasons for terminating the Contract, shall be included with the written termination request.

Section 10.2. Termination by University Board. The University Board may terminate this Contract before the end of the Contract Term as follows:

(a) Termination Without Cause. Except as otherwise provided in subsections (b), (c) or (d), the University Board, in its sole discretion, reserves the right to terminate this Contract before the end of the Contract Term for any reason provided that such termination shall not take place less than six (6) calendar months from the date of the University Board's resolution approving such termination. The Charter Schools Office shall provide notice of the termination to the Academy. If during the period between the University Board's action to terminate and the effective date of termination, the Academy has violated the Contract or Applicable Law, the University Board may elect to initiate suspension or revocation of the Contract as set forth in this Article X.

(b) Termination Caused by Change in Applicable Law. Following issuance of this Contract, 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 the University Board may terminate the Contract at the end of the Academy's school fiscal year in which the University Board's decision to terminate is adopted. For purposes of this section, a change in Applicable Law includes without limitation the following:

(i) the issuance of an order by the State School Reform/Redesign Officer, pursuant to Section 1280c of the Code, placing the Academy under the supervision of the

State School Reform/Redesign Officer or appointing a Chief Executive Officer to take control of the Academy site(s);

(ii) the development of, or changes to, a redesign plan by the Academy pursuant to Section 1280c of the Code; or

(iii) the imposition of a school improvement plan by the State School Reform/Redesign Officer following the rescission of the State's Automatic Closure Notice, as defined in Section 10.7.

(c) Automatic Termination Caused by Placement of Academy in State School Reform /Redesign School District. If the Academy is notified by the State that the Academy will be placed in the State School Reform/Redesign School District or that a Chief Executive Officer will be appointed to take control of an Academy school building pursuant to Section 1280c of the Code, then the University Board may terminate this Contract at the end of the current school year.

(d) Automatic Termination for Failure to Satisfy Requirements During the Initial Term of Contract. If the Academy fails to satisfy the requirements set forth in Section 12.14 during the initial term of Contract, then this Contract shall automatically terminate on the date set forth in Section 12.14.

The revocation procedures in Section 10.6 shall not apply to a termination of this Contract under this section.

Section 10.3. Contract Suspension. The University Board's process for suspending the Contract is as follows:

a) University President Action. If the University President determines, in his or her sole discretion, that conditions or circumstances exist that the Academy Board (i) has placed the health or safety of the staff and/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 Section 6.11, 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; or (v) has willfully or intentionally violated this Contract or Applicable Law, the University President may immediately suspend the Contract. If the conditions or circumstances involve an alleged violation of Sections 10.5(e) or (f), the University President is authorized to suspend the Contract immediately pending completion of the procedures set forth in Section 10.6. Unless otherwise specified in the suspension notice, the Academy shall cease operations on the date on which the suspension notice is issued. 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 applicable. 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 University President to suspend the Contract may be retained by the University Board for the Academy until the Contract is reinstated, or shall be returned to the Michigan Department of Treasury.
- c) Immediate Revocation Proceeding. If the Academy Board, after receiving a Suspension Notice from the University President 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 the Terms and Conditions. The Hearing Panel has the authority to accelerate the time line for revoking the Contract, provided that notice of the revocation hearing shall be provided to the University Charter Schools Office 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 Section 10.6(f) through (i).

Section 10.4 Statutory Grounds for Revocation. In addition to the grounds for an automatic revocation of the Contract as set forth in Section 10.7, this Contract may also be revoked by the University Board upon a determination by the University Board, pursuant to the procedures set forth in Section 10.6, 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 meet the educational goals 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 demonstrate sound fiscal stewardship; or
- d) The existence of one or more other grounds for revocation as specified in this Contract.

Section 10.5. Other Grounds for University Board Revocation. In addition to the statutory grounds for revocation set forth in Section 10.4 and the grounds for an automatic revocation of the Contract set forth in Section 10.7, 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 is insolvent, has been adjudged bankrupt, or has operated for one or more school fiscal year(s) with a Fund Balance Deficit;

- b) The Academy has insufficient enrollment to successfully operate the Academy, or the Academy has lost more than twenty-five percent (25%) of its student enrollment from the previous school year;
- c) The Academy defaults in any of the terms, conditions, promises or representations contained in or incorporated into this Contract;
- d) The Academy files amendments to its Articles of Incorporation with the Michigan Department of Licensing and Regulatory Affairs, Corporate Division, without first obtaining University President or Designee approval;
- e) The University Board discovers grossly negligent, fraudulent or criminal conduct by the Applicant, the Academy's directors, officers, employees or agents in relation to their performance under this Contract;
- f) The Applicant, the Academy's directors, officers or employees have provided false or misleading information or documentation to the University Board 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;
- g) The Academy violates the site restrictions set forth in the Contract or the Academy operates at a site or sites without the prior written authorization of the University Board; or
- h) The University Board, its trustees, officers, employees, agents or representatives are not included as third party beneficiaries under any educational management agreement entered into by the Academy for purposes of indemnifying such parties in accordance with Section 11.16 of the Terms and Conditions.

Section 10.6. University Board Procedures for Revoking Contract. Except for the automatic revocation process set forth in Section 10.7 or the termination of Contract by the University Board in Section 10.2, the University Board's process for revoking the Contract is as follows:

- a) Notice of Intent to Revoke. The CSO Director, upon reasonable belief that such 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 CSO 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 time line 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 CSO 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, whichever is sooner, the CSO Director shall review the Academy Board's response and determine whether a reasonable plan for correcting the deficiencies can be formulated. If the CSO Director determines that a reasonable plan for correcting the deficiencies set forth in the Notice of Intent to Revoke can be formulated, the CSO Director shall develop a plan for correcting the non-compliance ("Plan of Correction"). In developing a Plan of Correction, the CSO 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 withdrawn if the CSO 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. In the event the Notice of Intent to Revoke is withdrawn, the CSO Director shall notify the Academy Board, in writing, of such withdrawal.
- d) Plan of Correction May Include Conditions to Satisfy University Board's Contract Reconstitution Authority. As part of the Plan of Correction, the CSO Director may reconstitute the Academy in an effort to improve student educational performance and to avoid interruption of the educational process. An attempt to improve student educational performance may include, but is not limited to, one of the following actions: (i) removal of 1 or more members of the Academy Board members; (ii) termination of at-will board appointments of 1 or more Academy Board members; (iii) withdrawal of the Academy's authorization to contract with an ESP; or (iv) the appointment of a new Academy Board of directors or a conservator/trustee to take over operations of the Academy.

Reconstitution of the Academy does not prohibit the State School Reform/Redesign Officer from issuing an order under section 507 of the Code, MCL 380.507, directing the automatic closure of the Academy's site(s). If, however, the Academy is located within the boundaries of the Community District and an Accountability Plan is in place, the CSO shall notify the State School Reform/Redesign Officer of the Plan of Correction that includes a reconstitution of the Academy to ensure that the Academy is not subject to automatic closure by the State School Reform/Redesign Officer under the Accountability Plan.

- e) Request for Revocation Hearing. The CSO Director may initiate a revocation hearing before the University Charter Schools Hearing Panel if the CSO Director determines that any of the following has occurred:
- i) the Academy Board has failed to timely 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 CSO Director deems cannot be remedied or cannot be remedied in an appropriate period of time, or for which the CSO 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 CSO 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 Hearing shall identify the reasons for revoking the Contract.

- f) Hearing before University Charter Schools Hearing Panel. Within thirty (30) days of the date 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 University Charter Schools Office and the Academy Board at least ten (10) days before the hearing. The purpose of the Hearing Panel is to gather facts surrounding the CSO 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 CSO Director. The hearing shall be transcribed by a court reporter and the cost of the court reporter shall be divided equally between the University and the Academy. The CSO 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 CSO Director and one or more members of 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. In its discretion, 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 University Charter Schools Office 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 copies of the Hearing Panel's recommendation and the transcript of 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 University Charter Schools Office, the Academy Board and the Michigan Department of Education.
- 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 held by the University Board and returned to the Michigan Department of Treasury.
- j) Disposition of District Code Number. Notwithstanding any other provision of the Contract, after a recommendation is made by the Hearing Panel to revoke the Contract, or a decision by the University Board to revoke the Contract, the district code number shall remain under the direction and control of the State Board of Education and/or its designated representative.

Section 10.7. Automatic Amendment of Contract; Automatic Termination of Contract if All Academy Sites Closed or Placed in State School Reform/Redesign District; Economic Hardship Termination. Except as otherwise noted in this Section, if the University Board is notified by the State School Reform/Redesign Officer that either (i) an Academy is subject to closure under section 507 of the Code, MCL 380.507 ("State's Automatic Closure Notice"), or (ii) an Academy site is being placed in the State School Reform/Redesign District ("State's Reform District Notice") pursuant to section 1280c(6) of the Code, MCL 380.1280c(6), 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 or the State's Reform District Notice. If the State's Automatic Closure Notice or State's Reform District Notice includes all of the Academy's existing sites, then this Contract shall automatically be revoked at the end of the current school year in which either the State's Automatic Closure Notice or the State's Reform District Notice is received without any further action of the University Board or the Academy. The University Board's revocation procedures set forth in Section 10.6 do not apply to an automatic revocation initiated by the State.

If the Charter Schools Office Director determines, in his or her discretion, that either the closure of one or more sites, or the placement of one or more sites in the State School Reform/Redesign District, creates a significant economic hardship for the Academy as a going concern, then the Charter Schools Office 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, the State’s Reform District Notice, or an Economic Hardship Termination under this Section 10.7.

Following receipt of the State’s Automatic Closure Notice or State’s Reform District Notice, the University Charter Schools Office Director shall forward a copy of the notice to the Academy Board and request a meeting with 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 the 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 Revocation Notice or the State’s Reform District Notice, including the granting of any hardship exemption rescinding the State’s Automatic Closure Notice, shall be directed to the State School Reform/Redesign Officer, in a form and manner determined by that State School Reform/Redesign Office or the Michigan Department of Education.

If the State School Reform/Redesign Officer rescinds the State’s Automatic Closure Notice for an Academy site or sites, the Academy is not required to close the identified site(s), but shall present to the CSO the proposed Contract amendments incorporating the State School Reform/Redesign Officer’s school improvement plan for the identified site(s).

Section 10.8. Material Breach of Contract. If the University Board receives notice that (i) an order has been issued by the State School Reform/Redesign Officer under Section 1280c(2) of the Code, MCL 380.1280c(2), placing an Academy site or sites under the supervision of the State School Reform/Redesign Officer; or (ii) an order is issued by the State School Reform/Redesign Officer appointing a Chief Executive Officer to take control of an Academy site or sites pursuant to Section 1280c(7) of the Code, MCL 380.1280c(7), the Charter Schools Office Director may, at his or her discretion, deem such actions a material breach of this Contract. If the Charter Schools Office Director determines that the issuance of such an order constitutes a material breach of this Contract, the Charter Schools Officer Director shall notify the Academy of the material breach and request a meeting with Academy Board representatives to discuss the matter. To remedy the material breach, the Academy shall work toward the development of a corrective action plan within thirty (30) days that is acceptable to the Charter Schools Office Director. In addition to other matters, the corrective action plan shall include the Academy’s redesign plan, if applicable, prepared pursuant to section 1280c of the Code, MCL 380.1280c.

The development of a corrective action plan under this Section 10.8 shall not in any way limit the rights of the University Board to revoke, terminate, or suspend this Contract. If the



Charter Schools Office Director determines that the Academy is unable to develop a corrective action plan that can remedy the material breach and that is acceptable to the University, the Charter Schools Office Director shall recommend that the University Board terminate the Contract at the end of the current school year. If the University Board approves to terminate the Contract under this Section 10.8, the Contract shall be terminated at the end of the current school year without any further action of either party. If this Contract is terminated pursuant to this Section 10.8, the termination and revocation procedures in Section 10.2 and Section 10.6 shall not apply.

Section 10.9. Venue; Jurisdiction. The parties agree that all actions or proceedings arising in connection with this Contract will be tried and litigated only in the Circuit Court of Ottawa County, Michigan, the Michigan Court of Claims or the Federal District Court for the Western District of Michigan. The parties hereby irrevocably accept for themselves and in respect of their property, generally and unconditionally, the jurisdiction of such courts. The parties irrevocably consent to the service of process out of any such courts in any such action or proceedings by the mailing of copies thereof by registered or certified mail, postage prepaid, to each such party, at its address set forth for notices in this Contract, such service to become effective ten (10) days after such mailing. The parties irrevocably waive any right they may have to assert the doctrine of forum non conveniens or to object to venue to the extent any proceedings is brought in accordance with this Section 10.9. This Section 10.9 shall not in any way be interpreted as an exception to the Academy's covenant not to sue contained in Section 11.8 of these Terms and Conditions.

Section 10.10. Conservator; Appointment by University President. Notwithstanding any other provision of the Contract, in the event that the health, safety, and welfare of the 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 of a Board of Directors of a Public School Academy and 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. During the appointment, the Academy Board members 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 board 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, and discipline employees of the Academy;

- e) settle or compromise with any debtor or creditor of the Academy, including any 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 the Code or this Contract.

## **ARTICLE XI**

### **PROVISIONS RELATING TO PUBLIC SCHOOL ACADEMIES**

Section 11.1. Grand Valley State University Faculty Employment in the Academy. Subject to the ability of the Academy to reach separate agreement on the terms, the Academy is permitted to use University faculty as classroom teachers in any grade.

Section 11.2. The Academy Faculty Appointment to Grand Valley State University Faculty. Nothing in this Contract shall prohibit a member of the Academy faculty from being appointed to or serving as a member of the University faculty.

Section 11.3. Student Conduct and Discipline. The Academy Board shall adopt, abide by and enforce its own set of written policies concerning student conduct and student discipline.

Section 11.4. Insurance. The Academy shall secure and maintain in its own name as the "first named insured" at all times the following insurance coverage:

- a) Property insurance covering all of the Academy's real and personal property, whether owned or leased;
- b) General/Public Liability with a minimum of one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate (Occurrence Form);
- c) Auto Liability (Owned and Non-Owned) with a minimum of one million dollars (\$1,000,000) (Occurrence Form);
- d) Workers' Compensation or Worker' Compensation without employees (this is considered minimum premium, "if any" insurance) (statutory limits) and Employers' Liability insurance with a minimum of one million dollars (\$1,000,000);
- e) Errors & Omissions insurance including Directors & Officers and School Leaders Errors & Omissions Liability insurance with a minimum of one million dollars (\$1,000,000) per occurrence and three million dollars (\$3,000,000) aggregate (Claims Made or Occurrence Form);

- f) Crime including employee dishonesty insurance with a minimum of five hundred thousand dollars (\$500,000); and
- g) Employment Practices Liability insurance with a minimum of one million dollars (\$1,000,000) per claim/aggregate (Claims Made or Occurrence Form).
- h) Umbrella with a minimum \$4,000,000 limit and aggregate. Also, an Umbrella policy with an unlimited aggregate is acceptable at a \$2,000,000 limit.

The insurance must be obtained from a licensed mutual, stock, or other responsible company licensed to do business in the State of Michigan. The insurance carrier(s) must be an "A" best rating or better. The Academy may join with other public school academies to obtain insurance if the Academy finds that such an association provides economic advantages to the Academy, provided that each Academy maintains its identity as first named insured with its own limits, i.e. no sharing of limits.

The Academy shall list the University Board and the University on the insurance policies as an additional insured with primary coverage on insurance coverage listed in (b), (c), (e), and (g) above. 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 or of changes in insurance carrier or policy limit changes. In addition, the Academy shall provide the University President copies of all insurance certificates and endorsements required by this Contract. The Academy shall also provide to the University Charter Schools Office an entire copy of the insurance policies. 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 minimum may be required depending upon academic offerings and program requirements.

The Academy understands that 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 authorization and oversight of the Academy. In the event that the University's insurance carrier requests additional changes in coverage identified in this Section 11.4, 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.

Section 11.5. 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.
- b) Within ten (10) days after adoption by the Academy Board (but not later than July 1st) each year, the Academy Board shall submit to the Charter Schools

Office a copy of its annual budget for the upcoming fiscal year. The budget must detail budgeted expenditures at the object level as described in the Michigan Department of Education's Michigan School Accounting Manual. In addition, the Academy Board is responsible for approving all revisions and amendments to the annual budget. Within 10 days after Academy Board approval, revisions or amendments to the Academy's budget shall be submitted to the Charter Schools Office.

- c) Unless exempted from transmitting under section 1219 of the Code, MCL 380.1219, the Academy, on or before July 7<sup>th</sup> 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.
- d) 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 Charter Schools Office.
  - (ii) Within 30 days after making notification under subdivision (d)(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 Charter Schools Office.
  - (iii) After the Superintendent approves Academy's deficit elimination plan, the Academy shall post the deficit elimination plan on the Academy's website.
- (e) 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.
- (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 11.6. Transportation. The Academy Board may enter into contract with other school districts or other persons, including municipal and county governments, for the transportation of the Academy students to and from school and for field trips. In addition, the Academy Board may use funds received from state school aid payments to pay for student transportation. In the event that the Academy Board contracts for transportation services, the Academy Board shall ensure that the company providing the transportation services is properly licensed in accordance with Applicable Law, and that the company conducts criminal background and history checks on its drivers and other personnel who have direct contact with pupils in accordance with the Code.

Section 11.7. Extracurricular Activities and Interscholastic Sports. The Academy is authorized to join any organization, association, or league, which has as its objective the promotion and regulation of sport and athletic, oratorical, musical, dramatic, creative arts, or other contests by or between pupils.

Section 11.8. Legal Liabilities and Covenants Not to Sue. The Academy and Academy Board members acknowledge and agree that they have 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 and Academy Board members hereby covenant 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 or otherwise. The University does not assume any obligation with respect to any Academy Director, employee, agent, parent, guardian, 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 issuing, termination or revocation of this Contract.

Section 11.9. Lease or Deed for Proposed Single Site(s). The Academy shall provide to the designee of the University Board copies of its lease or deed for the premises in which the Academy shall operate. A copy of the Academy's lease or deed and site information shall be incorporated into the Schedules.

Section 11.10. Occupancy and Safety Certificates. The Academy Board shall: (i) ensure that all physical facilities comply with all fire, health and safety standards applicable to schools; and (ii) possess the necessary occupancy and safety certificates. The Academy Board shall not

conduct classes at any site until the Academy has complied with this Section 11.10. Copies of these certificates shall be incorporated into the Schedules.

Section 11.11. Criminal Background and History Checks; Disclosure of Unprofessional Conduct; Compliance with School Safety Initiative. The Academy shall comply with 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 the Code concerning the disclosure of unprofessional conduct by persons applying for Academy employment. This Section 11.11 shall apply to such persons irrespective of whether they are employed by the Academy or employed by an educational service provider contracting with the Academy.

Section 11.12. 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. Upon receipt, the Academy shall notify the Charter Schools Office of any due process or state complaint filed against the Academy.

Section 11.13. 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) business days after receipt of the funds by the Academy.

Section 11.14. Nonessential Elective Courses. 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 1676b 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 this Contract as an amendment pursuant to Article IX of these Terms and Conditions.

Section 11.15. Educational Service Provider Agreements. The Academy may enter into an ESP Agreement with an ESP to contract out its administrative and/or educational functions and personnel. For the purposes of this Contract, an employee leasing agreement shall be considered an ESP Agreement, and an employee leasing company shall be considered an ESP. The Academy board must retain independent legal counsel to review and advise on the negotiation of the ESP agreement. Legal counsel for the Academy shall not represent the ESP or an ESP owner, director, officer, or employee. The ESP agreement must be an arms-length, negotiated agreement between an informed Academy Board and the ESP.

Prior to entering any ESP Agreement with an ESP, the Academy shall submit a copy of the final draft ESP Agreement to the University Charter Schools Office in a form or manner consistent with the ESP policies of the University Charter Schools Office, which are incorporated into and be deemed part of this Contract. The Charter Schools Office may, from time to time during the term of this Contract, amend the ESP policies and the amended policies shall automatically apply to the Academy without any amendment under Article IX of this Contract. The University Charter Schools Office may disapprove the proposed ESP Agreement

submitted by the Academy if the ESP Agreement is contrary to this Contract or Applicable Law. Any subsequent amendment to an ESP Agreement shall be submitted for review by the University Charter Schools Office in the same form and manner as a new ESP Agreement.

Section 11.16. Required Provisions for Educational Service Provider Agreements. Any ESP agreement entered into by the Academy must contain the following provisions:

“Indemnification of Grand Valley State University. The parties acknowledge and agree that the Grand Valley State University Board of Trustees, Grand Valley State University and its members, officers, employees, agents or representatives are deemed to be third party beneficiaries for purposes of this Agreement. As third party beneficiaries, the parties hereby promise to indemnify and hold harmless Grand Valley State University Board of Trustees, Grand Valley State University and its members, officers, employees, agents or representatives from all claims, demands, or liability, including attorney fees, and related expenses, on account of injury, loss or damage, including, without limitation, claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage or any other losses of any kind whatsoever and not caused by the sole negligence of Grand Valley State University, which arise out of or are in any manner connected with Grand Valley State University Board’s approval of the Application, the University Board’s consideration of or issuance of a Contract, the Academy’s preparation for and operation of a public school, or which are incurred as a result of the reliance by Grand Valley State University and its Board of Trustees members, officers, employees, agents or representatives upon information supplied by the Academy or the ESP, or which arise out of the failure of the Academy to perform its obligations under the Contract issued to the Academy by Grand Valley State University Board of Trustees. The parties expressly acknowledge and agree that Grand Valley State University and its Board of Trustee members, officers, employees, agents or representatives may commence legal action against either party to enforce its rights as set forth in this Agreement.”

“Revocation or Termination of Contract. If the Academy’s Contract issued by the Grand Valley State University Board of Trustees is suspended, revoked, or terminated, or a new charter contract is not issued to the Academy after expiration of the Contract, this Agreement shall automatically be suspended or terminate on the same date as the Academy’s Contract is suspended, revoked, or termination without further action of the parties.”

“Compliance with Academy’s Contract. The ESP 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 Grand Valley State University Board of Trustees. The provisions of the Academy’s Contract shall supersede any competing or conflicting provisions contained in this Agreement.”

“Amendment Caused By Academy Site Closure or Reconstitution. In the event that the Academy is required (i) to close an Academy site pursuant to a notice issued by the State School Reform/Redesign Officer under Section 507 of the Code, MCL 380.507; or (ii) to undergo a reconstitution pursuant to Section 507 of the Code, MCL 380.507, and of the Contract Terms and Conditions, and such closure of an Academy site or reconstitution causes an amendment to or termination of this ESP Agreement, the parties agree that this ESP Agreement shall be amended or terminated to implement the Academy site closure or reconstitution, with no cost or penalty to

the Academy, and the ESP shall have no recourse against the Academy or the University Board for implementing such site closure or reconstitution.”

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

“Compliance with Section 11.23 of Contract Terms and Conditions. The ESP shall make information concerning the operation and management of the Academy, including without limitation the information described in Schedule 6 of the Contract, available to the Academy as deemed necessary by the Academy Board in order to enable the Academy to fully satisfy its obligations under Section 11.23(a) of the Contract Terms and Conditions.”

Section 11.17. Additional Required Provisions for Educational Service Provider Agreements. ESP agreements must include provisions that define the following, according to the standards set forth in Contract Schedule 6:

1. Roles and responsibilities of the parties
2. Services and resources provided by the ESP
3. Fee or expense payment structure
4. Financial control, oversight, and disclosure
5. Renewal and termination of the agreement

Section 11.18. Incompatible Public Offices and Conflicts of Interest Statutes. The Academy shall comply with the Incompatible Public Offices statute, Act No. 566 of the Public Acts of 1978, being MCL 15.181 to 15.185 of the Michigan Compiled Laws, and the Contracts of Public Servants with Public Entities statute, Act No. 317 of the Public Acts of 1968, being MCL 15.321 to 15.330 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 a prohibited conflict 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 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 as a member of the governing board of another public school; and

(e) An individual simultaneously serving as an Academy Board member and a University employee, official, or consultant, to the University.

Section 11.19. Certain Familial Relationships Prohibited. The Academy Board shall prohibit specifically identified family relationships pursuant to applicable law and the Terms and Conditions of this contract. 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 same-sex domestic partner:

- (i) Is employed by the Academy;
- (ii) Works at or is assigned to the Academy
- (iii) Has an ownership, officer, policy making, managerial, administrative, non-clerical or other significant role with the Academy's ESP or employee leasing company.

Section 11.20. Academy Board Legal Counsel. If the Academy Board obtains Legal Counsel, Legal Counsel must be independent of and not representing the ESP, or ESP owner, director, officer, or employee.

Section 11.21. Dual Employment Positions Prohibited. Any person working at the Academy is prohibited by law from being employed at the Academy in more than one full-time position and simultaneously being compensated for each position.

Section 11.22. Oath of Public Office. Academy Board members are public officials. Before entering upon the duties of a public school board member, each Academy Board member shall take, sign, and file the constitutional oath of office with the Charter Schools Office.

Section 11.23. Information Available to the Public and University.

(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 6, available to the public and University in the same manner and to the same extent as is required for public schools and school districts.

(b) Information to be provided by Educational Service Providers. The agreement between the Academy and the ESP shall contain a provision requiring the ESP to make information concerning the operation and management of the Academy, including the information in Schedule 6, available to the Academy as deemed necessary by the Academy Board in order to enable the Academy to fully satisfy its obligations under subparagraph (a).

Section 11.24. Administrator and Teacher Evaluation Systems. The Academy Board shall adopt and implement for all individuals employed by or contracted for the Academy as teachers or school administrators a rigorous, transparent, and fair performance evaluation system that complies with Applicable Law. If the Academy enters into an agreement with an Educational Service Provider, the Academy Board shall ensure that the Educational Service Provider complies with this section.

Section 11.25. University Board Invitation to Apply to Convert Academy to School of Excellence. If the University Board is interested in accepting applications to issue contracts to charter Schools of Excellence under Part 6e of the Code, MCL 380.551 et seq. (“Part 6e”), and the University Board determines that the Academy meets the University Board’s and the Code’s eligibility criteria for applying to convert the Academy to a School of Excellence, then the University Board may invite the Academy to submit an application to apply for a contract to convert the Academy to a School of Excellence. In accordance with the Code, the University Board shall establish its own competitive application process and provide the necessary forms and procedures to eligible public school academies.

Section 11.26. Student Privacy. In order to protect the privacy of students enrolled at the Academy, the Academy board 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 does not prohibit the Academy Board from:
  - i. for students enrolled in the Academy, providing such information to an educational management organization that has a contract with the Academy and whose contract has not been disapproved by the University;
  - ii. providing the information to a person or entity 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 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 34 CFR 99.3.

Section 11.27. Disclosure of Information to Parents and Legal Guardians.

- 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 or to the educational management organization that has an educational service provider agreement that has not been disapproved by the University;
  - iv. by the Academy to the Academy's intermediate school district or another intermediate school district providing services to the Academy or the Academy's students pursuant to a written agreement;
  - v. to the Academy by the Academy's intermediate school district or another intermediate school district providing services to pupils enrolled in the Academy pursuant to a written agreement;
  - vi. to the Academy by the University;
  - 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 at least 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. 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(8)(g) and 34 CFR 99.3.

Section 11.28. List of Uses for Student Directory Information; Opt-Out Form; Notice to Student's Parent or Legal Guardian.

- a) 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 1 or more of the Uses.
  - iii. Present the opt-out form to each student's parent or guardian within the first thirty (30) days of the school year and at other times upon request.
  - 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 terms "directory information" shall have the same meaning as defined in 34 CFR 99.3.

Section 11.29. Partnership Agreement. If an Academy site is listed as a Priority School on the list of lowest performing schools prepared by the Michigan Department of Education, and the Superintendent proposes a Partnership Agreement with the Academy, the Academy shall work with the Charter Schools Office to finalize an agreement that is acceptable to the Michigan Department of Education, the Academy, and the Charter Schools Office. The Partnership Agreement shall be incorporated into this Contract by amendment pursuant to Article IX of these Terms and Conditions and shall be included as Schedule 8. The Contract amendment shall also include any other amendments to this Contract that are required to ensure the Partnership Agreement is consistent with this Contract.

Section 11.30. Data Breach Response Plan. Within one year after the effective date of this Contract, the Academy Board shall design and implement a comprehensive data breach response plan. The data breach response plan should be made available to Academy personnel and any Educational Service Provider contracting with the Academy. The data breach response plan should be updated periodically by the Academy Board to address changes in data threat assessments and changes in applicable state and federal privacy laws.

## **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 by hand; or (ii) 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 person or address as the respective party may designate by notice delivered pursuant hereto:

If to Grand Valley State University Board of Trustees:

Charter Schools Office Director  
Grand Valley State University  
201 Front Avenue, SW., Suite 310  
Grand Rapids, Michigan 49504

If to Academy:

Hillsdale Preparatory School  
Attn: Board President  
160 W. Mechanic Road  
Hillsdale, MI 49242

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 Applicable 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. 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 application materials, contracts, representations, statements, negotiations, understandings, and undertakings, are superseded by this Contract.

Section 12.5. Assignment. This Contract is not assignable by either party.

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 a consent to, waiver of, or excuse for any different or subsequent breach or default.

Section 12.7. Indemnification. 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 and hold the University Board, the University and its Board of Trustees members, officers, employees, agents or representatives harmless from all claims, demands, or liability, including attorney fees, and related expenses, on account of injury, loss or damage, including, without limitation, claims arising from bodily injury, personal injury,

sickness, disease, death, property loss or damage or any other losses of any kind whatsoever 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 receipt, consideration or approval of the Application, the University Board's approval of the Method of Selection Resolution or the Authorizing Resolution, legal challenges to the validity of Part 6a of the Code or actions taken by the University Board as an authorizing body under Part 6a of the Code, the University Board's consideration of or issuance of a Contract, the Academy's preparation for and operation of a public school, or which are incurred as a result of the reliance of the University Board, the University and its Board of Trustees members, officers, employees, agents or representatives upon information supplied by the Academy, or which arise out of the failure of the Academy to perform its obligations under this Contract. 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 12.8. 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 12.9. 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 12.10. No Third Party Rights. This Contract is made for the sole benefit of the Academy and the University Board and no other person or entity, including without limitation, the ESP. Except as otherwise 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 12.11. Non-agency. It is understood that the Academy is not the agent of the University.

Section 12.12. 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 12.13. 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 12.14. Term of Contract.

(a) Initial Term of Contract. Except as otherwise provided in Section 12.14 (b) and (c) set forth below, this Contract shall commence on July 1, 2018, and shall remain in full force and effect for seven (7) years until June 30, 2025, unless sooner terminated according to the terms hereof.

(b) Termination of Contract During Initial Term of Contract. Consistent with the procedures set forth in this Section 12.14(b), this Contract will terminate on June 30, 2019, if the Academy fails to satisfy all of the following conditions:

- (i) The Academy shall provide to the Charter Schools Office Director a copy of the Academy's agreements with any Educational Service Provider. The terms and conditions of the agreements must be acceptable to the University President.
- (ii) The Academy shall provide to the Charter Schools Office Director a copy of the Academy's real property leases, sublease or other agreements set forth in the Schedules.
- (iii) The Academy, through legal counsel, shall provide a legal opinion to the Charter Schools Office Director confirming that the Academy Board's approval and execution of any real property lease or other agreement with Educational Service Providers complies with the Contracts of Public Servants with Public Entities statute, MCL 15.321 et seq.
- (iv) The Academy shall provide to the Charter Schools Office Director, if applicable, a copy of an AHERA asbestos plan and lead based paint survey for the site or sites set forth in the Schedules.
- (v) The Academy shall provide to the Charter Schools Office Director, if applicable, a copy of a current boiler inspection/ approval for the site or sites set forth in the Schedules.
- (vi) The Academy shall provide documentation to the Charter Schools Office Director confirming that the Academy has received occupancy approval from the Michigan Department of Consumer and Industry Services' Office of Fire Safety for the site or sites set forth in the Schedules.
- (vii) The Academy shall provide documentation to the Charter Schools Office Director that it has obtained a short-term cash flow loan to cover the initial cost of operations for the initial academic year. The Academy shall comply with section 1225 of the Revised School Code and the Revised Municipal Finance Act with respect to approving and obtain such funds.
- (viii) Any additional financial information or documentation requested by the University President.

The Academy shall notify the Charter Schools Office in writing following completion of the conditions set forth in this Section 12.14(b). For good cause, the Charter Schools Office Director may extend the deadlines set forth above. If the Charter Schools Office Director determines that the Academy has not satisfied the conditions set forth in this Section 12.14(b), the Charter Schools Office Director shall issue a Contract termination letter to the Academy for failing to meet certain conditions set forth in this Section 12.14(b). The issuance of the termination letter by the Charter Schools Office Director shall automatically terminate this

Contract without any further action by either the University Board or the Academy Board. Upon issuance of the termination letter, the Charter Schools Office Director shall notify the Superintendent of Public Instruction and the Michigan Department of Education that the Contract has been terminated.

(c) Inability to Enroll Students for Classes. If the Academy, for any reason, is unable to enroll students and conduct classes by October 1, 2018, then this Contract is automatically terminated without further action of the parties.

Section 12.15. Survival of Provisions. The terms, provisions, and representations contained in Section 11.4, Section 11.8, Section 12.7, and Section 12.10, and any other provision of this Contract that by their sense and context are intended to survive termination of this Contract shall survive.

Section 12.16. Termination of Responsibilities. Upon termination or revocation of this Contract, the University Board and its designees shall have no further obligations or responsibilities under this Contract to the Academy or any other person or persons in connection with this Contract.

Section 12.17. 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 and in accordance with Applicable Law.

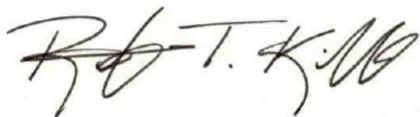
Section 12.18. University Board or CSO General Policies on Public School Academies Shall Apply. Notwithstanding any provision of this Contract to the contrary, and with the exception of existing University Board or CSO policies regarding public school academies which shall apply immediately, University Board or CSO 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 CSO 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 CSO on the proposed policies before such policies shall become effective.

**[INTENTIONALLY LEFT BLANK]**



As the designated representative of the Grand Valley State University Board of Trustees, I hereby issue this Contract to the Academy on the date set forth above.

GRAND VALLEY STATE UNIVERSITY  
BOARD OF TRUSTEES



By: \_\_\_\_\_  
University President or his/her designee

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.

HILLSDALE PREP ARATORY SCHOOL

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

**SCHEDULE 1**

**METHOD OF SELECTION RESOLUTION  
AUTHORIZING RESOLUTION**



CERTIFIED COPY OF RESOLUTION ADOPTED BY THE BOARD OF TRUSTEES OF  
GRAND VALLEY STATE UNIVERSITY ON FEBRUARY 2, 2018:

Authorization of Hillsdale Preparatory School 6a Contract

WHEREAS, the Michigan Legislature has provided for the establishment of public school academies as part of the Michigan public school system by enacting Act No. 362 of the Public Acts of 1993; and

WHEREAS, according to this legislation, the Grand Valley State University Board of Trustees (the "Board of Trustees"), as the governing body of a state public university, is an authorizing body empowered to issue contracts to organize and operate public school academies; and

WHEREAS, the Michigan Legislature has mandated that public school academy contracts be issued on a competitive basis taking into consideration the resources available for the proposed public school academy, the population to be served by the proposed public school academy, and the educational goals to be achieved by the proposed public school academy; and

WHEREAS, the Grand Valley State University Board of Trustees, having requested applications for organizing public school academies and having reviewed the applications according to the provisions set forth by the Michigan Legislature;

NOW, THEREFORE, BE IT RESOLVED:

1. That the application for Hillsdale Preparatory School ("Academy"), located at 160 W. Mechanic Road, Hillsdale, MI 49242, submitted under Section 502 of the Revised School Code, meets the Board of Trustees' requirements and the requirements of applicable law, is therefore approved;
2. That the Board of Trustees establishes the method of selection, length of term and number of members of the Academy's Board of Directors as follows:

Method of Selection and Appointment of Academy Board Members:

- a. Initial Academy Board Member Nominations and Appointments: As part of the public school academy application, the public school academy applicant shall propose to the Director of the University Charter Schools Office ("Director"), the names of proposed individuals to serve on the initial board of directors of the proposed public school academy. When the Director recommends an initial contract for approval to the Board of Trustees, he/she shall include recommendations for initial Academy Board members. These recommendations may, but are not required to, include individuals proposed by the public school academy applicant. To be considered for appointment, the nominees must have completed the required board member candidate application materials, including at least (i) the Academy Board Member Questionnaire prescribed by the University Charter Schools Office; and (ii) the Criminal Background Check Report prescribed by the University Charter Schools Office.
- b. Subsequent Academy Board Member Nominations and Appointments: Except as provided in paragraph (2) below, the Academy Board may nominate individuals for subsequent Academy Board of Director positions. As part of the appointment process, the Academy Board may submit to the Director: (i) the name of the nominee; (ii) the board member candidate application materials identified in paragraph (a) above; and (iii) a copy of the Academy Board nominating resolution. The Director may or may not recommend the proposed nominee submitted by the Academy Board. If the Director does not recommend a nominee submitted by the Academy Board, the Director shall select a nominee and forward that recommendation to the Board of Trustees for appointment. The Board of Trustees shall have the sole and exclusive right to appoint members to the Academy Board.
- c. Exigent Appointments: When the Director determines an "exigent condition" exists which requires him/her to make an appointment to a public school academy's board of directors, the Director, with University President approval, may immediately appoint a person to serve as a public school academy board member for the time specified, but not longer than the next meeting held by the Board of Trustees when a regular appointment may be made by the Board of Trustees. The Director shall make the appointment in writing and notify the public school academy's board of directors of the appointment. Exigent conditions include, but are not limited to when an Academy Board seat is vacant, when a Academy Board cannot reach a quorum, when the Board of Trustees determines that an Academy Board member's service is no longer required, when

an Academy Board member is removed, when an Academy Board fails to fill a vacancy, or other reasons which would prohibit the Academy Board from taking action without such an appointment.

3. Qualifications of Academy Board Members: To be qualified to serve on the Academy Board, a person shall: (a) be a citizen of the United States; (b) reside in the State of Michigan; (c) submit all materials requested by the GVSU Charter Schools Office including, but not limited to, a GVSU Academy Board Member Questionnaire and a release for criminal history background check; (d) not be an employee of the Academy; (e) not be a director, officer, or employee of a company or other entity that contracts with the Academy; and (f) not be an employee or representative of GVSU or be a member of the Board of Trustees.
4. Oath /Acceptance of Office / Voting Rights: Following appointment by the Board of Trustees, Academy Board Appointees may begin their legal duties, including the right to vote, after they have signed an Acceptance of Public Office form and taken the Oath or Affirmation of Public Office administered by a member of the Academy Board, other public official or notary public.
5. Length of Term; Removal: An appointed Academy Board member is an "at will" board member who shall serve at the pleasure of the Board of Trustees for a term of office not to exceed three (3) years. Regardless of the length of term, terms shall end on June 30 of the final year of service, unless shorter due to other provisions of this resolution. A person appointed to serve as an Academy Board member may be reappointed to serve additional terms. When an Academy Board member is appointed to complete the term of service of another Academy Board member, their service ends at the end of the previous Academy Board member's term.

If the Board of Trustees determines that an Academy Board member's service in office is no longer required, then the Board of Trustees 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 be removed from office by a two-thirds (2/3) vote of the Academy's Board for cause.

6. Resignations: A member of the Academy Board may resign from office by submitting a written resignation or by notifying the Director. The resignation is effective upon receipt by the Director, unless a later date is specified in the resignation. A written notice of resignation is not required. If no such written notification is provided, then the Director shall confirm a resignation in writing. The resignation shall be effective

upon the date the Director sends confirmation to the resigning Academy Board member.

7. Vacancy: An Academy Board position shall be considered vacant when an Academy Board member:

- a. Resigns
- b. Dies
- c. Is removed from Office
- d. Is convicted of a felony
- e. Ceases to be qualified
- f. Is incapacitated

8. Filling a Vacancy: The Academy Board may nominate and the Director shall recommend or temporarily appoint persons to fill a vacancy as outlined in the “Subsequent Appointments” and “Exigent Appointments” procedures in this resolution.

9. Number of Academy Board Member Positions: The number of member positions of the Academy Board of Directors shall be five (5), seven (7) or nine (9), as determined from time to time by the Academy Board.

10. 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:

# of Academy Board positions	# required for Quorum
Five (5)	Three (3)
Seven (7)	Four (4)
Nine (9)	Five (5)

11. Manner of Acting: The Academy Board shall be considered to have “acted,” when a duly called meeting of the Academy Board has a quorum present and the number of board members voting in favor of an action is as follows:

# of Academy Board positions	# for Quorum	# required to act
Five (5)	Three (3)	Three (3)
Seven (7)	Four (4)	Four (4)
Nine (9)	Five (5)	Five (5)

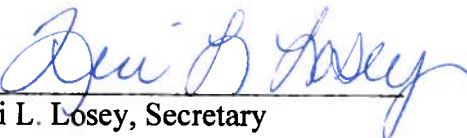
12. Initial Members of the Board of Directors: The Grand Valley State University Board of Trustees appoints the following persons to serve as the initial members of the Academy’s Board of Directors for the designated term of office set forth below:

Charles Bianchi	1 year term expiring June 30, 2019
Charles Blood	1 year term expiring June 30, 2019

Arlan Gilbert	2 year term expiring June 30, 2020
Pending	2 year term expiring June 30, 2020
Pending	3 year term expiring June 30, 2021
Charles Vear	3 year term expiring June 30, 2021
John Wilson	3 year term expiring June 30, 2021

13. The Board of Trustees approves and authorizes the execution of a contract to charter a public school academy to the Academy and authorizes the University President or designee to issue a contract to charter a public school academy and related documents ("Contract") to the Academy, provided that, before execution of the Contract, the University President or designee affirms that all terms of the contract have been agreed upon and the Academy is able to comply with all terms and conditions of the Contract and Applicable Law. This resolution shall be incorporated in and made part of the Contract.
14. Within ten days after the Board of Trustees issues the Contract, the Director will submit the Contract to the Michigan Department of Education. Pursuant to the State School Aid Act of 1979, the Michigan Department of Education shall, within thirty days after the Contract is submitted to the Michigan Department of Education, issue a district code number to each public school academy that is authorized under the Revised School Code and is eligible to receive funding under the State School Aid Act. By approving and issuing the Contract, the Board of Trustees is not responsible for the Michigan Department of Education's issuance or non-issuance of a district code number. As a condition precedent to the Board of Trustees' issuance of the Contract, the Applicant, the Academy and the Academy's Board of Directors shall acknowledge and agree that the Board of Trustees, Grand Valley State University, its officers, employees and agents are not responsible for any action taken by the Academy in reliance upon the Michigan Department of Education's issuance of a district code number to the Academy, or for any Michigan Department of Education's decision resulting in the non-issuance of a district code number to the Academy.

IN WITNESS WHEREOF, I have hereunto signed my name as Secretary and have caused the seal of said body corporate to be hereto affixed this 15th day of February 2018.

  
 Teri L. Losey, Secretary  
 Board of Trustees  
 Grand Valley State University

**SCHEDULE 2**

**ARTICLES OF INCORPORATION**



**MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH  
BUREAU OF COMMERCIAL SERVICES**

Date Received

(FOR BUREAU USE ONLY)

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

Name

Alan D. Szuma

Miller, Canfield, Paddock and Stone, P.L.C.

Address

150 W. Jefferson, Suite 2500

City

State

Zip Code

EFFECTIVE DATE:

Detroit

MI

48226

Document will be returned to the name and address you enter above.

If left blank document will be mailed to the registered office.

**RESTATED ARTICLES OF INCORPORATION**

**For use by Domestic Nonprofit Corporations**

(Please read information and instructions on the last page)

Pursuant to the provisions of the Michigan Nonprofit Corporation Act of 1982, as amended (the "Act"), being MCL 450.2101 et seq. and Part 6A of the Revised School Code (the "Code"), as amended, being Sections 380.501 to 380.507 of the Michigan Compiled Laws, the undersigned corporation executes the following Articles:

**ARTICLE I**

The name of the corporation is: Hillsdale Preparatory School.

The authorizing body for the corporation is: Grand Valley State University ("GVSU") Board of Trustees ("Board of Trustees"), 1 Campus Drive, Allendale, Michigan 49401.

## ARTICLE II

The purposes for which the corporation is organized are:

1. Specifically, the corporation is organized for the purposes of operating as a public school academy in the State of Michigan pursuant to Part 6A of the Code, being Sections 380.501 to 380.507 of the Michigan Compiled Laws.
2. The corporation, including all activities incident to its purposes, shall at all times be conducted so as to be a governmental entity pursuant to Section 115 of the United States Internal Revenue Code ("IRC") or any successor law. Notwithstanding any other provision of these 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

1. The corporation is organized upon a Nonstock basis.
2. a. If organized on a nonstock basis, the description and value of its real property assets are: (if none, insert "none")

Real Property: none

- 
- 
- b. The description and value of its personal property assets are: (if none, insert "none")

Personal Property: none

- 
- 
- 
- c. 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.
- d. The corporation is organized on a Directorship basis.

#### ARTICLE IV

1. The name of the resident agent at the registered office:  
\_\_\_\_\_  
Melody Henthorne
2. The address of the registered office is:  
  
\_\_\_\_\_  
160 W. Mechanic Road Hillsdale, Michigan 49242  
(Street Address) (City) (ZIP Code)
3. The mailing address of the registered office, if different than above:  
  
\_\_\_\_\_, Michigan  
(Street Address) (City) (ZIP Code)

#### ARTICLE V

The name(s) and address(es) of the original incorporator(s) is (are) as follows:

Name	Residence or Business Address
Brian O'Heran	160 W. Mechanic Road, Hillsdale, MI 49242
_____	_____
_____	_____

#### ARTICLE VI

The corporation is a governmental entity.

#### ARTICLE VII

Before execution of a contract to charter a public school academy between the Academy Board and the Board of Trustees, the method of selection, length of term, and the number of members of the Academy Board shall be approved by a resolution of the Board of Trustees as required by the Code.

The members of the Academy Board shall be selected by the following method:

1. **Method of Selection and Appointment of Academy Board Members:**
  - a. **Initial Academy Board Member Nominations and Appointments:** As part of the public school academy application, the public school academy applicant shall propose to the Director of the University Charter Schools Office ("Director"), the names of proposed individuals to serve on the initial board of directors of the proposed public school academy. When the Director recommends an initial

contract for approval to the Board of Trustees, he/she shall include recommendations for initial Academy Board members. These recommendations may, but are not required to, include individuals proposed by the public school academy applicant. To be considered for appointment, the nominees must have completed the required board member candidate application materials, including at least (i) the Academy Board Member Questionnaire prescribed by the University Charter Schools Office; and (ii) the Criminal Background Check Report prescribed by the University Charter Schools Office.

b. **Subsequent Academy Board Member Nominations and Appointments:**

Except as provided in paragraph (2) below, the Academy Board may nominate individuals for subsequent Academy Board of Director positions. As part of the appointment process, the Academy Board may submit to the Director: (i) the name of the nominee; (ii) the board member candidate application materials identified in paragraph (a) above; and (iii) a copy of the Academy Board nominating resolution. The Director may or may not recommend the proposed nominee submitted by the Academy Board. If the Director does not recommend a nominee submitted by the Academy Board, the Director shall select a nominee and forward that recommendation to the Board of Trustees for appointment. The Board of Trustees shall have the sole and exclusive right to appoint members to the Academy Board.

- c. **Exigent Appointments:** When the Director determines an “exigent condition” exists which requires him/her to make an appointment to a public school academy’s board of directors, the Director, with University President approval, may immediately appoint a person to serve as a public school academy board member for the time specified, but not longer than the next meeting held by the Board of Trustees when a regular appointment may be made by the Board of Trustees. The Director shall make the appointment in writing and notify the public school academy’s board of directors of the appointment. Exigent conditions include, but are not limited to when an Academy Board seat is vacant, when a Academy Board cannot reach a quorum, when the Board of Trustees determines that an Academy Board member’s service is no longer required, when an Academy Board member is removed, when an Academy Board fails to fill a vacancy, or other reasons which would prohibit the Academy Board from taking action without such an appointment.

2. **Qualifications of Academy Board Members:** To be qualified to serve on the Academy Board, a person shall: (a) be a citizen of the United States; (b) reside in the State of Michigan; (c) submit all materials requested by the GVSU Charter Schools Office including, but not limited to, a GVSU Academy Board Member Questionnaire and a release for criminal history background check; (d) not be an employee of the Academy; (e) not be a director, officer, or employee of a company or other entity that contracts with the Academy; and (f) not be an employee or representative of GVSU or be a member of the Board of Trustees.

3. **Oath /Acceptance of Office / Voting Rights:** Following appointment by the Board of Trustees, Academy Board Appointees may begin their legal duties, including the right to vote, after they have signed an Acceptance of Public Office form and taken the Oath or Affirmation of Public Office administered by a member of the Academy Board, other public official or notary public.
4. **Length of Term; Removal:** An appointed Academy Board member is an “at will” board member who shall serve at the pleasure of the Board of Trustees for a term of office not to exceed three (3) years. Regardless of the length of term, terms shall end on June 30 of the final year of service, unless shorter due to other provisions of this resolution. A person appointed to serve as an Academy Board member may be reappointed to serve additional terms. When an Academy Board member is appointed to complete the term of service of another Academy Board member, their service ends at the end of the previous Academy Board member’s term.

If the Board of Trustees determines that an Academy Board member’s service in office is no longer required, then the Board of Trustees 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 be removed from office by a two-thirds (2/3) vote of the Academy’s Board for cause.

5. **Resignations:** A member of the Academy Board may resign from office by submitting a written resignation or by notifying the Director. The resignation is effective upon receipt by the Director, unless a later date is specified in the resignation. A written notice of resignation is not required. If no such written notification is provided, then the Director shall confirm a resignation in writing. The resignation shall be effective upon the date the Director sends confirmation to the resigning Academy Board member.
6. **Vacancy:** An Academy Board position shall be considered vacant when an Academy Board member:
  - a. Resigns
  - b. Dies
  - c. Is removed from Office
  - d. Is convicted of a felony
  - e. Ceases to be qualified
  - f. Is incapacitated
7. **Filling a Vacancy:** The Academy Board may nominate and the Director shall recommend or temporarily appoint persons to fill a vacancy as outlined in the “Subsequent Appointments” and “Exigent Appointments” procedures in this resolution.
8. **Number of Academy Board Member Positions:** The number of member positions of the Academy Board of Directors shall be five (5), seven (7) or nine (9), as determined from time to time by the Academy Board.

9. **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:

# of Academy Board positions	# required for Quorum
Five (5)	Three (3)
Seven (7)	Four (4)
Nine (9)	Five (5)

10. **Manner of Acting:** The Academy Board shall be considered to have “acted,” when a duly called meeting of the Academy Board has a quorum present and the number of board members voting in favor of an action is as follows:

# of Academy Board positions	# for Quorum	# required to act
Five (5)	Three (3)	Three (3)
Seven (7)	Four (4)	Four (4)
Nine (9)	Five (5)	Five (5)

11. **Conservator; Appointment by University President:** Notwithstanding any other provision of the Contract, in the event that the health, safety, and welfare of the 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 powers of a Board of Directors of a Public School Academy and 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. During the appointment, the Academy Board members 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 board 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 the loans, however, the power shall be subject to any provisions and restrictions in any existing credit documents; d) hire, fire, and discipline employees of the Academy; e) settle or compromise with any debtor or creditor of the Academy, including any 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 the Code or this Contract.

## **ARTICLE VIII**

No part of the net earnings of the corporation shall inure to the benefit of or be distributable to its directors, board, 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 Articles, the corporation shall not carry on any other activities not permitted to be carried on by a governmental entity exempt from Federal Income Tax under Section 115 of the IRC, or comparable provisions of any successor law.

To the extent permitted by law, upon the dissolution of the corporation, the board shall after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation to the Board of Trustees 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 IX**

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 Sections 691.1407 of the Michigan Compiled Laws.

## **ARTICLE X**

These Articles of Incorporation shall not be amended except by the process provided in the contract executed by the Academy Board and the Board of Trustees.

## **ARTICLE XI**

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

## **ARTICLE XII**

A volunteer director is not personally liable to the corporation or its members for money damages for any action taken or any failure to take any action as a volunteer officer, except liability for any of the following:

- (i) The amount of a financial benefit received by a director or volunteer officer to which he or she is not entitled.
- (ii) Intentional infliction of harm on the corporation, its shareholders, or members.
- (iii) A violation of Section 551 of the Michigan Nonprofit Corporation Act.

- (iv) An intentional criminal act.
- (v) A liability imposed under section 497(a).

If the corporation obtains tax exempt status under section 501(c)(3) of the internal revenue code, the corporation assumes all liability to any person other than the corporation for all acts or omissions of a volunteer director occurring on or after the filing of the Articles incurred in the good faith performance of the volunteer director's duties.

This article shall not be deemed a relinquishment or waiver of any kind of Section 7 of the Government Liability for Negligence Act, being Act No. 170, Public Acts of Michigan, 1964.

### **ARTICLE XIII**

The corporation assumes the liability for all acts or omissions of a volunteer director, volunteer officer, or other volunteer if all of the following are met:

- (i) The volunteer was acting or reasonably believed he or she was acting within the scope of his or her authority;
- (ii) The volunteer was acting in good faith;
- (iii) The volunteer's conduct did not amount to gross negligence or willful and wanton misconduct;
- (iv) The volunteer's conduct was not an intentional tort; and
- (v) The volunteer's conduct was not a tort arising out of the ownership, maintenance or use of a motor vehicle for which tort liability may be imposed under section 3135 of the insurance code of 1956, 1956 PA 218, MCL 500.3135.

This article 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.

### **ARTICLE XIV**

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



## ARTICLE XV

The Articles of Incorporation shall become effective upon filing. However, the corporation shall not carry out the purposes set forth in Article II unless/or until the Board of Trustees issues to the Academy Board a contract to operate as a public school academy, and the contract is executed by both the Academy Board and the Board of Trustees.

I, the President of the Hillsdale Preparatory School, hereby sign my name this 25<sup>th</sup> day of June, 2018.

A handwritten signature in cursive script, reading "John Wilson", written over a horizontal line.

John Wilson  
President, Board of Directors  
Hillsdale Preparatory School

MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH BUREAU OF COMMERCIAL SERVICES	
Date Received	(FOR BUREAU USE ONLY)
	Tran Info: 1 029422-1 07/01/05 Chk#: 10330 Amt: \$10.00 ID: 771600  <b>FILED</b> JUL 19 2005 Administrator BUREAU OF COMMERCIAL SERVICES EFFECTIVE DATE:
This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.	
Name	Sara S. Lisznyai
Address	247 East Chicago Street
City	Jonesville, MI 49250
State	
ZIP Code	

Document will be returned to the name and address you enter above.  
If left blank document will be mailed to the registered office.

## CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION

For use by Domestic Profit and Nonprofit Corporations

(Please read information and instructions on the last page)

Pursuant to the provisions of Act 284, Public Acts of 1972, (profit corporations), or Act 162, Public Acts of 1982 (nonprofit corporations), the undersigned corporation executes the following Certificate:

1. The present name of the corporation is:

Sauk Trail Academy

2. The identification number assigned by the Bureau is:

771600

3. Article 1 of the Articles of Incorporation is hereby amended to read as follows:

The name of the Corporation is Hillsdale Preparatory School.

The authorizing body for the Corporation is Hillsdale County Intermediate School District Board of Education.

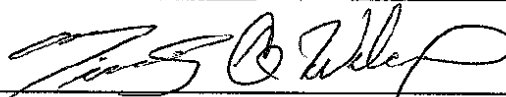
**6. (For a nonprofit corporation whose Articles state the corporation is organized on a directorship basis.)**

The foregoing amendment to the Articles of Incorporation was duly adopted on the 10th day of May, 2005 by the directors of a nonprofit corporation whose articles of incorporation state it is organized on a directorship basis (check one of the following)

- ☒ at a meeting the necessary votes were cast in favor of the amendment
- ☐ by written consent of all directors pursuant to Section 525 of the Act.

Signed this 29th day of June, 2005

By



(Signature of President, Vice-President, Chairperson or Vice-Chairperson)

Timothy Wilcox

(Type or Print Name)

President

(Type or Print Title)

# *Michigan Department of Consumer and Industry Services*

## *Filing Endorsement*

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

*for*

*SAUK TRAIL ACADEMY*

*ID NUMBER: 771600*

*received by facsimile transmission on June 5, 2001 is hereby endorsed*

*Filed on June 5, 2001 by the Administrator.*

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

*In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 5th day of June, 2001.*



*, Director*

*Bureau of Commercial Services*

C&amp;S 511 (Rev. 8/96)

MICHIGAN DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES CORPORATION, SECURITIES AND LAND DEVELOPMENT BUREAU			
Date Received		(FOR BUREAU USE ONLY)	
Name <b>Sara S. Lisznyai</b>		EFFECTIVE DATE:	
Address <b>247 East Chicago Street</b>			
City <b>Jonesville</b>	State <b>MI</b> ZIP Code <b>49250</b>		

DOCUMENT WILL BE RETURNED TO NAME AND ADDRESS INDICATED ABOVE

CORPORATION IDENTIFICATION NUMBER

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**ARTICLES OF INCORPORATION****OF****Sauk Trail Academy****(a Michigan Nonprofit Corporation)**

*Pursuant to the provisions of the Michigan Nonprofit Corporation Act of 1982, as amended (the "Act"), being MCL 450.2101 et seq., and Part 6A of the Revised School Code, as amended (the "Code"), being Sections 380.501 to 380.507 of the Michigan Compiled Laws, the undersigned corporation executes the following Articles:*

**ARTICLE I**

The name of the Corporation is: Sauk Trail Academy.

The authorizing body for the Corporation is: Hillsdale County Intermediate School District Board of Education.

**ARTICLE II**

The purpose or purposes for which the Corporation is organized are:

1. The Corporation is organized for the purpose of operating as a public school academy in the State of Michigan pursuant to Part 6A of the Code, being Sections 380.501 to 380.507 of the Michigan Compiled Laws.
2. The Corporation, including all activities incident to its purposes, shall at all times be conducted so as to be a governmental entity pursuant to Section 115 of the United States Internal Revenue Code ("IRC") or any successor law. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activity not permitted to be carried on by a governmental instrumentality exempt from federal income tax under Section 115 of the IRC or by a nonprofit corporation organized under the laws of the State of Michigan and subject to a Contract authorized under the Code.

### ARTICLE III

The Corporation is organized on a non-stock, directorship basis.

The value of assets which the Corporation possesses is:

Real Property: none

Personal Property: none

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.

### ARTICLE IV

The address of the registered office is: 160 W. Mechanic Street  
Hillsdale, MI 49242

The mailing address of the registered office is the same.

The name of the incorporator and resident agent at the registered office is: Brian O'Heran.

### ARTICLE V

The Corporation is a governmental entity.

## **ARTICLE VI**

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

## **ARTICLE VII**

Before execution of a contract to charter a public school academy between the Corporation and the Hillsdale County Intermediate School District (the "Board of Education"), 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 Board of Education 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 directors, board, 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 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.

Upon the dissolution of the Corporation, the board shall dispose of all of the assets of the Corporation to the Hillsdale County Intermediate School District, provided that all debt of the Corporation shall be provided for. To the extent that any real or personal property, interests in real or personal property, and other assets owned by the Corporation were substantially acquired from funds appropriated from the State of Michigan pursuant to the State School Aid Act, such assets shall be transferred to the State for forwarding to the State school aid fund as required by law.

**ARTICLE XI**

These Articles of Incorporation shall not be amended except by the process provided in the contract executed by the corporation and the Hillsdale County Intermediate School District.

**ARTICLE XII**

These Articles of Incorporation are intended to formalize the defacto Articles of Incorporation dated 8/1/97 and shall be effective as of the date the Hillsdale County Intermediate School Board issued the corporation a contract to operate as a public school academy and both parties executed the same.

**ADOPTION OF ARTICLES**

These Articles of Incorporation were duly adopted on the 29 day of May, 2001, in accordance with the provisions of Section 642 of the Act and were duly adopted by the directors. The necessary number of votes were cast in favor of these Articles of Incorporation.

Signed this 29 day of May, 2001.

By: Brian O'Haran  
Brian O'Haran, President

APPROVED BY:

Bruce Evans  
Bruce Evans, Superintendent  
Hillsdale County Intermediate School District

Dated: 6/4/01



## **SCHEDULE 3**

### **BYLAWS**

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**BYLAWS**  
**OF**  
**Hillsdale Preparatory School**

**ARTICLE I**

**NAME**

This organization shall be called Hillsdale Preparatory School (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 at 160 Mechanic Rd. Hillsdale, MI 49242

Section 2.     Registered Office.     The registered office of the Academy shall be the same as the principal office. The registered agent is Melody Henthorne. It must be located in the state of Michigan, and be the business office of the registered agent, as required by the Michigan Nonprofit Corporation Act.

**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 Nonprofit Corporation Act or pursuant to Part 6A of the Revised School code (“Code”). The Academy Board may delegate said powers to the officers and

committees of the Academy Board as it deems appropriate or necessary, as long as such delegation is consistent with the Articles, these Bylaws, the Contract and Applicable Law.

Section 2. Method of Selection and Appointment. Nomination and appointment to the Academy Board shall be handled in the following manner:

1. Method of Selection and Appointment of Academy Board Members:

- a. Initial Academy Board Member Nominations and Appointments: As part of the public school academy application, the public school academy applicant shall propose to the Director of the University Charter Schools Office (“Director”), the names of proposed individuals to serve on the initial board of directors of the proposed public school academy. When the Director recommends an initial contract for approval to the Grand Valley State University Board of Trustees (“Board of Trustees”), he/she shall include recommendations for initial Academy Board members. These recommendations may, but are not required to, include individuals proposed by the public school academy applicant. To be considered for the appointment, the nominees must have completed the required board member Questionnaire prescribed by the University Charter Schools office; and (ii) the criminal Background Check Report prescribed by the University Charter Schools Office.
- b. Subsequent Academy Board Member Nominations and Appointments: Except as provided in paragraph (2) below, the Academy Board may nominate individuals for subsequent Academy Board of Director positions. As part of the appointment process, the Academy Board may submit to the Director: (i) the name of the nominee; (ii) the board member candidate application materials identified in paragraph (a) above; and (iii) a copy of the Academy Board nominating resolution. The Director may or may not recommend a nominee submitted by the Academy Board. If the Director does not recommend a nominee submitted by the Academy Board, the Director shall select a nominee and forward that recommendation to the Board of Trustees for appointment. The board of Trustees shall have the sole and exclusive right to appoint members to the Academy Board.
- c. Exigent Appointments: When the Director determines an “exigent condition” exists which requires him/her to make an appointment to a public school academy’s board of director, the Director, with University President approval, may immediately appoint a person to serve as a public school academy board member for the time specified, but not longer than the next meeting made by the Board of Trustees. The Director shall make the appointment in writing and notify the public school academy’s board of directors of the appointment. Exigent conditions include, but are not limited to when an Academy Board seat is vacant, determines that an Academy Board member’s service is no longer required, when an Academy Board member is removed, when an Academy Board fails to

fill a vacancy, or other reasons which would prohibit the Academy Board from taking action without such an appointment.

2. Qualifications of Academy Board Members: To be qualified to serve of the Academy Board, a person shall: (a) be a citizen of the United States; (b) reside in the State of Michigan; (c) submit all materials requested by the GVSU Charter Schools Office including, but not limited to, a GVSU Academy Board Member Questionnaire and a release for criminal history background check; (d) not be an employee of the Academy; (e) not be a director, officer, or employee of a company or other entity that contracts with the Academy; and (f) not be an employee or representative of GVSU or be a member of the Board of Trustees.
3. Oath / Acceptance of Office / Voting Rights: Following appointment by the Board of Trustees, Academy Board Appointees may begin their legal duties, including the right to vote, after they have signed an Acceptance of Public Office form and taken the Oath or Affirmation of Public Office administered by a member of the Academy Board, other public official or notary public.
4. Length of Term; Removal: An appointed Academy Board member is an "at will" board member who shall serve at the pleasure of the Board of Trustees for a term of office not to exceed three (3) years. Regardless of the length of term, terms shall end on June 30 of the final year of service, unless shorter due to other provisions of this resolution. A person appointed to serve as an Academy Board member may be reappointed to serve additional terms. When an Academy Board member is appointed to complete the term of service of another Academy Board member, their service ends at the end of the previous Academy Board member's term.

If the Board of Trustees determines that an Academy Board member's service in office is no longer required, then the Board of Trustees 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 be removed from the office by a two-thirds (2/3) vote of the Academy's Board for cause.
5. Resignations: A member of the Academy Board may resign from office by submitting a written resignation or by notifying the Director. The resignation is effective upon receipt by the Director, unless a later date is specified in the resignation. A written notice of resignation is not required. If no such written notification is provided, then the Director shall confirm a resignation in writing. The resignation shall be effective upon the date the Director sends confirmation to the resigning Academy Board member.
6. Vacancy: An Academy Board position shall be considered vacant when an Academy Board member:

- a. Resigns
- b. Dies
- c. Is removed from Office
- d. Is convicted of a felony
- e. Ceases to be qualified
- f. Is incapacitated

7. Filling a Vacancy: The Academy Board may nominate and the Director shall recommend or temporarily appoint persons to fill a vacancy as outlined in the "Subsequent Appointments" and "Exigent Appointments" procedures in this resolution.
8. Number of Academy Board Member Positions: The number of member positions of the Academy Board of Directors shall be five (5), seven (7), or nine (9), as determined from time to time by the Academy Board.
9. 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:

# of Academy Board positions	# required for Quorum
Five (5)	Three (3)
Seven (7)	Four (4)
Nine (9)	Five (5)

10. Manner of Acting: The Academy Board shall be considered to have "acted," when a duly called meeting of the Academy Board has a quorum present and the number of board members voting in favor of an action is as follows:

# of Academy Board positions	# for Quorum	# required to act
Five (5)	Three (3)	Three (3)
Seven (7)	Four (4)	Four (4)
Nine (9)	Five (5)	Five (5)

Section 3. Compensation. By resolution of the Academy Board, Directors may be paid their expenses, if any, of attendance at each meeting of the Academy Board, subject to the statutes regarding 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 and the Standards of Conduct for Public Officers and Employees, Act No. 196 of the Public Acts of 1973, being Sections 15.341 to 15.348 of the Michigan Compiled Laws, and the statute concerning Incompatible Public Offices, Act No. 566 of the Public Acts of 1978, being Sections 15.181 to 15.185 of the Michigan Compiled Laws.

Section 4. Conservator; Appointment by University President. Notwithstanding any other provision of the Contract, in the event that the health, safety, and welfare of the 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 powers of a Board of Directors of a Public School Academy and 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. During the appointment, the Academy Board members 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 board 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 the loans, however, the power shall be subject to any provisions and restrictions in any existing credit documents; d) hire, fire, and discipline employees of the Academy; e) settle or compromise with any debtor or creditor of the Academy, including any 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 the Code or this Contract.

## ARTICLE V

### MEETINGS

Section 1. Annual and Regular Meetings. The Academy Board shall hold an annual meeting each year. The meeting shall be held at such time and place as the Academy Board of Directors shall from time to time determine. The Academy Board may also provide, by resolution, the time and place, within the state of Michigan, for the holding of additional regular meetings. The Academy shall provide notice of 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 the President or any Academy Board 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 or mailed or sent by facsimile to each Director at the Director's business address. Any Director may waive notice of any meeting by written statement, or telecopy 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. Open Meetings Act. All meetings of the Academy Board, shall at all times be in compliance with the Open Meetings Act.

Section 5. 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 matters 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 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 the vacancies in the officers of the Academy Board or committees created pursuant to this Section; (ii) amending the Articles of Incorporation or Bylaws; or (iii) any action the Academy Board cannot lawfully delegate under the Articles, 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 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 shall be a President, Vice-President, Secretary, Treasurer, and such Assistant officers 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 Academy Board shall elect the officers annually as terms expire at the annual meeting of the Academy Board. If the election of officers is not held at that meeting, the election shall be held as soon thereafter as may be convenient. Each officer shall hold office while qualified or until the officers resigns or is removed in the manner provided in Article IV, Section 2.

Section 3.     Removal. If the Grand Valley State University Board of Trustees determines that an Academy Board member's service in office is no longer required, then the Board of Trustees 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 be removed from office by a two-thirds (2/3) vote of the Academy's Board for cause.

Section 4.     Vacancies. A vacancy in any office shall be filled in accordance with Article IV, Section 2.

Section 5.     President. The President of the Academy 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 be an ex-officio member of all standing committees and may be designated Chairperson of those committees by the Academy Board. The President shall, in general, perform all duties incident to the office of President of the Board as may be prescribed by the Board from time to time.

Section 6.     Vice-President. The Vice-President of the Academy 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 the Academy Board.

Section 7.     Secretary. The Secretary of the Academy shall be a member of the Academy Board. The Secretary shall perform, or cause to be performed, the following duties: (a) keep the minutes of the Academy Board meetings in one or more books provided 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 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 by the Academy Board.

Section 8.     Treasurer. The Treasurer of the Academy shall be a member of the Academy Board. The Treasurer shall perform, or cause to be performed, the following duties: (a) keep 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 depositors as shall be selected by the Board; (d) complete all required corporate filings; (e) assure that the responsibilities of the fiscal agent of 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 Directors shall have the power to appoint any person 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 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 shall not receive a salary unless the salary has been specifically approved by the Academy Board, subject to the statute concerning Incompatible Public Offices, Act No. 566 of the Public Acts of 1978, being sections 15.181 to 15.185 of the Michigan Compiled Laws. Officers of the corporation who are Directors of the corporation may not be compensated for their services. They may, however, receive traveling and other expenses.

Section 11. Filling More Than One Office. Subject to the statute concerning 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 there to. No contract into, by or on behalf of the Academy Board, shall in any way bind the University or impose any liability on the University, its trustees, officers, employees or agents.

Section 2. Loans. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Academy Board. Such authority may be general or confined to specific instances. No loan or advance to, or overdraft of funds by an officer or member of the Academy Board otherwise than in the ordinary and usual course of the business of the corporation, and on the ordinary and usual course of the business or security, shall be made or permitted. No loan entered into, by or on behalf of the Academy Board, shall in any way be considered a debt or obligation of Grand Valley State University or impose any liability on Grand Valley State 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 corporation, shall be signed by such officer or officers, agent or agents, of the corporation 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 corporation not otherwise employed shall be deposited within three (3) business days after the receipt of the funds by 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 Securities Owned by this Corporation. Subject always to the specific directions of the Academy Board, any shares or other securities issued by another 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 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.

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 requirement set forth in Section 3 of the statute.

## ARTICLE IX

## **INDEMNIFICATION**

Each person who is or was a member of the Academy Board, or a trustee, 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, shall be indemnified by the corporation to the fullest extent permitted by the corporation laws of the State of Michigan as they may be in effect from time to time. 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 Board, grant rights to indemnification to any employee or agent of the corporation to the fullest extent provided under the laws of the State of Michigan as they may be in effect from time to time.

## **ARTICLE X**

### **FISCAL YEAR, BUDGET AND UNIFORM BUDGETING AND ACCOUNTING**

Section 1. Fiscal Year, Budget and Uniform Budgeting and Accounting. The fiscal year of the corporation shall begin on the first day of July in each year. The Board of Directors, subject to the oversight responsibilities of the University Board, shall have exclusive control of the budget. The board shall prepare and publish an annual budget in accordance with the Uniform Budgeting and Accounting Act, being Act 2 of the public laws of Michigan of 1968, as amended.

## **ARTICLE XI**

### **SEAL**

The Academy Board may provide a corporate seal, which shall be circular in form and shall have inscribed thereon the name of the corporation, the State of Michigan and the words "Corporate Seal" and "Public School Academy."

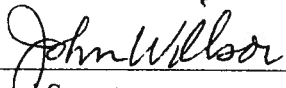
## **ARTICLE XII**

### **AMENDMENTS**

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by obtaining 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 for the special meetings. Upon arrival, the Academy Board shall forward the amendment to the University Charter Schools Office. The amendment shall be automatically incorporated into Schedule 3 of the Contract upon receipt of the amendment by the University Charter Schools Office. The Academy Board is encouraged to submit proposed Bylaw changes to the Charter Schools Office, for review and comment, prior to adoption. If at any time the University identifies a provision in the Academy Board's Bylaws that violates or conflicts with applicable law or the Contract, it shall notify the Academy Board in writing and the Academy Board shall remedy the identified provision to be in concert with applicable law and the Contract.

### **CERTIFICATION**

The Board certifies that these Bylaws were adopted as and for the Bylaws of a Michigan corporation in an open and public meeting, by the Academy Board on the 25 day of June 2018.

  
\_\_\_\_\_  
Board Secretary

**SCHEDULE 4**

**FISCAL AGENT AGREEMENT**

## **SCHEDULE 4**

### **FISCAL AGENT AGREEMENT**

This Agreement is part of the Contract issued by the Grand Valley State University Board of Trustees ("University Board"), an authorizing body as defined by the Revised School Code, as amended (the "Code"), to Hillsdale Preparatory School ("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 1.01. Definitions. Unless otherwise provided, or unless the context requires otherwise, the following terms shall have the following definitions:

"Account" means an account established by the Academy 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 of 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 Grand Valley State 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 urban high school academies for State School Aid Payments pursuant to the School Aid Act of 1979, as amended.

Section 1.02. Fiscal Agent Agreement Incorporated into Contract; Use of Contract Definitions. This Fiscal Agent Agreement shall be incorporated into and is part of the Contract issued by the University Board to the Academy. Terms defined in the Contract shall have the same meaning in this Agreement.

## ARTICLE II

### FISCAL AGENT DUTIES

Section 2.01. 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 Board 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 3.02.

Section 2.02. Transfer to Academy. Except as provided in the Contract, the Fiscal Agent shall transfer all State School Aid Payments and all Other Funds received on behalf of the Academy to the Academy within three (3) 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 Account designated by a resolution of the Board of Directors of the Academy and by a method of transfer acceptable to the Fiscal Agent.

Section 2.03. 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 or approve expenditures made by the Academy Board.

Section 2.04. Academy Board Requests for Direct Intercept of State School Aid Payments. If the Academy Board 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, the Academy shall submit to the University Charter Schools Office: (i) a copy of the Academy Board's resolution authorizing the direct intercept of State School Aid Payments; and (ii) a copy of a State School Aid Payment Agreement and Direction document that is in a form and manner acceptable to the Fiscal Agent. No State Aid Payment Agreement and Direction document shall be effective until it is acknowledged by the University President.

## ARTICLE III

### STATE DUTIES

Section 3.01 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 3.02. 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 4.01. Compliance with State School Aid Act. In order to assure that funds are available for the education of pupils, an Academy shall comply with all applicable provisions of the State School Aid Act of 1979, as amended.

Section 4.02. 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 4.03. 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 4.04. Repayment of Overpayment. The Academy shall be directly responsible for reimbursing the State for any overpayments of State School Aid Payments. At its option, the State may reduce subsequent State School Aid Payments by the amount of the overpayment or may seek collection of the overpayment from the Academy.

Section 4.05. Deposit of Academy Funds. The Academy Board agrees to comply with Section 1221 of the Revised School Code, being MCL 380.1221, regarding the deposit of State School Aid Payments and Other Funds received by the Academy.

## ARTICLE V

### RECORDS AND REPORTS

Section 5.01. 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 5.02. Reports. The Fiscal Agent shall prepare and send to the Academy within thirty (30) days of September 1, and annually thereafter, a written report dated as of August 31 summarizing 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 6.01. 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 6.02. Limitation of 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 University Board to the Academy.

BY: Mary G. Martin  
Mary G. Martin, Director  
Bureau of State and Authority Finance  
Michigan Department of Treasury

Date: March 15, 2018

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**SCHEDULE 5**

**MASTER CALENDAR OF REPORTING REQUIREMENTS**

**Public School Academy / School of Excellence  
Master Calendar of Reporting Requirements  
July 1, 2018 – June 30, 2019**

DUE DATE	REPORT DESCRIPTION	SUBMIT TO:
July 2	Board Adopted 2018-2019 School Calendar/School Day Schedule.	CSO
July 2	Board adopted Annual Calendar of Regularly Scheduled Meetings for 2018-2019	CSO
July 2	Board Adopted Annual Operating Budget for the General Fund and School Service Fund for 2018-2019.	CSO
July 2	Copy of Notice of Public Hearing for Annual Operating Budget for 2018-2019.	CSO
July 2	Copy of Parent Satisfaction Survey and Results from 2017-2018, if applicable.	CSO
July 25	DS-4168 Report of Days and Clock Hours of Pupil Instruction for 2016-2017 academic year, if applicable (See MDE website, <a href="http://www.michigan.gov/mde">www.michigan.gov/mde</a> , for MDE due date and form).	CSO
August 3	Annual Organizational Meeting Minutes for 2018-2019.	CSO
August 3	Board Resolution appointing Chief Administrative Officer for 2018-2019. Must be a board member.	CSO
August 3	Board Resolution appointing Freedom of Information Act Coordinator for 2018-2019.	CSO
August 3	Board Designated Legal Counsel for 2018-2019.	CSO
August 29	4 <sup>th</sup> Quarter Financial Statements – quarter ending 06/30.	CSO
September 6	Organizational Chart for 2018-2019.	CSO
September 6	Board approved Student Handbook 2018-2019.	CSO
September 6	Board approved Employee Handbook 2018-2019.	CSO
September 6	Copy of School Improvement Plan covering 2018-2019 academic year.	CSO
September 6	School Information Update- See Epicenter Task for template	CSO
October 3	Completed PSA Insurance Questionnaires. Required forms available at <a href="http://www.gvsu.edu/cso">www.gvsu.edu/cso</a>	CSO
October 3	Staff Roster (GVSU Format)	CSO
October 3	Annual Nonprofit Corporation Information Update for 2017.	CSO
October 11	Unaudited Count Day Submission.	CSO
October 11	Criminal History Record Registration- New Schools	CSO
October 11	DS-4898 PSA Preliminary Pupil Membership Count for September 2018 Enrollment and Attendance for 1 <sup>st</sup> & 2 <sup>nd</sup> Year PSAs and Academies who added grade levels. (See MDE website, <a href="http://www.michigan.gov/mde">www.michigan.gov/mde</a> for MDE due date).	CSO
October 30	Audited Financial Statements for fiscal year ending June 30, 2018. (See MDE Website, <a href="http://www.michigan.gov/mde">www.michigan.gov/mde</a> , for MDE due date.	CSO

DUE DATE	REPORT DESCRIPTION	SUBMIT TO:
October 30	Management Letter (comments and recommendations from independent financial auditor) for fiscal year ending June 30, 2018, if issued. If a management letter is not issued, a letter from the Academy stating a management letter was not issued is required to be submitted.	CSO
October 30	Annual A-133 Single Audit for year ending June 30, 2018, is required if over \$500K in federal funds have been expended. If a single audit is not necessary, a letter from the Academy stating as such is required to be submitted.	CSO
October 30	1 <sup>st</sup> Quarter Financial Statements – quarter ending 09/30.	CSO
January 7	Special Education Population Data request sheet.	CSO
January 7	Staff Roster (GVSU Format)	CSO
January 30	2 <sup>nd</sup> Quarter Financial Statements – quarter ending 12/31.	CSO
January 30	Michigan Highly Qualified Teacher Verification Report. Required Form Available at <a href="http://www.gvsu.edu/cso">www.gvsu.edu/cso</a> .	CSO
January 30	Board Member Annual Conflict of Interest	CSO
February 21	Winter Count Day Submission.	CSO
March (TBD)	Anti-Bullying Policy, in accordance with Matt's Safe School Law (new schools).	CSO
April 26	3 <sup>rd</sup> Quarter Financial Statements – quarter ending 03/31.	CSO
May 15	Notice of Open Enrollment & Lottery Process or Open Enrollment & Lottery Process Board Policy for 2019-2020. Must include board approved offered seat schedule.	CSO
June 3	Certificate of Boiler Inspection covering years 2019-2020.	CSO
June 27	Board Approved Amended Budget for 2018-2019 fiscal year (or statement that budget has been reviewed and no amendment was needed).	CSO
June 27	2018-2019 Log of emergency drills, including date, time and results. Sample form available at <a href="http://www.gvsu.edu/cso">www.gvsu.edu/cso</a> .	CSO
June 27	Board adopted Letter of Engagement for year ending June 30, 2019, independent financial audit.	CSO
June 27	Food service license expiring 04/30/2020.	CSO

## Ongoing Reporting Requirements July 1, 2018 – June 30, 2019

*The following documents do not have a set calendar date; however, they require submission within a certain number of days from board action or other occurrence.*

DUE DATE	REPORT DESCRIPTION	SUBMIT TO:
Date notice is posted	Academy Board Meeting Record of Postings – cancellations, changes, special meetings, emergency etc. Must include time and date of actual posting.	CSO
14 days after Board meeting	Draft Academy Board Meeting Minutes and Resolutions of regular, special & emergency board meetings.	CSO
14 days after Board approval	Approved Academy Board Meeting Minutes and Resolutions of regular, special & emergency board meetings.	CSO
30 business days after board approval	Board Adopted Annual Operating Budget for 2011-2012 including Salary/Compensation Transparency Reporting to be available on school website per the State School Aid Act as amended	No submission needed.
14 days after Board approval	Oath of Office and written acceptance for each Board Member.	CSO
10 business days after Board approval	Board adopted <i>Amended</i> Budget and General Appropriations Resolution.	CSO
10 days of receipt	Correspondence received from the Michigan Department /State Board of Education requiring a formal response.	CSO
10 days of receipt	Correspondence received from the Health Department requiring a formal response.	CSO
10 days of receipt	Written notice of litigation or formal proceedings involving the Academy.	CSO
30 days prior to board execution	Board proposed draft Educational Management Company Agreements or Amendments thereto.	CSO
5 business days of receipt	Request and Responses to Freedom of Information Requests.	CSO



## Original/Subsequent Board Policy Reporting Requirements July 1, 2018 – June 30, 2019

*The following documents do not have a set calendar date; however, they require an original submission and subsequent submission if Board action is taken making amendments/changes.*

REPORT DESCRIPTION	SUBMIT TO:
Articles of Incorporation. Must have GVSU Board approval before modifying.	CSO
Board of Director Bylaws.	CSO
Educational Service Provider Agreements/Amendments	CSO
Academy's Educational Goals.	CSO
Office of Fire Safety (OFS-40) – original occupancy permit and permits for renovations/additions, etc.	CSO
Lease, Deed of Premises or Rental Agreement and subsequent amendments (includes modular units).	CSO
Curriculum including any additions/deletions.	CSO
Asbestos Hazardous Emergency Response Act (AHERA) Management Plan. Visit <a href="http://www.michigan.gov/asbestos">www.michigan.gov/asbestos</a> for Michigan's model management plan. A copy of the "acceptance" letter sent by MIOSHA is also required.	CSO
Communicable Disease Curriculum (including minutes of board approval).	CSO
Job Descriptions for all employee groups	CSO
REQUIRED BOARD POLICIES	
<b>Board adopted Purchasing Policy</b> (date of approval). Reference: MCL 380.1267, MCL 380.1274	CSO
<b>Use of Medications Policy</b> (date of approval). Reference: MCL 380.1178, 380.1178a, 380.1179	CSO
<b>Harassment of Staff or Applicant Policy</b> (date of approval). <b>Harassment of Students Policy</b> (date of approval) Reference: MCL 380.1300a	CSO
<b>Search and Seizure Policy</b> (date of approval). Reference: MCL 380.1306	CSO
<b>Emergency Removal, Suspension and Expulsion of Students Policy</b> (date of approval). Reference: MCL 380.1309; MCL 380.1312(8)&(9); MCL 37.1402	CSO
<b>Parent/Guardian Review of Instructional Materials &amp; Observation of Instructional Activity Policy</b> Reference: MCL 380.1137	CSO
<b>Board Member Reimbursement of Expenses Policy</b> (date of approval). Reference: MCL 380.1254; MCL 388.1764b	CSO
<b>Equal Access for Non-School Sponsored Student Clubs and Activities Policy</b> (date of approval). Reference: MCL 380.1299	CSO
<b>Electronic or Wireless Communication Devices Policy</b> (date of approval).	CSO

<b>Preparedness for Toxic Hazard and Asbestos Hazard Policy</b> (date of approval). Reference: MCL 324.8316, 380.1256	CSO
<b>Nondiscrimination and Access to Equal Educational Opportunity Policy</b> (date of approval) Including, but not limited to, Michigan Constitution, Article I, §26, Elliott-Larsen Civil Rights Act, Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975.	CSO
<b>Academy Deposit Policy</b> (date of approval). PA 105 of 1855, being MCL 21.146, Section 11.10 of the Charter Contract	CSO
<b>Parental Involvement Policy</b> (date of approval). Reference: MCL 380.1294	CSO
<b>Wellness Policy</b> (date of approval). Reference: 42 USC §§ 1751, 1758, 1766; 42 USC § 1773	CSO
<b>Corporal Punishment Policy</b> (date of approval). Reference: MCL 380.1312(8)&(9);	CSO
<b>Anti-Bullying Policy (Matt's Safe School Law)</b> (date of approval). Reference: MCL 380.1310b	CSO
<b>Cardiac Emergency Response Plan</b> (date of approval). Reference: MCL 29.19	CSO

## Calendar of Additional Reporting Requirements and Critical Dates July 1, 2018 – June 30, 2019

*The following reports Academies must submit to the local ISD, MDE, CEPI and other organizations throughout the year.*

DUE DATE	REPORT DESCRIPTION	SUBMIT TO:
TBD	Student Count Day for State Aid F.T.E.	No submission required.
September	SE-4096 Special Education Actual Cost Report (Contact ISD for due date).	ISD
October	Eye Protection Certificate (#4527 Certification of Eye Protective Devices Electronic Grant System [MEGS] if applicable).	CEPI
October	Certification of Constitutionally Protected Prayer.	MDE
October	SE-4094 Transportation Expenditure Report (Contact ISD for due date).	ISD
October 1 – October 31 (as scheduled)	Teacher Certification/Criminal Background Check/Unprofessional Conduct. This is an onsite review scheduled and conducted by Quality Performance Resource Group. No submission required.	No submission needed.
Oct/Nov	Deadline for MEIS/Single Record Student Database (“SRSD”) electronic file (Contact the local ISD for due date.)	CEPI
November	Deadline for Immunization Records Report – IP100. (Contact Health Dept. for due date).	Local Health Dept.
November 14	Deadline for electronic submission to the Financial Information Database (FID, formerly known as the Form B). State aid will be withheld if the submission is not successful.	CEPI
Nov/Dec	Special Education Count on MI-CIS. Special education data must be current and updated in the Michigan Compliance and Information System (MI-CIS). This information is used to determine funding for next year (Contact local ISD for due date).	ISD
December 1 - December 31 (as scheduled)	Teacher Certification/Criminal Background Check/Unprofessional Conduct. This is an onsite review scheduled and conducted by Quality Performance Resource Group. No submission required.	No submission required.
Nov/Dec	Registry of Educational Personnel (REP) Submission.	CEPI
December 30	Municipal Finance Qualifying Statement, if applicable (online submission).	MI Dept of Treasury
Feb 1	Deadline for Immunization Record Report – IP100 (Contact Health Dept. for due date). A financial penalty of 5% of a school’s state aid allocation can be assessed if the immunization rate is not at 90% or above.	Local Health Dept.
TBD	Supplemental Student Count for State Aid F.T.E.	No submission required.

DUE DATE	REPORT DESCRIPTION	SUBMIT TO:
March	FS-4731-C – Count of Membership Pupils eligible for free/reduced breakfast, lunch or milk (official date TBD).	MDE
March	MEIS/Single Record Student Database (“SRSD”) electronic file (Contact local ISD for due date.)	ISD, CEPI
May 1 – May 31 (as scheduled)	Teacher Certification/ Criminal Background Check/Unprofessional Conduct. This is an onsite review scheduled and conducted by Quality Performance Resource Group. No submission required.	No submission required.
June	MEIS/ Single Record Student Database (“SRSD”) electronic file (Contact local ISD for due date).	ISD, CEPI
June	Registry of Educational Personnel (REP).	CEPI
June	School Infrastructure Database (SID).	CEPI

**SCHEDULE 6**

**INFORMATION TO BE PROVIDED BY ACADEMY AND EDUCATIONAL  
MANAGEMENT COMPANY**

## **SCHEDULE 6**

### **INFORMATION TO BE PROVIDED BY ACADEMY AND EDUCATIONAL MANAGEMENT COMPANY**

A. The following described categories of information are specifically included within those to be made available to the public and the University Charter Schools Office by the Academy in accordance with Section 11.17(a). Information to be Provided by the Academy, of the Terms and Conditions:

1. Copy of the Contract
2. Copies of the executed Constitutional Oath of public office form for each serving Director
3. List of currently serving Directors with name, address, and term of office
4. Copy of the Academy Board 's meeting calendar
5. Copy of public notice for all Academy Board meetings
6. Copy of Academy Board meeting agendas
7. Copy of Academy Board meeting minutes
8. Copy of Academy Board approved budget and amendments to the budget
9. List of bills paid for amounts of \$10,000.00 or more as submitted to the Academy Board
10. Copy of the quarterly financial reports submitted to the University Charter Schools Office
11. Copy of curriculum and other educational materials given to the University Charter Schools Office
12. Copy of School improvement plan (if required)
13. Copies of facility leases, mortgages, modular leases and/or deeds
14. Copies of equipment leases
15. Proof of ownership for Academy owned vehicles and portable buildings
16. Copy of Academy Board approved management contract with Educational Service Provider
17. Copy of Academy Board approved services contract(s)
18. Office of Fire Safety certificate of occupancy for all Academy facilities
19. MDE letter of continuous use (if required)
20. Local County Health Department food service permit (if required)

21. Asbestos inspection report and asbestos management plan (if required)
22. Boiler inspection certificate and lead based paint survey (if required)
23. Phase 1 environmental report (if required)
24. List of current Academy teachers and school administrators with their individual salaries as submitted to the Registry of Educational Personnel
25. Copies of administrator and teacher certificates or permits for all current administrative and teaching staff
26. Evidence of fingerprinting, criminal back-ground and record checks and unprofessional conduct check required by the Code for all Academy teachers and administrators
27. Academy Board approved policies
28. Copy of the annual financial audit and any management letters issued to the Academy Board as part of the audit
29. Proof of insurance as required by the Contract
30. Any other information specifically required under Public Act 277 of 2011

B. The following information is specifically included within the types of information available to the Academy by the Educational Management Organization (if any) in accordance with Section 11.17(b). Information to be provided by Educational Management Company, of the Terms and Conditions:

1. Any information needed by the Academy in order to comply with its obligations to disclose the information listed under (a) above.

C. In accordance with Section 11.13. Additional Required Provisions for Educational Service Provider Agreements, of the Terms and Conditions, the following categories must be clearly defined within each ESP agreement that the Academy is a party to:

1. Roles and responsibilities of the parties
2. Services and resources provided by the ESP
3. Fee or expense payment structure
4. Financial control, oversight, and disclosure
5. Renewal and termination of the agreement”

**Hillsdale Preparatory School Agreement for Consulting and Management Services**

This Consultant/Management Agreement (the "Agreement") is made and entered into as of the 1<sup>st</sup> day of July 2012, by and between Henway Consulting, Robert Henthorne, CEO, and the Hillsdale Preparatory School (the "Academy"), a body corporate and public school academy organized under the Revised School Code (the "Code").

**WHEREAS**, The Academy is a public school academy located at 160 West Mechanic Street Hillsdale, MI 49242 authorized pursuant to a contract (the "Contract") issued by Grand Valley State University Chartering Office ("GVSU") and

**WHEREAS**, The Academy operates under the direction of the Academy Board (the "Board"); and

**WHEREAS**, Henthorne is an individual with expertise in educational and managerial services to public school academics who has the ability to implement a comprehensive educational program and management methodology for the Academy; and

**WHEREAS**, The Academy desires to hire Henthorne to perform certain services related to the Academy's educational program.

**NOW, THEREFORE, IT IS AGREED AS FOLLOWS:**

**Article 1**

**Contractual Relationship**

- A. Authority.** The Academy has been granted the Contract by Gvsu to organize and operate a public school academy, together with the powers necessary or desirable for carrying out the educational program set forth in the Contract. The Academy is authorized by law to contract with a private entity to provide educational management services, provided that independent, self-governing public body, allow public decisions to be made other than in compliance with the Open Meetings Act, or interfere with the Board's constitutional duty to exercise its statutory, contractual and fiduciary obligations governing the operation of the Academy.
- B. Contract.** Acting under and in the exercise of such authority, the Academy hereby contracts to employ Henthorne, to the extent permitted by law, to perform specified functions relating to the provision of educational services and the management and operation of the Academy.
- C. Status of the Parties.** Henthorne is an individual who will be an employee of the Academy. The Academy is a body corporate and governmental entity authorized by the Code. The relationship between Henthorne and the Academy is based solely on the terms of this Agreement. The parties to this Agreement intend that the relationship between them created by this Agreement is that of an employer and employee, however, except as expressly set forth in this Agreement, no employee of Henthorne or any company with which Henthorne has a relationship shall be deemed to be an agent or employee of the Academy. Henthorne and any company with which



Henthorne has a relationship will be solely responsible for its acts and the acts of its agents, employees and contractors.

- D. Designation of Agents.** The Board designates Henthorne and his agents, employees and contractors as agents of the Academy having a legitimate educational interest such that they are authorized access to educational records under 20 U.S.C. 1232g, the Family Educational Rights and Privacy Act ("FERPA"). Except as set forth in this Paragraph or as expressly acknowledged in writing by the Board, no employee of Henthorne or any company with which he is affiliated shall be deemed to be an agent of the Academy.

## **Article II Term**

- A. Term.** This Agreement shall become effective July 1, 2012, and shall continue through June 30, 2020, subject to a continued Contract from GVSU and continued state per capita funding. The Contract from GVSU is effective through June 30, 2025 and the parties recognize that during the reauthorization process GVSU may condition an extension of the Contract upon modifications to this Agreement.
- B. Renewal Consideration.** On or before June 30, 2020, the Academy shall review the performance of Henthorne and provide notice of its intention to extend the Agreement for an additional year or years, subject to the negotiation of the terms for the extended Agreement. In the event the Academy does not provide timely notice of intention to extend the Agreement, Henthorne will take appropriate actions to provide for an orderly transition of the management functions performed under the Agreement upon its termination of June 30, 2020.

## **Article III Functions of Henthorne**

- A. Responsibility.** Under the policy direction of the Board, Henthorne shall be responsible for all of the management, operation, administration, and education at the Academy. Such functions include, but are not limited to:
- 1. Educational Goals and Program.** Henthorne shall implement the educational goals and programs set forth in the Contract, including but not limited to methods of pupil assessment, admission policy and criteria, school calendar and school day schedule, age and grade classifications of pupils to be enrolled, and methods to be used to monitor performance towards targeted educational outcomes. As provided in the Contract, Henthorne will provide written notification to the Board specifying the changes it recommends and the reasons for the proposed changes. No changes in the educational goals and programs shall be implemented without the proper approval of the Board and GVSU. Henthorne shall provide the Board with periodic written reports specifying the level of achievement of each of the Academy's educational goals set forth in the Contract and detailing its plan for meeting any educational goals that are not being attained. Hillsdale Preparatory School's goals may be defined as complete and thorough implementation and execution of the most recently published Hillsdale Academy model and curriculum. Some Theological elements may need to be adjusted to meet the legal requirements of a public Charter Academy. The Academy curriculum is to be implanted in both pedagogy and culture.

2. **Contracts.** It is anticipated that Henthorne will utilize contracts to provide some of the services he is required to provide to the Academy, including but not limited to the selection, employment and supervision of all teacher and staff and the personnel management services (recordkeeping, wage and benefits administration, training and technical assistance) necessary to support those employees, preparation of required GVSU, local, state and federal reports, transportation, and/or food service. Henthorne shall not contract the management oversight or operation of the teaching and instructional program without the prior approval of the Board. Board approval of other contracts is not required unless the cost for these contracted services exceeds the fund appropriated for that purpose in the Academy's approved budget and within the Board's contract requirements with GVSU. Henthorne will receive no additional fee as a result of contracting of any services.
3. **Place of Performance.** Instruction services other than field trips will normally be performed at the Academy facilities. Henthorne may perform functions other than instruction, such as purchasing professional development, and administrative functions at offsite locations, unless prohibited by applicable law. The Academy shall provide Henthorne with the necessary office space at the Academy site to perform all services described in this Agreement.
4. **Acquisitions.** All acquisitions made by Henthorne for the Academy 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. Henthorne and his contractors will comply with Section 1274 of the Code as if the Academy were making these purchases directly from a third party supplier and Henthorne will not include any fees or charges to the cost of the equipment, materials and supplies purchased from third parties when it seeks reimbursement for the cost of these acquisitions.
5. **Pupil Performance Standards and Evaluation.** Henthorne is responsible for and accountable to the Board for the performance of students who attend the Academy. Henthorne shall implement pupil performance evaluations which permit evaluation of the educational progress of each Academy student, using measures of student and school performance required by the Contract and such additional measures as shall be mutually agreed between the Board and Henthorne and consistent with the Contract.
6. **Student Recruitment.** Henthorne shall be responsible for the recruitment of students subject to the provisions of the Contract and the policies adopted by the Board. Students shall be selected in accordance with the procedures set forth in the contract and in compliance with the Code and other applicable law. Henthorne shall follow all applicable procedures regarding student recruitment, enrollment and lottery management, and shall be responsible for publication of appropriate public notices and scheduling open houses.
7. **Student Due Process Hearings.** Henthorne shall provide students with procedural and substantive due process in conformity with the requirements of state and federal law regarding discipline, special education, confidentiality and access to records, to an extent consistent with the Academy's own obligations. The Board shall retain the right to provide due process as required by law and to determine whether any student will be expelled.

8. **Legal Requirements.** Henthorne shall provide educational programs that meet the requirements imposed under the Code and those required to fulfill the Contract, unless such requirements are to have been waived.
9. **Rules and Procedures.** The Board shall adopt rules, regulations and procedures applicable to the Academy and Henthorne is directed to enforce the rules, regulations and procedures adopted by the Academy.
10. **School Year and School Day.** The school year and the school day shall be as provided in the Contract and as defined annually by the Board.
11. **Authority.** Henthorne shall have authority and power necessary to undertake responsibilities described in this Agreement except in the cases(s) wherein such power may not be delegated by law.
12. **Contract with HCISD.** Henthorne will not act in a manner that will cause the Academy to be in breach of its Contract with GVSU.
13. **Additional Programs.** The services provided by Henthorne to the Academy under this Agreement consist of the Educational Program defined through the educational goals and philosophy of Hillsdale Preparatory School as set forth in the Contract, as the same may change from time to time. The Board may decide to provide additional programs, including but not limited to summer school. The Academy may also purchase additional services from Henthorne at a mutually agreeable cost.
14. **Annual Budget Preparation.** Henthorne will provide the Board with a proposed annual budget that shall conform to the State accounting manual and the Uniform Budgeting and Accounting Act, MCL 141.421 et seq. And in a form satisfactory to the Board and to GVSU. The budget shall contain object level detail and shall comply with public accounting standards. The budget shall include anticipated revenues and projected expenses and costs reasonable associated with operating the Academy and the Educational program including, but not limited to, the projected cost of all services and educational programs provided to the Academy, rent and lease payments, debt services, maintenance and repairs to premiums, utilities, professional fees, and other costs and expenses connected to the operation of the Academy. The proposed budget shall be submitted to the Board for approval not later than 30 days prior to the date when the approved budget is required to be submitted to GVSU. Henthorne may not take deviations from the approved budget without prior approval of the Board.

#### **Article IV**

##### **Obligations of the Board**

- A. **Board Policy Authority.** The Board is responsible for determining the fiscal and academic policies that will govern the operation of the Academy, including but not limited to policies relative to the conduct of students while in attendance at the Academy or enroute to and from the Academy and regulations governing the procurement of supplies, materials and equipment. A school administrator and qualified teaching, food service, secretarial, maintenance and transportation staff to operate the Academy within the staffing levels approved by the Board in its annual budget. Henthorne shall have the authority to select, evaluate, assign, discipline, transfer and terminate the employment of all individuals

working at or for the Academy with the exception of the Board employees, if any, consistent with applicable law and the provisions of this Agreement. With the exception of Board employees, if any, Henthorne shall contract with the employer of all individuals working at or for the Academy and the Academy will be responsible for the payment of all costs attributable to these employees, including wages, salaries, unless required by applicable statute, court or administrative decision, or Attorney General's opinion, Henthorne shall not make payments to the Michigan Public School Employees' Retirement System or any other public retirement system on behalf of its employees. Henthorne will provide the Board with a detailed listing of the anticipated compensation and fringe benefit costs for all employees who will be assigned to provide services at the Academy. The Board will be responsible for the cost of the salaries, fringe benefits, and social security withholdings of employees assigned to the Academy, provided that these costs are not higher than anticipated and approved in the annual budget. At its option, the Board may advance funds to Henthorne for the cost of the salaries, fringe benefits and social security of employees assigned to the Academy provided that documentation for the fees and expenses are provided for Board review and are consistent with budget allocations. At the request of the Board, Henthorne will provide payroll services for employees of the Board, Henthorne will not assign any employee to work at the Academy who has not successfully completed a pre-employment background check (including criminal history, criminal background and unprofessional conduct checks) and credential verification, and, if appropriate, a pre-employment physical. Henthorne will not place in the employment contract with any of the employees assigned to work at the Academy any restrictions that would prevent the Academy from employing those individuals at the Academy or would prevent those individuals from working for the Academy or for any other entity providing education services to the Academy. Henthorne agrees that any provision of any employment agreement with any of its employees that would be in violation of this provision is void and shall not be enforceable in any forum.

- B. School Principal.** Henthorne will have the authority, consistent with applicable law and with input from the Board, to select and supervise the Principal and to hold that individual accountable for the success of the Academy. At the request of the Board, Henthorne will review the performance of the School Principal with the Board. The Principal will be an employee contracted by Henway, but Henway agrees to consult with the Board prior to hiring the Principal and will consult with the Board prior to taking any action that would alter the employment status of the Principal. Upon receipt of written notification indicating that the performance problems are not resolved, the Board will reimburse Henthorne for employment agreement with the Principal, and the duties and compensation of the Principal shall be determined by Henthorne, but that individual must be assigned on a full time basis to the Academy and may not be providing services to any other school or Academy without the prior approval of the Board. If Henthorne chooses to execute an employment agreement with the Principal that has a term longer than one year, the Board reserves the right to have the Principal placed elsewhere by Henthorne if the Board is dissatisfied with that individual's performance at the end of any school year.

- C. Teachers.** As part of the annual budgeting process, Henthorne shall make a recommendation to the Board regarding the number of teachers, and the applicable grade levels and subjects, required for the operation of the Academy pursuant to the Contract. Henthorne shall provide the Academy with such teachers, qualified in the grade levels and subjects required, as are required by the Academy. The curriculum taught by such teachers shall be the Hillsdale Academy curriculum prescribed in the Contract. Such teachers may, at the discretion of Henthorne, work at the Academy on a full or part-time basis. If assigned to the Academy on a part time basis, such teachers may also work at other schools operated by Henthorne. Each part time basis, such teachers may also work at other schools operated by Henthorne. Each teacher assigned to or retained by the Academy shall be a highly qualified teacher with a valid teaching certificate, or temporary special permit issued by the state board of education under the Code, to the extent required under the Code and the No Child Left Behind Act of 2001. If Henthorne chooses to execute employment agreements with teacher staff that have a term of longer than one year, the Board reserves the right to have teachers placed elsewhere by Henthorne if the Board is dissatisfied with their performance at the end of any school year. Teachers contracted by Henthorne shall not be considered teachers for purposes of continuing tenure under MCLA Section 38.71 *et seq.*
- D. Support Staff.** As part of the annual budgeting process, Henthorne shall make a recommendation to the Board regarding the number of support staff required for the operation of the Academy pursuant to the Contract. Henthorne shall provide the Academy with such support staff, qualified in the areas required, as are determined to be required by the Academy. Such support staff may, at the discretion of Henthorne, work at the Academy on a full or part time basis. If assigned to the Academy on a part time basis, such support staff may also work at other schools operated by Henthorne. Each support staff employee assigned to or retained by the Academy shall have received the training and hold the certificates, degrees or licenses legally required for the position to which they are assigned under the Code and the No Child Left Behind Act of 2001. If Henthorne chooses to execute contracts with support staff that have a term of longer than one year, the Board reserves the right to have a support staff placed elsewhere by Henthorne if the Board is dissatisfied with their performance at the end of any school year.
- E. Training.** Henthorne shall provide training to the School Principal, teachers, and paraprofessionals on a regular and continuing basis and shall insure that they receive all training required by law. The School Principal, teacher paraprofessionals and other support staff employees shall receive such training as Henthorne and the Academy Board determine as reasonable and necessary under the circumstances.

## **Article V**

### **Termination of Agreement**

- A. Termination by the Academy for Cause.** This agreement may be terminated by the Academy for cause prior to the end of the term specified in Article II in the event that Henthorne should fail to remedy a material breach within a period reasonable under the circumstances, which shall

not be longer than sixty (60) days after notice from the Academy. Material breach may include, but is not limited to, a failure to carry out its responsibilities under expenditures or to pay operating costs (provided funds are available to do so); a violation of the Contract or of applicable law. In order to terminate this Agreement for cause the Board is required to provide Henthorne with written notification of the facts it considers to constitute material breach and the period of time within which Henthorne has to remedy this breach. After the period to remedy the material breach has expired, the Board may terminate this Agreement by providing Henthorne with written notification of termination.

- B. Termination by Henthorne for Cause.** This Agreement may be terminated by Henthorne for cause prior to the end of the term specified in Article II in the event the Academy fails to remedy a material breach within a period reasonable under the circumstances, which shall not be longer than sixty (60) days after notice from Henthorne. Material breach may include, but is not limited to, a failure to carry out its responsibilities under this Agreement such as a failure to make payments to Henthorne as required by this Agreement or a failure to give consideration to the recommendations of Henthorne regarding the operation of the Academy; a violation of the Contract or of applicable law. In order to terminate this Agreement for cause, Henthorne is required to provide the Board with written notification of the facts it considers to constitute material breach and the period of time within which the Academy has to remedy this breach. After the period to remedy the material breach has expired, Henthorne may terminate this Agreement by providing the Board with written notification of termination.
- C. Termination by Loss of Contract.** This Agreement shall automatically terminate in the event that the Academy no longer possesses a Contract to operate a public school academy, including but not limited to a termination or revocation of the contract or a failure to renew an existing contract.
- D. Termination by Either Party without Cause.** If Henthorne and the Board are unable to agree on educational programs, curriculum or other educational policies that affect the Academy in a significant way, either party may elect to terminate the Agreement at the end of a school year, provided that the termination party gives the other party written notification of termination at least ninety (90) calendar days prior to the termination date and provides the other party with an opportunity within that period to negotiate an agreement on the educational policies at issue.
- E. Change in Law.** If any federal, state, or local law or regulations, or court decision has a material adverse impact on the ability of either party to carry out its obligations under this Agreement, then either part, upon written notice, may request renegotiation of the Agreement; and if the parties are unable or unwilling to renegotiate the terms within 90 days after the notice, the party requiring the renegotiation may terminate this Agreement on 120 days further written notice.
- F. Effective Date of Termination.** In the event this Agreement is terminated by either party prior to the end of the term specified in Article II, absent unusual and compelling circumstances, the termination will not become effective until the end of that school year. If such law or regulation prevents either part from operating, and is effectively a termination of ability to operate, then this contract is automatically terminated.

- G. Rights to Property upon Termination.** Upon termination of this Agreement all equipment, whether purchased by the Academy or by Henthorne with state school aid funds or other funds secured by the Academy, shall remain the exclusive property of the Academy. Henthorne shall have the right to reclaim any usable property or equipment (e.g., including but not limited to, desks, computers, copying machines, fax machines, telephones) that were purchased by Henthorne with Henthorne's funds. Fixtures and building alterations shall become the property of the Academy.
- H. Transition.** In the event of termination of this Agreement for any reason by either party prior to the end of the Agreement's term, Henthorne shall provide the Academy reasonable assistance for up to 90 days after the effective date of the termination to allow a transition back to a regular school program or to another education service provider.

## **Article VI**

### **Proprietary Information**

- A. Proprietary Information.** The Academy shall own all copyright and other proprietary rights to all instructional materials, training materials, curriculum and lesson plans and any other materials developed by Henthorne, his employees, agents or subcontractors, or by any individual working for or supervised by Henthorne, which were developed during working hours or during time for which the individual is being paid by Henthorne which (i) were directly developed and paid for by the Academy; or (ii) were developed by Henthorne at the direction of the Board with Academy funds dedicated for the specific purpose of developing such curriculum or materials.
- B. Required Disclosure.** The Academy shall be permitted to report any new teaching techniques or methods of significant revisions to known teaching techniques or methods to GVSU and to the State Board of Education, which teaching techniques or methods may thereafter be made available to the public, as provided in Sections 505(3) and 515(3) of the Code, notwithstanding anything contained in this Article VIII to the contrary.

## **Article VII**

### **Indemnification**

- A. Indemnification of Henthorne.** The Academy shall indemnify and hold Henthorne (which term for purposes of this Paragraph A, includes Henthorne's agents and employees) harmless against any and all claims, demands, suits, 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 misrepresentation or breach of the representations and warranties of the Board contained in or made pursuant to this Agreement. The scope of this indemnification includes actions taken by Henthorne on behalf of the Academy beginning on July 1, 2012. In addition, the Academy shall reimburse Henthorne for any and all legal expenses and costs associated with the defense of any such claim, demand, or suit. The indemnification requirements of this paragraph may be met by the purchase of insurance in a form and amounts acceptable to Henthorne.

- B. Limitation of Liabilities.** The Academy may assert all immunities and statutory limitations of liability in connection with any claims arising under this Agreement.
- C. Indemnification of the Academy.** Henthorne shall indemnify and hold the Academy (which term for purposes of this Paragraph C, includes the Academy's officers, directors, agents and employees) harmless against any and all claims, demands, suits or other forms of liability that may arise out of , or by reason of, any noncompliance by Henthorne with any agreements, covenants, warranties, or undertakings of Henthorne contained in or made pursuant to this Agreement, including any and all employment related claims, demands or suits by employees contacted by Henthorne, former employees or applicants; and any misrepresentation or breach of the representations and warranties of Henthorne contained in or made pursuant to this agreement. In addition, Henthorne shall reimburse the Academy of any and all legal expenses and costs associated with the defense of any such claim, demand, or suit. The indemnification requirements of this paragraph may be met by the purchase of insurance in a form and amounts acceptable to the Academy.
- D. Indemnification for Negligence.** The Academy shall indemnify and hold harmless Henthorne, his agents, employees, and representatives, from any and all claims and liabilities which Henthorne may incur and which arise out of the negligence of the Academy's directors, officers, employees, agents or representatives. Henthorne shall indemnify and hold harmless the Academy, and the Academy's Board of Directors, officers, employees, agents or representatives, from any and all claims and liabilities which the Academy may incur and which arise out of the negligence of Henthorne's directors, officers, employees, agents or representatives.
- E. Indemnification for Prior Actions.** The Academy is responsible for the payment for all claims, demands, suits or other forms of liability that Henthorne may incur and which arise out of the Academy's actions or the actions of any prior management services provider that occurred prior to July 1, 2012. The Academy shall indemnify and hold harmless Henthorne, his employees, agents, and representatives, from any and all claims and liabilities made against that arise out of the Academy's actions or the actions of any prior management services provided that occurred prior to July 1, 2012. In addition, the Academy shall reimburse Henthorne for any and all legal expenses and costs associated with the defense of any such claim, demand, or suit. The indemnification requirements of this paragraph may be met by the purchase of insurance in a form and amounts acceptable to Henthorne.

## Article VIII

### Insurance

- A. Insurance of the Academy.** The Academy shall secure and maintain general liability and umbrella insurance coverage, with Henthorne listed as an additional insured. This coverage shall include the building and related capital facilities if they are the property of the Academy. The Academy shall maintain such insurance in an amount and on such terms as are reasonably acceptable to Henthorne and as required by the provisions of the Contract, including the indemnification of Henthorne required by this Agreement. The Academy shall, upon request, present evidence to Henthorne that it maintains the requisite insurance in compliance with the



provisions of this paragraph. Henthorne shall comply with any information or reports requirements applicable to the Academy under the Academy's policy with its insurer(s), to the extent practicable.

- B. Insurance of Henthorne.** Henthorne shall secure and maintain general liability and umbrella insurance coverage with the Academy listed as an additional insured. Henthorne shall maintain such insurance in an amount and on such terms as are reasonably acceptable to the Academy and as required by the provisions of the Contract, including the indemnification of the Academy required by this Agreement. Henthorne shall, upon request, present evidence to the Academy that it maintains the requisite insurance in compliance with the provisions of this paragraph. The Academy shall comply with any information or reporting requirements applicable to Henthorne under Henthorne's policy with its insurer(s) to the extent practicable.
- C. Worker's Compensation Insurance.** Each party shall maintain worker's compensation insurance when and as required by law, covering their respective employees.

## Article IX

### Miscellaneous

- A. Sole Agreement.** The Agreement supersedes and replaces any and all prior agreements and understandings between the Academy and Henthorne on the subject matter hereof.
- B. Force Majeure.** Neither party shall be liable if the performance of any part or all of this Agreement is prevented, delayed, hindered or otherwise made impracticable or impossible by reason of any strike, flood, riot, fire, explosion, war, act of God, sabotage, accident, or any other casualty, or cause beyond either party's control, and which cannot be overcome by reasonable diligence and without unusual expense.
- C. Notices.** All notices, demands, requests and consents under this Agreement shall be in writing, shall be delivered to each party, and shall be effective when received by the parties or mailed to the parties at their respective addresses set forth below, or at such other address as may be furnished by a party to the other party.

**Henthorne:** Robert W. Henthorne  
2471 Mechanic Rd  
Hillsdale, MI 49242

**Academy:** Hillsdale Preparatory School  
160 Mechanic Rd  
Hillsdale, MI 49242  
Attn: Board President

- D. Severability.** The invalidity of any of the covenants, phrases or clauses in this Agreement shall not affect the remaining positions of this Agreement, and this Agreement shall be constructed as if such invalid covenant, phrase or clause had not been contained in this Agreement.
- E. Successors and Assigns.** This Agreement shall be binding upon, and inure to the benefit of, the parties and their respective successors and assigns.
- F. Entire Agreement.** This Agreement is the entire agreement between the parties relating to the services provided and the compensation for such services, by the parties. Any modification to

this Agreement must be made in writing, approved by the Board and Henthorne, and signed by a duly authorized officer. In addition, the Board must also secure the approval of GVSU before any modifications to this Agreement can become effective.

- G. **Non-Waiver.** No failure of a party in exercising any right, power or privilege under this Agreement shall affect such right, power or privilege, nor shall any single or partial exercise thereof preclude any further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies of the parties under this Agreement are cumulative and not exclusive of any rights or remedies which any of them may otherwise have.
- H. **Assignment.** Henthorne may not assign this Agreement without prior written approval of the Board.
- I. **Governing Law.** This Agreement shall be governed by and enforced in accordance with the law of the State of Michigan.
- J. **Delegation of Authority.** Nothing in this Agreement shall be construed as delegating to Henthorne any of the powers or authority of the Board that are not subject to delegation by the Board under Michigan law or the Contract.
- K. **Compliance with Law.** The parties agree to comply with all applicable laws and regulations
- L. **Warranties and Representations.** Both the Academy and Henthorne represent that each has the authority under law to execute, deliver and perform this Agreement and to incur the obligations provided for under this Agreement, that its actions have been duly and validly authorized, and that it will not adopt any and all resolutions or expenditure approvals required for execution of this Agreement.
- M. **Dispute Resolution Procedure.** 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 that are unable to be resolved through discussion and negotiation shall be resolved by arbitration, and such an arbitration procedure shall be the sole and exclusive remedy for such matters. The arbitrator shall be selected from a panel provided by and in accordance with the rules of the American Arbitration Association. The arbitration shall be conducted in accordance with the rule of the American Arbitration Association, with such variations as the parties and the arbitrator unanimously accept. Any arbitration hearing shall be conducted in Lansing, Michigan. A judgement on the award rendered by the arbitrators may be entered with any court having appropriate jurisdiction. The cost of arbitration, not including attorney fees, shall be paid by the losing party. It shall be in the discretion of the arbitration panel to award reasonable attorney fees to the prevailing party, to be paid if awarded by the losing party.
- N. **Modification to Conform to Changed GVSU Policies.** The parties intend that this Agreement shall comply with GVSU's Educational Service Provider Policies, as the same may be changed from time to time. In the event that changes in GVSU's Educational Service Provider Policies implemented after the date of execution of this Agreement cause any provision of this Agreement to be in conflict the revised Policies, the parties agree to amend this Agreement to eliminate the conflict within thirty (30) days after being advised by GVSU of the changes to its policies
- O. Compensation shall be \$44,100 annually, paid bi-monthly

The parties have executed this Agreement as of the day and year first above written.

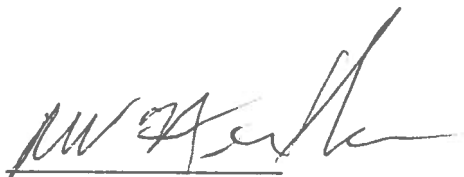
## Article X

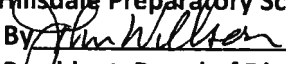
### GVSU Policies

- A. Indemnification of Grand Valley State University.** The parties acknowledge and agree that the Grand Valley State University Board of Trustees, Grand Valley State University and its members, officers, employees, agents or representatives are deemed to be third party beneficiaries for purposes of this Agreement. As third party beneficiaries, the parties hereby promise to indemnify and hold harmless Grand Valley State University agents or representatives from all claims, demands, or liability, including attorney fees, and related expenses, on account of injury, loss or damage, including, without limitation, claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage or any other losses of any kind whatsoever and not caused by the sole negligence of Grand Valley State University, which arise out of or are in any manner connected with Grand Valley State University Board's approval of the Application, the University Board's consideration of or issuance of a Contract, the Academy's preparation for and operation of a public school, or which are incurred as a result of the reliance by Grand Valley State University and its Board of Trustees members, officers, employees agents or representatives upon information supplied by the Academy or Henway or which arise out of the failure of the Academy to perform its obligations under the Contract issued to the Academy by Grand Valley State University Board of Trustees. The parties expressly acknowledge and agree that Grand Valley State University and its Board of Trustee members, officers, employees, agents or representatives may commence legal action against either party or enforce its rights as set forth in this Agreement.
- B. Revocation or Termination of Contract.** If the Academy's Contract issued by the Grand Valley State University Board of Trustees is revoked or terminated, this Agreement shall automatically terminate on the same date as the Academy's Contract is revoked or termination without further action of the parties.
- C. Compliance with Academy's Contract.** Henway 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 Grand Valley State University Board of Trustees. The provisions of the Academy's Contract shall supersede any competing or conflicting provisions contained in this Agreement.
- D. Compliance with Sections 503c.** On an annual basis, Henway agrees to provide the Academy Board with the same information that a school district is required to disclose under section 18(2) of the State School Aid Act of 1979, MCL 388.1618, for the most recent school fiscal year for which the information is available. Within thirty (30) days of receipt of this information, the Academy Board shall make the information available on the Academy's website home page, in a form and manner prescribed by the Michigan Department of Education. The defined terms in section 503c of the Code, MCL 380.503c, shall have the same meaning in this Agreement.
- E. Amendment Caused By Academy Site Closure or Reconstitution.** In the event that the Academy is required (i) to close an Academy site pursuant to a notice issued by the State School Reform/ Redesign Officer under Section 507 of the Code, MCL 380.507; or (ii) to undergo a reconstitution pursuant to Section 507 of the Code, MCL 380.507, and of the Contract Terms and Conditions, and such closure of an Academy site or reconstitution causes an amendment to or termination of this management Agreement, the parties, agree that this management Agreement shall be amended or terminated to implement the

Academy's site closure or reconstitution with no cost or penalty to the Academy, and Henway shall have no recourse against the Academy or the University Board for implementing such site closure or reconstitution.

- F. **Compliance with Section 11.23 of Contract Terms and Conditions.** Henway shall make information concerning the operation and management of the Academy, including without limitation the information described in Schedule 6 of the Contract, available to the Academy as deemed necessary by the Academy Board in order to enable the Academy to fully satisfy its obligations under section 11.23(a) of the Contract Terms and Conditions.

  
Robert W. Henthorne

Hillsdale Preparatory School  
By   
President, Board of Directors

**SCHEDULE 7**

**ACADEMY SPECIFIC INFORMATION & EDUCATIONAL PROGRAM**

**SCHEDULE 7-1**

**EDUCATIONAL GOALS AND PROGRAMS**

## SCHEDULE 7-1

### EDUCATIONAL GOALS

#### Academic Achievement

As measured by the state assessment, the school's percentage of total tested students in all tested grades identified as proficient in all tested subjects or identified as college ready as reported by the Michigan Department of Education will meet or exceed the select peer schools' mean reported percentage of total tested students in all tested grades identified as proficient in all tested subjects or identified as college ready. Select peer schools are the set of school buildings determined annually by GVSU to be the most demographically, socioeconomically, programmatically, and geographically similar to the school.

#### Academic Growth

As measured by the state assessment, the school's mean student growth percentile rank in English language arts and math will meet or exceed the select peer schools' mean student growth percentile rank. Select peer schools are the set of school buildings determined annually by GVSU to be the most demographically, socioeconomically, programmatically, and geographically similar to the school.

Date: 6/29/18

John Wilson  
Board President/Vice President Signature

#### Secretary's Certification:

I certify that the foregoing resolution was duly adopted by the ~~Hillside Prep~~ Board of Directors at a properly noticed open meeting held on the 25 day of June, 2018, at which a quorum was present.

John Wilson  
Board Secretary

**SCHEDULE 7-2**

**CURRICULUM**



The Academy will comply with the requirements of MCL 380.552(20). The Academy will submit a report to the MDE, in a form or manner prescribed by the MDE, that reports the number of pupils enrolled in an online or distance learning program during the immediately preceding month.

Please see separate folder on Contract CD for full Curriculum

**SCHEDULE 7-3**

**STAFF RESPONSIBILITIES**

Except as otherwise provided by law, the Academy shall use certificated teachers according to state board rule. The Academy may use noncertified individuals to teach as follows:

(a) A classroom teacher in any grade a faculty member who is employed full-time by the state public university and who has been granted institutional tenure, or has been designated as being on tenure track, by the state public university, and

(b) In any other situation in which a school district is permitted under this act to use noncertificated teachers.

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.

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 sections 1249 and 1250 of 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 this section.

Performance Evaluation System Commencing with the 2013-2014 School Year. If the Academy Board adopts and implements for all teachers and school administrators a performance evaluation system that complies with section 1249(7) of the Code, then the Academy Board is not required to implement a performance evaluation system that complies with section 1249(2) and (3). 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 this section.

Parent Notification of Ineffective Teacher Ratings. Beginning with the 2015-2016 school year and continuing on during the term of this Contract, if a pupil is assigned to be taught by a teacher who has been rated as ineffective on his or her 2 most recent annual year-end evaluations under section 1249, the Academy Board shall notify the pupil's parent or legal guardian that the pupil has been assigned to a teacher who has been rated as ineffective on the teacher's 2 most recent annual year-end evaluations. The notification shall be in writing and shall be delivered to the pupil's parent or legal guardian by U.S. mail 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 identify the teacher who is the subject of the notification.

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 earned and paid in accordance with Applicable Law. 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.

# **Hillsdale Preparatory School**

## **Job Descriptions:**

**Position:** Teacher

**Job Type:** Full Time

**Reports to:** Headmaster

### **Essential Duties and Responsibilities:**

Responsible for classroom instruction and management, and the following:

#### **Curriculum**

- Prepares courses objectives and outlines for courses of study, following curriculum guidelines or requirements set by the Academy Board and state.
- Instructs, demonstrates and uses audiovisual teaching aids to present subject matter to class.
- Develops lesson plans and instructional materials and provides individualized and small group instruction in order to adapt the curriculum to the needs of each pupil.
- Uses a variety of instructional strategies, such as inquiry, group discussion, lecture, discovery, etc.
- Translates lesson plans into learning experiences so as to best utilize the available time for instruction.
- Communicates with parents through conferences and other means to discuss pupil progress and interpret the school program.
- Creates an effective environment for learning through functional and attractive displays, bulletin boards and interest centers.
- Selects and requisitions books and instructional aids; maintains required inventory records.
- Participates in curriculum development programs as required.

#### **Record Keeping**

- Prepares, administers and corrects tests, recording results.
- Keeps attendance and grade records as required by the Academy.
- Administers group standardized tests in accordance with the school and state testing program.
- Evaluates the academic and social growth of pupils, keeps appropriate records and prepares progress reports.

#### **Discipline & Counseling**

- Teaches and enforces Academy rules of conduct and behavior.
- Maintains order in classroom and on playground.

- Maintains classroom in a neat and clean manner.
- Counsels students when emotional or academic problems arise.
- Discusses pupils' academic achievement and behavior with parents.
- Establishes and maintains standards of pupil behavior needed to achieve a functional learning atmosphere in the classroom.
- Identifies pupil needs and cooperates with other professional staff members in assessing and helping pupils solve health, attitude, and learning problems.
- Supervises pupils in out-of-classroom activities during the assigned working day.

#### **Other**

- Coordinates the work of Paraprofessionals and volunteers in classroom.
- Attends staff meetings and other Academy-related events and activities.
- Attends Conferences and seminars and presents information to staff.
- Maintains professional competence through in-service education activities provided by the Academy and self-selected professional growth activities.
- Participates in faculty committees and the sponsorship of pupil activities.
- Performs other duties as may be assigned.
- Coordinates class field trips.
- Maintains a call log with parent communication.
- When given a task turn things in by the requested date, or in a timely manner if a date is not given.
- Reports needed repairs and maintenance needs to the administrative office.
- Other duties assigned by the Headmaster or CEO.

#### **Certificates, Licenses, Registrations:**

- Shall possess a valid State of Michigan Teaching Certificate with the appropriate endorsement(s) for all subject area(s) being taught.
- Satisfactory criminal background check required.

**Position:** Paraprofessional

**Job Type:** Part Time/ Full Time

**Reports to:** Headmaster

**Essential Duties and Responsibilities:**

Works with students as directed by the teacher on specific core academic goals, and the following:

**Curriculum**

- Instructs, demonstrates and uses audiovisual teaching aids to present subject matter to students, at the direction of the teacher.
- Assigns lessons and listens to oral presentations, at the direction of the teacher.
- Assists students with test preparation.
- Encourages level of learning.

**Record Keeping**

- Assists teacher in preparing and administering.

**Discipline & Counseling**

- Teaches and enforces Academy rules of conduct and behavior.
- Maintains order in classroom, playground, hallway and lunchroom.
- Counsels students when emotional or academic problems arise.
- Communicates with teachers regarding students at risk.

**Other**

- Assists teacher in maintaining classroom in a neat and clean manner.
- Assists teacher in coordinating the work of volunteers in classroom.
- Attends staff meetings and other Academy-related events and activities.
- Participates in in-service training as assigned.
- Attends Conferences and seminars and presents information to staff.
- Reports needed repairs and maintenance to the Administrative office.
- Performs other duties as may be assigned.

**Education and Experience:**

Complete at least two years of study at an institution of higher education (equal to 60 semester hours); or obtain an associate's degree (or higher); or meet a rigorous standard of quality and demonstrate, through a formal state or local academic assessment:

- Knowledge of, and the ability to assist in, instructing reading, writing, and mathematics; or



- Knowledge of and the ability to assist in , instructing reading readiness, writing readiness, and mathematics readiness, as appropriate.

**Qualifications/requirments:**

- Satisfactory criminal background check required.

**Position:** Headmaster

**Job Type:** Permanent Full Time

**Reports to:** CEO

**Expectations:**

- Hours are those necessary to conduct functions of the school – not less than eight (8) per day, and shall include greeting and dismissing students daily.
- The annual work schedule includes 230 days, with time-off approved by the CEO in advance.
- Shall at all times positively reflect the values of the HPS, and conduct him/herself in a professional manner, one becoming to the School
- Shall be evaluated in writing at least once per school-year, and more often at the discretion of the CEO, or up request.
- Serves at the discretion of the CEO, with annual contract with Henway Consulting.

**Specific Duties:**

- Attend all staff, school board and parent council meetings.
- Evaluate instructional staff in writing at least twice per year. Copy of evaluations given to CEO as they are performed.
- Update Student Handbook annually with input from parent council. Turn in amended Handbook to CEO by July 1, each year.
- Enforce all rules and regulations, including the dress code.
- Responsible for Title I Grant, and its implementation
- Responsible for certain state reports requirements, to be determined.
- Responsible for discipline in the school.
- Plan and carry out staff meetings (at least twice monthly), including preparing a written agenda and minutes of each meeting called, with a copy to the CEO each Friday of the meetings.
- Mentor staff
- Oversee curriculum
- Evaluate textbooks and instructional material, annually.
- Develop and maintain a rotating schedule for textbook and materials replacements (five-year rotation). Submit to CEO in June of each year.
- Ensure that instructional staff is following company standards, according to their contracts.
- Plan staff schedule and time-off requests in accordance with company standards.
- Maintain confidentiality at all times.
- Maintain a neat and orderly office space.
- Make recommendations for purchases of supplies.

- Schedule and oversee special programs.
- Approve field-trips and plan a coordinated field-trips experience program annually.
- Develop proper parental permission slips, and oversee their use.
- Plan and carry out an organized and effective professional development program communicate with parents on a regular and ongoing basis through visits, letters, and phone calls.
- Other duties as assigned by the CEO.

**Certificates, Licenses, Registrations:**

- Complete a master's degree or higher in educational leadership or administration
- Must hold a valid Michigan Administrator Certificate, an Experienced- Based School Administrator Certificate, or obtain the School Administrator Permit.
- Satisfactory criminal background check required.

**Position:** Administrative Assistant

**Job Type:** Full Time

**Report to:** CEO

**Manage the Front Desk:**

- Control the buzzer
- Answer the phone
- Help anyone that comes in to the office

**Manage All State Reporting:**

- Submit fall, spring and end of year student counts
- Submit the REP twice a year
- Submit MCIR twice a year
- Keep track of the days and clock hours
  - Submit this information at the end of the school year
- Submit the CRDC
- Submit any additional reports required by the State

**Pay Bills:**

- Create a spreadsheet and drop it off at CHBW
- Pick the checks up
- Sign the checks and mail them

**Manage Student Records:**

- Keep updated information in PowerSchool
- Keep CA-60's on file for every student and make sure they are up to date
- Manage all online testing and school related programs
  - M-Step, NWEA, Typing Agent, Ex.....

**Other Duties:**

- Submit payroll twice monthly
- Administer medication to students if needed.
- Coordinate maintenance needs with staff

- Other duties assigned by the CEO

**Qualifications/Requirements:**

- Satisfactory criminal background check required

**SCHEDULE 7-4**

**METHODS OF ACCOUNTABILITY AND PUPIL ASSESSMENT**

#### SCHEDULE 7-4

Grand Valley State University shall evaluate the success of the Academy by considering multiple areas of performance. A Comprehensive Performance Review (CPR) system will be established by Grand Valley State University Charter Schools Office and shall include, but not be limited to, the performance of the Academy in the areas of student performance, board governance, organizational performance, compliance reporting, facility conditions, fiscal strength and reporting and other pertinent performance data, as required by federal and state law, the authorizing contract, or desired by the authorizer for review.

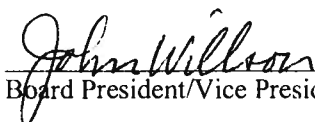
Included in the Comprehensive Performance Review shall be the requirements of Article VI Section 6.5 of the authorizing agreement, which states:

Section 6.5. Methods of Accountability. In addition to those set forth in this Section 6.5, the Academy shall evaluate its pupils' work based on the assessment strategies identified in the Schedules. To the extent applicable, the pupil performance of the Academy shall be assessed using at least the approved state standardized assessment designated under the Code. The Academy shall provide the University Charter Schools Office with copies of reports, assessments and test results concerning the following:

- a) educational outcomes achieved by pupils attending the Academy and other reports reasonably requested by the University Charter Schools Office;
- b) an assessment of the Academy's student performance at the end of each academic school year or at such other times as the University Board may reasonably request;
- c) an annual education report in accordance with the Code;
- d) an annually administered nationally recognized norm-referenced achievement test for the Academy's grade configuration, or a program of testing approved by the University Charter Schools Office Director; and
- e) all tests required under Applicable Law.

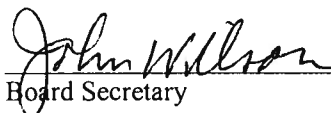
The University Board may use such reports, assessments and test results in making its decision to revoke, terminate, or not issue a new contract at the end of the Contract.

Date: 6/25/18

  
Board President/Vice President Signature

Secretary's Certification:

I certify that the foregoing resolution was duly adopted by the Hillsdale Prep. Board of Directors at a properly noticed open meeting held on the 25 day of June, 2018, at which a quorum was present.

  
Board Secretary

**SCHEDULE 7-5**

**ACADEMY'S ADMISSION POLICIES AND CRITERIA**



# Hillsdale Preparatory School

## Admission and Enrollment Policy

### **Non-Discrimination**

The School will not discriminate on the basis of intellectual or athletic abilities, measures of achievement or aptitude, disability, status as a handicapped person, homeless status, English proficiency, religion, creed, race, sex, color, national origin or any other basis that would be illegal for an existing public school.

### **Open Enrollment Period and Notice**

The Open Enrollment Period is from the first day of school of the current school year until 5:00 pm on the last day of business in February of the current school year. Notice of the Open Enrollment Period and application process will be designed to inform the persons most likely to be interested in the school.

Hillsdale Preparatory School (HPS) and/or the school will provide notice of open enrollment on its website and by (a) printing a legal notice of the enrollment period in a local newspaper of general circulation; and (b) posting a written notice of the Open Enrollment Period at the school. In addition, notice may also be provided by airing a public service announcement on local television.

As part of the enrollment process, the school staff will communicate or meet with families, parents/guardians and students prior to the first day of school.

### **Application Procedures**

Interested parties may obtain applications at:

- The school's website
- The offices of the school

Applications will be mailed, emailed or faxed to anyone requesting an application by telephone

Applications for the current school year will be accepted until the end of the current school year and available seats will be filled. Applications for the subsequent school year are received during and after the Open Enrollment Period. If applications received during the Open Enrollment Period exceed offered seats in any grade level ("over-subscribed grades"), a random selection process will take place for all affected grade levels. If applications received are fewer than offered seats in each and every grade level ("under-subscribed grades"), all eligible applicants will be accepted and a random selection process will not be conducted.

**Step 1: Setup**

A list with the name of each student who submitted an application during the Open Enrollment Period will be created. The list will include, but not be limited to, the student's name, birth date, grade level to which the student is applying, street address, and names and grade levels of any siblings who are also applying for admissions to the school

**Step 2: Admission of Applications Applying for Under and Over-Subscribed Grades**

A neutral third-party person (as previously described) will perform a random selection of the names of each applicant. Any under-subscribed grades will be considered before the over-subscribed grades in descending order. After all under-subscribed grades have been identified, the order of the over-subscribed grades will be randomly selected. Once the grade order has been established randomly selected students will be placed in available seats or on the waiting list in the applying grade if an offered seat is not available. If the selected student is accepted and has siblings who are also applying for admission, the siblings will be accepted if there are offered seats available or placed on the waiting list with siblings' preference if offered seats are not available. If the selected student is placed on the waiting list and has siblings who are also applying, the siblings' names will not be selected at this time or granted sibling preference, but will wait until their grade level is selected.

**Step 3: Waiting List Priority**

Students will continue to be randomly selected until all names are selected. After a grade level's seats are full, all remaining names will be placed on the waiting list in the order in which they are selected. Applications received after the Open Enrollment Period will be added to the end of the waiting list for the appropriate grade in the in which they were received.

When a seat becomes available in a particular grade due to attrition, erosion, or the event, if that particular grade has a waiting list, that available seat will be filled by the first student on the waiting list for that particular grade. If a waiting list does not exist for the particular grade, but exists for another grade, the school may (subject to applicable enrollment limits and board approved offered seats) fill the available seat using the first student on the waiting list in a different grade, the grade deemed most beneficial to student and school considering class size, teacher capacity, and other school operational factors.

**Appeals**

Any parent or guardian may contest or appeal the random selection process, in writing, to the school's board of directors. Following receipt of the parent's/guardian's written appeal, a school board designee will contact the parents/guardian to discuss the nature of the concern or objections. Final decisions will be made by the school board or its designee.

**SCHEDULE 7-6**

**SCHOOL CALENDAR AND SCHOOL DAY SCHEDULE**

# DRAFT Hillsdale County Common Calendar | 2018-2019 CALENDAR

This calendar represents:

Total Student Days: 180  
Total Staff Days: 185  
PD Days: 5

JULY 2018						
S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

JANUARY 2019						
S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

No School: January 1-4  
Winter Break  
Staff PD: January 14

Student Days: 18  
Staff Days: 19  
Staff PD: 1

Staff PD: August 15  
Staff PD: August 16  
First Day of School: August 22  
No School: August 31

AUGUST 2018						
S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Student Days: 7  
Staff Days: 9  
PD: 2

FEBRUARY 2019						
S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28		

½ Day: February 15  
No School: February 15 & 18

Student Days: 18  
Staff Days: 18

No School: September 3  
No School: September 24  
Fair Day

SEPTEMBER 2018						
S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Student Days: 18  
Staff Days: 18

MARCH 2019						
S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Last Day of Third Marking Period: March 23  
No School: March 11  
Staff PD: March 11

Student Days: 20  
Staff Days: 21

No School: October 5  
Last Day of First Marking Period: October 19

OCTOBER 2018						
S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Student Days: 22  
Staff Days: 22

APRIL 2019						
S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

No School: April 19  
Good Friday

Student Days: 16  
Staff Days: 16

½ Day: November 21  
No School: November 22  
No School: November 23  
Thanksgiving Break

NOVEMBER 2018						
S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

Student Days: 20  
Staff Days: 20

MAY 2019						
S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

No School: May 27  
Memorial Day

Student Days: 22  
Staff Days: 22

No School: December 24 – 31  
Winter Break  
Last Day of Second Marking Period: December 21

DECEMBER 2018						
S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Student Days: 15  
Staff Days: 15

JUNE 2019						
S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Last day of School – ½ day only  
Students: June 6  
Staff PD: June 7

Students Days: 4  
Staff Days: 5



*back to basics*

**Hillsdale Preparatory School's Daily Schedule:**

Drop Off: 7:30am – 8:15am

Class Begins: 8:15am (students are tardy if they arrive after 8:15am)

Lunch: 11:50am-12:20pm

Dismissal: 3:15pm (students here after 3:45 will be sent to the after school program)

After School: 3:30pm-5:00pm

**SCHEDULE 7-7**

**AGE/GRADE RANGE OF PUPILS ENROLLED**

Hillsdale Preparatory School, located at 160 Mechanic Road, Hillsdale, MI 49242, offers Kindergarten through Eighth grades to age appropriate students.

**SCHEDULE 7-8**

**ADDRESS AND DESCRIPTION OF PROPOSED PHYSICAL PLANT; LEASE  
OR DEED FOR PROPOSED SITE; OCCUPANCY CERTIFICATE**



## Hillsdale Preparatory School

### Addresses and Building Descriptions

#### Location 1:

160 Mechanic Rd  
Hillsdale, MI 49242

This address consists of two separate buildings with one address. The second address consists of one building, but is on the same property. All three buildings have a shared parking lot and playground. There is one main parking lot in the back of the property and one drive in the front of the property meant for dropping off students. The playground is surrounded by a chain link fence and has an area of asphalt for games. There is also a wood chipped area with playground equipment.

#### Building One:

This building is a single story cement block structure with a metal roof. It has 7 classrooms, 4 bathrooms, 3 offices, 2 storage rooms and a janitorial closet. It has a furnace that runs on natural gas and central air conditioning. There are 3 exterior doors that allow access in to the building. It is equipped with a fire alarm system and emergency lights.

#### Building Two:

This building is a single story cement block building with a metal roof. It has 3 classrooms, 5 bathrooms, a music room, a library, a gymnasium and one office. There is one kitchen that only has a sink, refrigerator and milk cooler. There are 2 storage closets and one janitorial closet. It has 3 furnaces that run on natural gas. Two of the furnaces are equipped with central air conditioning. There are 9 exterior doors that allow access in to the building. It is equipped with a fire alarm system and emergency lights.

#### Location 2:

170 Mechanic Rd  
Hillsdale, MI 49242

This building is a single story cement block structure with a metal roof. It has 2 classrooms, 2 bathrooms, and 3 storage rooms. There is small kitchen area with a sink and washer and drying. There are 2 exterior doors that allow access in to the building. It is equipped with a fire alarm systems and emergency lights.

UNITED STATES OF AMERICA  
STATE OF MICHIGAN  
COUNTY OF HILLSDALE

HILLSDALE PREPARATORY SCHOOL  
2017 PUBLIC SCHOOL ACADEMY REFUNDING BOND  
(GENERAL OBLIGATION)

Registered Owner: Hillsdale County National Bank

Principal Amount: \$590,000

Interest Rate: 5.250%

Date of Issuance: August 8, 2017

FOR VALUE RECEIVED, Hillsdale Preparatory School, County of Hillsdale, State of Michigan (the "Academy"), hereby acknowledges itself indebted and promises to pay, but only as provided in this Bond, to the Registered Owner specified above, or its registered assigns, the Principal Amount specified above in the principal installment amounts on the dates set forth on the attached Exhibit A, which is hereby incorporated and made part hereof, in lawful money of the United States of America, together with interest thereon at the Interest Rate set forth above, commencing on September 1, 2017, and monthly thereafter on the first day of each month as set forth on the attached Exhibit A for a period of five (5) years. Commencing August 1, 2022, the Interest Rate shall be adjusted to a rate equal to the Purchaser's Base Rate plus one and one quarter percent (1.25%) and a revised Exhibit A shall be prepared and incorporated herein on or before August 1, 2022. Interest on this Bond shall be computed on the basis of a 360-day year consisting of twelve months of thirty days each. The Academy agrees that it will deposit with the Registered Owner payment of principal of and interest on this Bond in immediately available funds by 3:00 p.m. on the dates set forth on the attached Exhibit A.

For the prompt payment of this Bond, both principal and interest, the full faith and credit of the Academy is hereby pledged. As further security for the repayment of the Bond, the Academy has granted to the Registered Owner a first lien mortgage on the Academy's school facility (the "Mortgage").

This Bond is issued under and in pursuance of the provisions of Act 451, Public Acts of Michigan, 1976, as amended, for the purpose of financing the current refunding of the Academy's Prior Obligations as more fully described in the Resolution adopted by the Board of

*Hillsdale Preparatory School*

Directors of the Academy on June 30, 2017, as amended July 24, 2017, approving the issuance of this Bond (the "Resolution").

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

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

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

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

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

- (a) Default in the payment of any interest on this Bond when and as the same is due; or
- (b) Default in the payment of the principal of or any premium on this Bond when and as the same is due, whether at the stated maturity or redemption date thereof or by acceleration; or

*Hillsdale Preparatory School*

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

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

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

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

(b) Bring suit upon the Bond;

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

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

*Hillsdale Preparatory School*

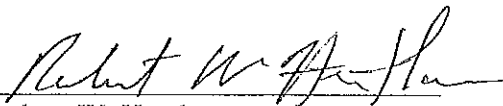
(f) Exercise any or all other rights and remedies provided for by law, and by any suit, action or special proceeding at law or in equity, either for the specific performance of any covenant or agreement contained herein or in the Mortgage, or in aid of execution of any power or right herein or therein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

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

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

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

HILLSDALE PREPARATORY SCHOOL

By:   
Robert W. Henthorne

Its: Chief Administrative Officer

*Hillsdale Preparatory School*

**TRANSFER**

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

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

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

*Hillsdale Preparatory School*

EXHIBIT A

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS

[See Amortization Schedule Attached]

Date: 08/03/2017

**Hillsdale County National Bank**

Page 1

<b>Funding Date:</b>	08/08/2017	<b>Compounding:</b>	U.S. Rule	<b>Principal:</b>	590,000.00
<b>First Payment Date:</b>	09/01/2017	<b>Period:</b>	Actual/360	<b>Initial Interest Rate:</b>	0.000%
		<b>Pmt Schedule:</b>	Monthly	<b>Interest Rate:</b>	5.250%
				<b>Pmt Amount:</b>	3,996.88

Payment Number	Payment Date	Days	Payment Amount	Interest Amount	Principal Reduction	Outstanding Balance	Equity Built
1	09/01/2017	24	\$3,996.88	2,065.00	1,931.88	588,068.12	\$1,931.88
2	10/01/2017	30	\$3,996.88	2,572.80	1,424.08	586,644.04	\$3,355.96
3	11/01/2017	31	\$3,996.88	2,652.12	1,344.76	585,299.28	\$4,700.72
4	12/01/2017	30	\$3,996.88	2,560.68	1,436.20	583,863.08	\$6,136.92
<b>2017</b>	<b>Totals:</b>		<b>15,987.52</b>	<b>9,850.60</b>	<b>6,136.92</b>		
5	01/01/2018	31	\$3,996.88	2,639.55	1,357.33	582,505.75	\$7,494.25
6	02/01/2018	31	\$3,996.88	2,633.41	1,363.47	581,142.28	\$8,857.72
7	03/01/2018	28	\$3,996.88	2,373.00	1,623.88	579,518.40	\$10,481.60
8	04/01/2018	31	\$3,996.88	2,619.91	1,376.97	578,141.43	\$11,858.57
9	05/01/2018	30	\$3,996.88	2,529.37	1,467.51	576,673.92	\$13,326.08
10	06/01/2018	31	\$3,996.88	2,607.05	1,389.83	575,284.09	\$14,715.91
11	07/01/2018	30	\$3,996.88	2,516.87	1,480.01	573,804.08	\$16,195.92
12	08/01/2018	31	\$3,996.88	2,594.07	1,402.81	572,401.27	\$17,598.73
13	09/01/2018	31	\$3,996.88	2,587.73	1,409.15	570,992.12	\$19,007.88
14	10/01/2018	30	\$3,996.88	2,498.09	1,498.79	569,493.33	\$20,506.67
15	11/01/2018	31	\$3,996.88	2,574.58	1,422.30	568,071.03	\$21,928.97
16	12/01/2018	30	\$3,996.88	2,485.31	1,511.57	566,559.46	\$23,440.54
<b>2018</b>	<b>Totals:</b>		<b>47,962.56</b>	<b>30,658.94</b>	<b>17,303.62</b>		
17	01/01/2019	31	\$3,996.88	2,561.32	1,435.56	565,123.90	\$24,876.10
18	02/01/2019	31	\$3,996.88	2,554.83	1,442.05	563,681.85	\$26,318.15
19	03/01/2019	28	\$3,996.88	2,301.70	1,695.18	561,986.67	\$28,013.33
20	04/01/2019	31	\$3,996.88	2,540.65	1,456.23	560,530.44	\$29,469.56
21	05/01/2019	30	\$3,996.88	2,452.32	1,544.56	558,985.88	\$31,014.12
22	06/01/2019	31	\$3,996.88	2,527.08	1,469.80	557,516.08	\$32,483.92
23	07/01/2019	30	\$3,996.88	2,439.13	1,557.75	555,958.33	\$34,041.67
24	08/01/2019	31	\$3,996.88	2,513.39	1,483.49	554,474.84	\$35,525.16
25	09/01/2019	31	\$3,996.88	2,506.69	1,490.19	552,984.65	\$37,015.35
26	10/01/2019	30	\$3,996.88	2,419.31	1,577.57	551,407.08	\$38,592.92
27	11/01/2019	31	\$3,996.88	2,492.82	1,504.06	549,903.02	\$40,096.98
28	12/01/2019	30	\$3,996.88	2,405.83	1,591.05	548,311.97	\$41,688.03
<b>2019</b>	<b>Totals:</b>		<b>47,962.56</b>	<b>29,715.07</b>	<b>18,247.49</b>		
29	01/01/2020	31	\$3,996.88	2,478.83	1,518.05	546,793.92	\$43,206.08
30	02/01/2020	31	\$3,996.88	2,471.96	1,524.92	545,269.00	\$44,731.00
31	03/01/2020	29	\$3,996.88	2,306.03	1,690.85	543,578.15	\$46,421.85
32	04/01/2020	31	\$3,996.88	2,457.43	1,539.45	542,038.70	\$47,961.30
33	05/01/2020	30	\$3,996.88	2,371.42	1,625.46	540,413.24	\$49,586.76
34	06/01/2020	31	\$3,996.88	2,443.12	1,553.76	538,859.48	\$51,140.52
35	07/01/2020	30	\$3,996.88	2,357.51	1,639.37	537,220.11	\$52,779.89
36	08/01/2020	31	\$3,996.88	2,428.68	1,568.20	535,651.91	\$54,348.09
37	09/01/2020	31	\$3,996.88	2,421.59	1,575.29	534,076.62	\$55,923.38
38	10/01/2020	30	\$3,996.88	2,336.59	1,660.29	532,416.33	\$57,583.67
39	11/01/2020	31	\$3,996.88	2,406.97	1,589.91	530,826.42	\$59,173.58
40	12/01/2020	30	\$3,996.88	2,322.37	1,674.51	529,151.91	\$60,848.09
<b>2020</b>	<b>Totals:</b>		<b>47,962.56</b>	<b>28,802.50</b>	<b>19,160.06</b>		



<b>Funding Date:</b>	08/08/2017	<b>Compounding:</b>	U.S. Rule	<b>Principal:</b>	590,000.00
<b>First Payment Date:</b>	09/01/2017	<b>Period:</b>	Actual/360	<b>Initial Interest Rate:</b>	0.000%
		<b>Pmt Schedule:</b>	Monthly	<b>Interest Rate:</b>	5.250%
				<b>Pmt Amount:</b>	3,996.88

Payment Number	Payment Date	Days	Payment Amount	Interest Amount	Principal Reduction	Outstanding Balance	Equity Built
41	01/01/2021	31	\$3,996.88	2,392.21	1,604.67	527,547.24	\$62,452.76
42	02/01/2021	31	\$3,996.88	2,384.95	1,611.93	525,935.31	\$64,064.69
43	03/01/2021	28	\$3,996.88	2,147.57	1,849.31	524,086.00	\$65,914.00
44	04/01/2021	31	\$3,996.88	2,369.31	1,627.57	522,458.43	\$67,541.57
45	05/01/2021	30	\$3,996.88	2,285.76	1,711.12	520,747.31	\$69,252.69
46	06/01/2021	31	\$3,996.88	2,354.21	1,642.67	519,104.64	\$70,895.36
47	07/01/2021	30	\$3,996.88	2,271.08	1,725.80	517,378.84	\$72,621.16
48	08/01/2021	31	\$3,996.88	2,338.98	1,657.90	515,720.94	\$74,279.06
49	09/01/2021	31	\$3,996.88	2,331.49	1,665.39	514,055.55	\$75,944.45
50	10/01/2021	30	\$3,996.88	2,248.99	1,747.89	512,307.66	\$77,692.34
51	11/01/2021	31	\$3,996.88	2,316.06	1,680.82	510,626.84	\$79,373.16
52	12/01/2021	30	\$3,996.88	2,233.99	1,762.89	508,863.95	\$81,136.05
<b>2021</b>	<b>Totals:</b>		<b>47,962.56</b>	<b>27,674.60</b>	<b>20,287.96</b>		
53	01/01/2022	31	\$3,996.88	2,300.49	1,696.39	507,167.56	\$82,832.44
54	02/01/2022	31	\$3,996.88	2,292.82	1,704.06	505,463.50	\$84,536.50
55	03/01/2022	28	\$3,996.88	2,063.98	1,932.90	503,530.60	\$86,469.40
56	04/01/2022	31	\$3,996.88	2,276.38	1,720.50	501,810.10	\$88,189.90
57	05/01/2022	30	\$3,996.88	2,195.42	1,801.46	500,008.64	\$89,991.36
58	06/01/2022	31	\$3,996.88	2,260.46	1,736.42	498,272.22	\$91,727.78
59	07/01/2022	30	\$3,996.88	2,179.94	1,816.94	496,455.28	\$93,544.72
60	08/01/2022	31	\$3,996.88	2,244.39	1,752.49	494,702.79	\$95,297.21
61	09/01/2022	31	\$3,996.88	2,236.47	1,760.41	492,942.38	\$97,057.62
62	10/01/2022	30	\$3,996.88	2,156.62	1,840.26	491,102.12	\$98,897.88
63	11/01/2022	31	\$3,996.88	2,220.19	1,776.69	489,325.43	\$100,674.57
64	12/01/2022	30	\$3,996.88	2,140.80	1,856.08	487,469.35	\$102,530.65
<b>2022</b>	<b>Totals:</b>		<b>47,962.56</b>	<b>26,567.96</b>	<b>21,394.60</b>		
65	01/01/2023	31	\$3,996.88	2,203.77	1,793.11	485,676.24	\$104,323.76
66	02/01/2023	31	\$3,996.88	2,195.66	1,801.22	483,875.02	\$106,124.98
67	03/01/2023	28	\$3,996.88	1,975.82	2,021.06	481,853.96	\$108,146.04
68	04/01/2023	31	\$3,996.88	2,178.38	1,818.50	480,035.46	\$109,964.54
69	05/01/2023	30	\$3,996.88	2,100.16	1,896.72	478,138.74	\$111,861.26
70	06/01/2023	31	\$3,996.88	2,161.59	1,835.29	476,303.45	\$113,696.55
71	07/01/2023	30	\$3,996.88	2,083.83	1,913.05	474,390.40	\$115,609.60
72	08/01/2023	31	\$3,996.88	2,144.64	1,852.24	472,538.16	\$117,461.84
73	09/01/2023	31	\$3,996.88	2,136.27	1,860.61	470,677.55	\$119,322.45
74	10/01/2023	30	\$3,996.88	2,059.21	1,937.67	468,739.88	\$121,260.12
75	11/01/2023	31	\$3,996.88	2,119.09	1,877.79	466,862.09	\$123,137.91
76	12/01/2023	30	\$3,996.88	2,042.52	1,954.36	464,907.73	\$125,092.27
<b>2023</b>	<b>Totals:</b>		<b>47,962.56</b>	<b>25,400.94</b>	<b>22,561.62</b>		
77	01/01/2024	31	\$3,996.88	2,101.77	1,895.11	463,012.62	\$126,987.38
78	02/01/2024	31	\$3,996.88	2,093.20	1,903.68	461,108.94	\$128,891.06
79	03/01/2024	29	\$3,996.88	1,950.11	2,046.77	459,062.17	\$130,937.83
80	04/01/2024	31	\$3,996.88	2,075.34	1,921.54	457,140.63	\$132,859.37
81	05/01/2024	30	\$3,996.88	1,999.99	1,996.89	455,143.74	\$134,856.26
82	06/01/2024	31	\$3,996.88	2,057.63	1,939.25	453,204.49	\$136,795.51
83	07/01/2024	30	\$3,996.88	1,982.77	2,014.11	451,190.38	\$138,809.62

<b>Funding Date:</b>	08/08/2017	<b>Compounding:</b>	U.S. Rule	<b>Principal:</b>	590,000.00
<b>First Payment Date:</b>	09/01/2017	<b>Period:</b>	Actual/360	<b>Initial Interest Rate:</b>	0.000%
		<b>Pmt Schedule:</b>	Monthly	<b>Interest Rate:</b>	5.250%
				<b>Pmt Amount:</b>	3,996.88

Payment Number	Payment Date	Days	Payment Amount	Interest Amount	Principal Reduction	Outstanding Balance	Equity Built
84	08/01/2024	31	\$3,996.88	2,039.76	1,957.12	449,233.26	\$140,766.74
85	09/01/2024	31	\$3,996.88	2,030.91	1,965.97	447,267.29	\$142,732.71
86	10/01/2024	30	\$3,996.88	1,956.79	2,040.09	445,227.20	\$144,772.80
87	11/01/2024	31	\$3,996.88	2,012.80	1,984.08	443,243.12	\$146,756.88
88	12/01/2024	30	\$3,996.88	1,939.19	2,057.69	441,185.43	\$148,814.57
<b>2024</b>	<b>Totals:</b>		<b>47,962.56</b>	<b>24,240.26</b>	<b>23,722.30</b>		
89	01/01/2025	31	\$3,996.88	1,994.53	2,002.35	439,183.08	\$150,816.92
90	02/01/2025	31	\$3,996.88	1,985.47	2,011.41	437,171.67	\$152,828.33
91	03/01/2025	28	\$3,996.88	1,785.12	2,211.76	434,959.91	\$155,040.09
92	04/01/2025	31	\$3,996.88	1,966.38	2,030.50	432,929.41	\$157,070.59
93	05/01/2025	30	\$3,996.88	1,894.07	2,102.81	430,826.60	\$159,173.40
94	06/01/2025	31	\$3,996.88	1,947.70	2,049.18	428,777.42	\$161,222.58
95	07/01/2025	30	\$3,996.88	1,875.90	2,120.98	426,656.44	\$163,343.56
96	08/01/2025	31	\$3,996.88	1,928.84	2,068.04	424,588.40	\$165,411.60
97	09/01/2025	31	\$3,996.88	1,919.49	2,077.39	422,511.01	\$167,488.99
98	10/01/2025	30	\$3,996.88	1,848.49	2,148.39	420,362.62	\$169,637.38
99	11/01/2025	31	\$3,996.88	1,900.39	2,096.49	418,266.13	\$171,733.87
100	12/01/2025	30	\$3,996.88	1,829.91	2,166.97	416,099.16	\$173,900.84
<b>2025</b>	<b>Totals:</b>		<b>47,962.56</b>	<b>22,876.29</b>	<b>25,086.27</b>		
101	01/01/2026	31	\$3,996.88	1,881.11	2,115.77	413,983.39	\$176,016.61
102	02/01/2026	31	\$3,996.88	1,871.55	2,125.33	411,858.06	\$178,141.94
103	03/01/2026	28	\$3,996.88	1,681.75	2,315.13	409,542.93	\$180,457.07
104	04/01/2026	31	\$3,996.88	1,851.48	2,145.40	407,397.53	\$182,602.47
105	05/01/2026	30	\$3,996.88	1,782.36	2,214.52	405,183.01	\$184,816.99
106	06/01/2026	31	\$3,996.88	1,831.76	2,165.12	403,017.89	\$186,982.11
107	07/01/2026	30	\$3,996.88	1,763.20	2,233.68	400,784.21	\$189,215.79
108	08/01/2026	31	\$3,996.88	1,811.88	2,185.00	398,599.21	\$191,400.79
109	09/01/2026	31	\$3,996.88	1,802.00	2,194.88	396,404.33	\$193,595.67
110	10/01/2026	30	\$3,996.88	1,734.27	2,262.61	394,141.72	\$195,858.28
111	11/01/2026	31	\$3,996.88	1,781.85	2,215.03	391,926.69	\$198,073.31
112	12/01/2026	30	\$3,996.88	1,714.68	2,282.20	389,644.49	\$200,355.51
<b>2026</b>	<b>Totals:</b>		<b>47,962.56</b>	<b>21,507.89</b>	<b>26,454.67</b>		
113	01/01/2027	31	\$3,996.88	1,761.52	2,235.36	387,409.13	\$202,590.87
114	02/01/2027	31	\$3,996.88	1,751.41	2,245.47	385,163.66	\$204,836.34
115	03/01/2027	28	\$3,996.88	1,572.75	2,424.13	382,739.53	\$207,260.47
116	04/01/2027	31	\$3,996.88	1,730.30	2,266.58	380,472.95	\$209,527.05
117	05/01/2027	30	\$3,996.88	1,664.57	2,332.31	378,140.64	\$211,859.36
118	06/01/2027	31	\$3,996.88	1,709.51	2,287.37	375,853.27	\$214,146.73
119	07/01/2027	30	\$3,996.88	1,644.36	2,352.52	373,500.75	\$216,499.25
120	08/01/2027	31	\$3,996.88	1,688.53	2,308.35	371,192.40	\$218,807.60
121	09/01/2027	31	\$3,996.88	1,678.10	2,318.78	368,873.62	\$221,126.38
122	10/01/2027	30	\$3,996.88	1,613.82	2,383.06	366,490.56	\$223,509.44
123	11/01/2027	31	\$3,996.88	1,656.84	2,340.04	364,150.52	\$225,849.48
124	12/01/2027	30	\$3,996.88	1,593.16	2,403.72	361,746.80	\$228,253.20
<b>2027</b>	<b>Totals:</b>		<b>47,962.56</b>	<b>20,064.87</b>	<b>27,897.69</b>		

<b>Funding Date:</b>	08/08/2017	<b>Compounding:</b>	U.S. Rule	<b>Principal:</b>	590,000.00
<b>First Payment Date:</b>	09/01/2017	<b>Period:</b>	Actual/360	<b>Initial Interest Rate:</b>	0.000%
		<b>Pmt Schedule:</b>	Monthly	<b>Interest Rate:</b>	5.250%
				<b>Pmt Amount:</b>	3,996.88

Payment Number	Payment Date	Days	Payment Amount	Interest Amount	Principal Reduction	Outstanding Balance	Equity Built
125	01/01/2028	31	\$3,996.88	1,635.40	2,361.48	359,385.32	\$230,614.68
126	02/01/2028	31	\$3,996.88	1,624.72	2,372.16	357,013.16	\$232,986.84
127	03/01/2028	29	\$3,996.88	1,509.87	2,487.01	354,526.15	\$235,473.85
128	04/01/2028	31	\$3,996.88	1,602.75	2,394.13	352,132.02	\$237,867.98
129	05/01/2028	30	\$3,996.88	1,540.58	2,456.30	349,675.72	\$240,324.28
130	06/01/2028	31	\$3,996.88	1,580.83	2,416.05	347,259.67	\$242,740.33
131	07/01/2028	30	\$3,996.88	1,519.26	2,477.62	344,782.05	\$245,217.95
132	08/01/2028	31	\$3,996.88	1,558.70	2,438.18	342,343.87	\$247,656.13
133	09/01/2028	31	\$3,996.88	1,547.68	2,449.20	339,894.67	\$250,105.33
134	10/01/2028	30	\$3,996.88	1,487.04	2,509.84	337,384.83	\$252,615.17
135	11/01/2028	31	\$3,996.88	1,525.26	2,471.62	334,913.21	\$255,086.79
136	12/01/2028	30	\$3,996.88	1,465.25	2,531.63	332,381.58	\$257,618.42
<b>2028</b>	<b>Totals:</b>		<b>47,962.56</b>	<b>18,597.34</b>	<b>29,365.22</b>		
137	01/01/2029	31	\$3,996.88	1,502.64	2,494.24	329,887.34	\$260,112.66
138	02/01/2029	31	\$3,996.88	1,491.37	2,505.51	327,381.83	\$262,618.17
139	03/01/2029	28	\$3,996.88	1,336.81	2,660.07	324,721.76	\$265,278.24
140	04/01/2029	31	\$3,996.88	1,468.01	2,528.87	322,192.89	\$267,807.11
141	05/01/2029	30	\$3,996.88	1,409.59	2,587.29	319,605.60	\$270,394.40
142	06/01/2029	31	\$3,996.88	1,444.88	2,552.00	317,053.60	\$272,946.40
143	07/01/2029	30	\$3,996.88	1,387.11	2,609.77	314,443.83	\$275,556.17
144	08/01/2029	31	\$3,996.88	1,421.55	2,575.33	311,868.50	\$278,131.50
145	09/01/2029	31	\$3,996.88	1,409.91	2,586.97	309,281.53	\$280,718.47
146	10/01/2029	30	\$3,996.88	1,353.11	2,643.77	306,637.76	\$283,362.24
147	11/01/2029	31	\$3,996.88	1,386.26	2,610.62	304,027.14	\$285,972.86
148	12/01/2029	30	\$3,996.88	1,330.12	2,666.76	301,360.38	\$288,639.62
<b>2029</b>	<b>Totals:</b>		<b>47,962.56</b>	<b>16,941.36</b>	<b>31,021.20</b>		
149	01/01/2030	31	\$3,996.88	1,362.40	2,634.48	298,725.90	\$291,274.10
150	02/01/2030	31	\$3,996.88	1,350.49	2,646.39	296,079.51	\$293,920.49
151	03/01/2030	28	\$3,996.88	1,208.99	2,787.89	293,291.62	\$296,708.38
152	04/01/2030	31	\$3,996.88	1,325.92	2,670.96	290,620.66	\$299,379.34
153	05/01/2030	30	\$3,996.88	1,271.47	2,725.41	287,895.25	\$302,104.75
154	06/01/2030	31	\$3,996.88	1,301.53	2,695.35	285,199.90	\$304,800.10
155	07/01/2030	30	\$3,996.88	1,247.75	2,749.13	282,450.77	\$307,549.23
156	08/01/2030	31	\$3,996.88	1,276.91	2,719.97	279,730.80	\$310,269.20
157	09/01/2030	31	\$3,996.88	1,264.62	2,732.26	276,998.54	\$313,001.46
158	10/01/2030	30	\$3,996.88	1,211.87	2,785.01	274,213.53	\$315,786.47
159	11/01/2030	31	\$3,996.88	1,239.67	2,757.21	271,456.32	\$318,543.68
160	12/01/2030	30	\$3,996.88	1,187.62	2,809.26	268,647.06	\$321,352.94
<b>2030</b>	<b>Totals:</b>		<b>47,962.56</b>	<b>15,249.24</b>	<b>32,713.32</b>		
161	01/01/2031	31	\$3,996.88	1,214.51	2,782.37	265,864.69	\$324,135.31
162	02/01/2031	31	\$3,996.88	1,201.93	2,794.95	263,069.74	\$326,930.26
163	03/01/2031	28	\$3,996.88	1,074.20	2,922.68	260,147.06	\$329,852.94
164	04/01/2031	31	\$3,996.88	1,176.08	2,820.80	257,326.26	\$332,673.74
165	05/01/2031	30	\$3,996.88	1,125.80	2,871.08	254,455.18	\$335,544.82
166	06/01/2031	31	\$3,996.88	1,150.35	2,846.53	251,608.65	\$338,391.35

Date: 08/03/2017

*Hillsdale County National Bank*

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<b>Funding Date:</b>	08/08/2017	<b>Compounding:</b>	U.S. Rule	<b>Principal:</b>	590,000.00
<b>First Payment Date:</b>	09/01/2017	<b>Period:</b>	Actual/360	<b>Initial Interest Rate:</b>	0.000%
		<b>Pmt Schedule:</b>	Monthly	<b>Interest Rate:</b>	5.250%
				<b>Pmt Amount:</b>	3,996.88

Payment Number	Payment Date	Days	Payment Amount	Interest Amount	Principal Reduction	Outstanding Balance	Equity Built
167	07/01/2031	30	\$3,996.88	1,100.79	2,896.09	248,712.56	\$341,287.44
168	08/01/2031	31	\$3,996.88	1,124.39	2,872.49	245,840.07	\$344,159.93
169	09/01/2031	31	\$3,996.88	1,111.40	2,885.48	242,954.59	\$347,045.41
170	10/01/2031	30	\$3,996.88	1,062.93	2,933.95	240,020.64	\$349,979.36
171	11/01/2031	31	\$3,996.88	1,085.09	2,911.79	237,108.85	\$352,891.15
172	12/01/2031	30	\$3,996.88	1,037.35	2,959.53	234,149.32	\$355,850.68
<b>2031</b>	<b>Totals:</b>		<b>47,962.56</b>	<b>13,464.82</b>	<b>34,497.74</b>		
173	01/01/2032	31	\$3,996.88	1,058.55	2,938.33	231,210.99	\$358,789.01
174	02/01/2032	31	\$3,996.88	1,045.27	2,951.61	228,259.38	\$361,740.62
175	03/01/2032	29	\$3,996.88	965.35	3,031.53	225,227.85	\$364,772.15
176	04/01/2032	31	\$3,996.88	1,018.22	2,978.66	222,249.19	\$367,750.81
177	05/01/2032	30	\$3,996.88	972.34	3,024.54	219,224.65	\$370,775.35
178	06/01/2032	31	\$3,996.88	991.08	3,005.80	216,218.85	\$373,781.15
179	07/01/2032	30	\$3,996.88	945.96	3,050.92	213,167.93	\$376,832.07
180	08/01/2032	31	\$3,996.88	963.70	3,033.18	210,134.75	\$379,865.25
181	09/01/2032	31	\$3,996.88	949.98	3,046.90	207,087.85	\$382,912.15
182	10/01/2032	30	\$3,996.88	906.01	3,090.87	203,996.98	\$386,003.02
183	11/01/2032	31	\$3,996.88	922.24	3,074.64	200,922.34	\$389,077.66
184	12/01/2032	30	\$3,996.88	879.04	3,117.84	197,804.50	\$392,195.50
<b>2032</b>	<b>Totals:</b>		<b>47,962.56</b>	<b>11,617.74</b>	<b>36,344.82</b>		
185	01/01/2033	31	\$3,996.88	894.24	3,102.64	194,701.86	\$395,298.14
186	02/01/2033	31	\$3,996.88	880.21	3,116.67	191,585.19	\$398,414.81
187	03/01/2033	28	\$3,996.88	782.31	3,214.57	188,370.62	\$401,629.38
188	04/01/2033	31	\$3,996.88	851.59	3,145.29	185,225.33	\$404,774.67
189	05/01/2033	30	\$3,996.88	810.36	3,186.52	182,038.81	\$407,961.19
190	06/01/2033	31	\$3,996.88	822.97	3,173.91	178,864.90	\$411,135.10
191	07/01/2033	30	\$3,996.88	782.53	3,214.35	175,650.55	\$414,349.45
192	08/01/2033	31	\$3,996.88	794.09	3,202.79	172,447.76	\$417,552.24
193	09/01/2033	31	\$3,996.88	779.61	3,217.27	169,230.49	\$420,769.51
194	10/01/2033	30	\$3,996.88	740.38	3,256.50	165,973.99	\$424,026.01
195	11/01/2033	31	\$3,996.88	750.34	3,246.54	162,727.45	\$427,272.55
196	12/01/2033	30	\$3,996.88	711.93	3,284.95	159,442.50	\$430,557.50
<b>2033</b>	<b>Totals:</b>		<b>47,962.56</b>	<b>9,600.56</b>	<b>38,362.00</b>		
197	01/01/2034	31	\$3,996.88	720.81	3,276.07	156,166.43	\$433,833.57
198	02/01/2034	31	\$3,996.88	706.00	3,290.88	152,875.55	\$437,124.45
199	03/01/2034	28	\$3,996.88	624.24	3,372.64	149,502.91	\$440,497.09
200	04/01/2034	31	\$3,996.88	675.88	3,321.00	146,181.91	\$443,818.09
201	05/01/2034	30	\$3,996.88	639.55	3,357.33	142,824.58	\$447,175.42
202	06/01/2034	31	\$3,996.88	645.69	3,351.19	139,473.39	\$450,526.61
203	07/01/2034	30	\$3,996.88	610.20	3,386.68	136,086.71	\$453,913.29
204	08/01/2034	31	\$3,996.88	615.23	3,381.65	132,705.06	\$457,294.94
205	09/01/2034	31	\$3,996.88	599.94	3,396.94	129,308.12	\$460,691.88
206	10/01/2034	30	\$3,996.88	565.72	3,431.16	125,876.96	\$464,123.04
207	11/01/2034	31	\$3,996.88	569.07	3,427.81	122,449.15	\$467,550.85
208	12/01/2034	30	\$3,996.88	535.72	3,461.16	118,987.99	\$471,012.01

<b>Funding Date:</b>	08/08/2017	<b>Compounding:</b>	U.S. Rule	<b>Principal:</b>	590,000.00
<b>First Payment Date:</b>	09/01/2017	<b>Period:</b>	Actual/360	<b>Initial Interest Rate:</b>	0.000%
		<b>Pmt Schedule:</b>	Monthly	<b>Interest Rate:</b>	5.250%
				<b>Pmt Amount:</b>	3,996.88

Payment Number	Payment Date	Days	Payment Amount	Interest Amount	Principal Reduction	Outstanding Balance	Equity Built
<b>2034 Totals:</b>			<b>47,962.56</b>	<b>7,508.05</b>	<b>40,454.51</b>		
209	01/01/2035	31	\$3,996.88	537.92	3,458.96	115,529.03	\$474,470.97
210	02/01/2035	31	\$3,996.88	522.29	3,474.59	112,054.44	\$477,945.56
211	03/01/2035	28	\$3,996.88	457.56	3,539.32	108,515.12	\$481,484.88
212	04/01/2035	31	\$3,996.88	490.58	3,506.30	105,008.82	\$484,991.18
213	05/01/2035	30	\$3,996.88	459.41	3,537.47	101,471.35	\$488,528.65
214	06/01/2035	31	\$3,996.88	458.74	3,538.14	97,933.21	\$492,066.79
215	07/01/2035	30	\$3,996.88	428.46	3,568.42	94,364.79	\$495,635.21
216	08/01/2035	31	\$3,996.88	426.61	3,570.27	90,794.52	\$499,205.48
217	09/01/2035	31	\$3,996.88	410.47	3,586.41	87,208.11	\$502,791.89
218	10/01/2035	30	\$3,996.88	381.54	3,615.34	83,592.77	\$506,407.23
219	11/01/2035	31	\$3,996.88	377.91	3,618.97	79,973.80	\$510,026.20
220	12/01/2035	30	\$3,996.88	349.89	3,646.99	76,326.81	\$513,673.19
<b>2035 Totals:</b>			<b>47,962.56</b>	<b>5,301.38</b>	<b>42,661.18</b>		
221	01/01/2036	31	\$3,996.88	345.06	3,651.82	72,674.99	\$517,325.01
222	02/01/2036	31	\$3,996.88	328.55	3,668.33	69,006.66	\$520,993.34
223	03/01/2036	29	\$3,996.88	291.84	3,705.04	65,301.62	\$524,698.38
224	04/01/2036	31	\$3,996.88	295.22	3,701.66	61,599.96	\$528,400.04
225	05/01/2036	30	\$3,996.88	269.50	3,727.38	57,872.58	\$532,127.42
226	06/01/2036	31	\$3,996.88	261.63	3,735.25	54,137.33	\$535,862.67
227	07/01/2036	30	\$3,996.88	236.85	3,760.03	50,377.30	\$539,622.70
228	08/01/2036	31	\$3,996.88	227.75	3,769.13	46,608.17	\$543,391.83
229	09/01/2036	31	\$3,996.88	210.71	3,786.17	42,822.00	\$547,178.00
230	10/01/2036	30	\$3,996.88	187.35	3,809.53	39,012.47	\$550,987.53
231	11/01/2036	31	\$3,996.88	176.37	3,820.51	35,191.96	\$554,808.04
232	12/01/2036	30	\$3,996.88	153.96	3,842.92	31,349.04	\$558,650.96
<b>2036 Totals:</b>			<b>47,962.56</b>	<b>2,984.79</b>	<b>44,977.77</b>		
233	01/01/2037	31	\$3,996.88	141.72	3,855.16	27,493.88	\$562,506.12
234	02/01/2037	31	\$3,996.88	124.30	3,872.58	23,621.30	\$566,378.70
235	03/01/2037	28	\$3,996.88	96.45	3,900.43	19,720.87	\$570,279.13
236	04/01/2037	31	\$3,996.88	89.15	3,907.73	15,813.14	\$574,186.86
237	05/01/2037	30	\$3,996.88	69.18	3,927.70	11,885.44	\$578,114.56
238	06/01/2037	31	\$3,996.88	53.73	3,943.15	7,942.29	\$582,057.71
239	07/01/2037	30	\$3,996.88	34.75	3,962.13	3,980.16	\$586,019.84
240	08/01/2037	31	\$3,996.88	17.99	3,978.89	1.27	\$589,998.73
<b>2037 Totals:</b>			<b>31,975.04</b>	<b>627.27</b>	<b>31,347.77</b>		
<b>Grand Totals:</b>			<b>959,251.20</b>	<b>369,252.47</b>	<b>589,998.73</b>		

This amortization schedule is provided to you for your convenience. The amortization may include estimates based upon information provided by you. Actual terms of credit offered by us may vary from this amortization schedule. The outstanding balance shown above will vary from your actual outstanding balance owed to the Bank because of the timing of payments.

*Hillsdale Preparatory School*

**EXHIBIT B**

**PREPAYMENT ADDENDUM**

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

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

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

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

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

**CERTIFICATE OF OCCUPANCY  
CITY OF HILLSDALE  
COUNTY OF HILLSDALE  
STATE OF MICHIGAN**

This is to certify that the occupant of the structure under the Certificate of Occupancy application number:

**OCC97-026**

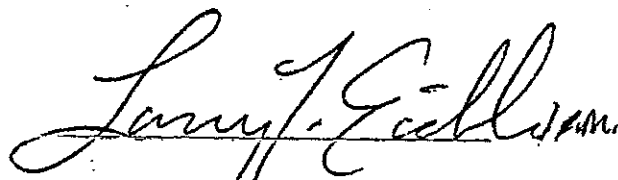
Issued by the Building Department, City of Hillsdale and having complied with the requirements of the ordinance, permission is hereby granted to occupy the said premises as set forth in the corresponding application under which the permits were granted, so far as completed.

OCCUPANT: SAUK TRAIL ACADEMY

ADDRESS: 160 -170 Mechanic St

HILLSDALE MI 49242

OWNER: REED III DIANE & EDMOND

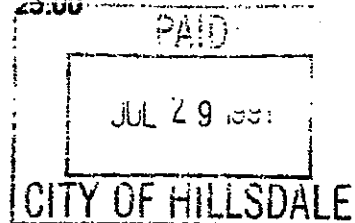


Larry T. Eichler  
Code Enforcement Officer

Signed in Hillsdale, Michigan 07/28/97

FEE: \$ 25.00

PAID:



U & O INSPECTION

Inspection: Y

Completed: 07/25/97

Re-Inspection: N

Result:

Inspected By:

LARRY EICHLER  
DICK EMERY

NON-TRANSFERABLE