
**TERMS AND CONDITIONS
OF CONTRACT**

DATED: AUGUST 5, 2010

ISSUED BY

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

TO

MICHIGAN VIRTUAL CHARTER ACADEMY

**CONFIRMING THE STATUS OF
MICHIGAN VIRTUAL CHARTER ACADEMY**

AS A

SCHOOL OF EXCELLENCE

THAT IS A CYBER SCHOOL

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Contract to Charter A School Of Excellence That is A Cyber School

Pursuant to Part 6e of the Revised School Code ("Code"), being Sections 380.551 to 380.561 of the Michigan Compiled Laws, the Grand Valley State University Board of Trustees ("University Board") authorizes Michigan Virtual Charter Academy (the "Academy") to operate a School of Excellence that is a Cyber School, as defined below. 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) **Applicable Law** means all state and federal law applicable to School of Excellence.
- d) **Applicant** means the person or entity that submitted the School of Excellence that is a cyber school application to the University for the establishment of the Academy.
- e) **Application** means the School of Excellence application and other documentation submitted to the University for the establishment of a School of Excellence.
- f) **Authorizing Resolution** means the resolution(s) adopted by the University Board that, among other things, approve the issuing of a Contract to the Academy to operate a School of Excellence.
- g) **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.
- h) **Contract** means, in addition to the definition set forth in the Code, the Terms and Conditions and the Schedules.
- i) **Cyber School** mean a cyber school as defined in Part 6e of the Code.

- j) **Educational Management Organization** means a person or entity that meets the definition of an Educational Management Organization in Part 6e of the Code, including the entity that has entered, or entities that may in the future enter, into an agreement with the Academy.
- k) **Fund Balance Deficit** means the Academy has more liabilities than asset 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 Management Organization or other person or entity to the Academy. If the Academy receives a gift or grant of money or financial support from the an Educational Management Company 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.
- l) **Master Calendar of Reporting Requirements (MCRR)** means the compliance certification duties required of the Academy by the University Board. The University Board may amend the MCRR each fiscal year or at such 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.
- m) **Method of Selection Resolution** means the resolution adopted by the University Board providing for the method of selection, length of term, number of Academy Board members, qualification of Board Academy members and other pertinent provisions related to the Academy Board.
- n) **Schedules** mean the schedules incorporated into and part of the Terms and Conditions.
- o) **Terms and Conditions** means this document.
- p) **University** means Grand Valley State University established pursuant to Article VIII, Sections 4 and 6 of the Michigan Constitution of 1963 and MCL 390.841 *et seq.*
- q) **University Board** means the Grand Valley State University Board of Trustees.
- r) **University Charter Schools Hearing Panel** or **Hearing Panel** means such person(s) as designated by the University President.
- s) **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 School of Excellence applicants and School of Excellence 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.

- t) **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.
- u) **University President** means the President of Grand Valley State University or his or her designee.

Section 1.2. Schedules. All Schedules to this Contract are part of this Contract.

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

Section 1.4. 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 1.5. Conflicting Contract Provisions. In the event that there is a conflict between language contained in the provisions of this Contract, the Contract shall be interpreted as follows: (i) the Method of Selection 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. 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. 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 2.2. 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 and MCRR incorporated into this Contract as Schedule 5. Additionally, the Academy shall be responsible for the following:

- a) 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.
- b) 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.
- c) 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.
- d) The Academy shall provide the University Charter Schools Office with a copy of the proposed 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.
- e) 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.
- f) 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.

- g) 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.
- h) 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.

Section 2.3. 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. 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.

Section 2.4. 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 2.5. Authorization of Employment. The Academy may employ or contract with personnel. If the Academy contracts for personnel with an Educational Management Organization, 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 educational management agreement shall be effective unless and until the agreement complies with Section 11.11 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 shall be responsible for carrying worker's compensation insurance and unemployment insurance for its employees.

Section 2.6. 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 2.7. 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.

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 2.5 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.

ARTICLE IV

PURPOSE

Section 4.1. Academy's Purpose. The Academy Board shall identify the purpose or mission of the Academy. Any subsequent change to a School'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. Articles of Incorporation. Unless amended pursuant to Section 9.2 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 5.2. Bylaws. Unless amended pursuant to Section 9.3 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.

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 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. Such goals and programs may be amended pursuant to Section 9.1 of Article IX of the Terms and Conditions.

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 9.1 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. In addition to those set forth in this Section 6.5, the Academy shall evaluate each School and its pupils' work based on the assessment strategies identified in the Schedules. 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 to each School'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, not issue a new contract at the end of the Contract or revoke the Contract.

Section 6.6. Staff Responsibilities. Subject to Section 2.5 of Article II of the Terms and Conditions, the University Board authorizes the Academy to employ or contract with personnel as set forth 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.

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 School no later than July 1st. 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 a K-12 cyber school. The Academy may add additional programs in the future, pursuant to Section 9.1 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.

Section 6.11. Address and Description of Proposed Site(s). The proposed address and physical plant description of the Academy's proposed site or sites is set forth in the Schedules. For purposes of this Contract, the Academy shall be in violation of the site requirements set forth in this Contract if the Academy operates at a site or sites without first obtaining the written authorization of the University Board. 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.

Section 6.12. Accounting Standards. The Academy shall at all times comply with generally accepted public sector accounting principles.

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 copy of the agreement to the Authorizing Body for review. Any matriculation agreement entered into by the Academy shall be added to the Schedules through a contract amendment approved in accordance with the Contract. Until the matriculation agreement is incorporated into the Contract, the Academy is prohibited from granting an enrollment priority to any student pursuant to that matriculation agreement.

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 6E OF THE CODE AND OTHER LAWS

Section 8.1. Compliance with Part 6e of the Code. The Academy shall comply with Part 6e and other parts of the Code that apply to Schools of Excellence. With the exception of Part 6a of the Code, the Academy shall comply with other provisions of the Code applicable to public school academies.

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. 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. 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. 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 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.

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 Schools of Excellence. 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 Schools of Excellence. Nothing in this Contract shall be deemed to apply any other federal law to the Academy.

ARTICLE IX

AMENDMENT

Section 9.1. 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 2.1, 5.1 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 9.2. 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 a majority vote of the University Board members attending a University Board meeting. Upon University Board approval, the Academy Board's authorized designee is authorized to file the amendment to the Academy's Articles of Incorporation with the Michigan Department of Labor and Economic Growth, Bureau of Commercial Services. 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 for other reasons, 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 Labor and Economic Growth.

Section 9.3. 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 9.3.

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 ten (10) calendar months in advance of the effective date of termination. The University Board, in its sole discretion, may waive the ten (10) 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) or (c), 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 ten (10) 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 Superintendent of Public Instruction, pursuant to section 1280c of the Code, placing the Academy under the supervision of the State School Reform/ Redesign Officer; or

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

(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 pursuant to Section 1280c of the Code, then the Authorizing Body 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 Academy 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 or (iv) 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, shall be retained by the University Board for the Academy until the Contract is reinstated, or shall be returned to the Michigan Department of Treasury.
- 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 the following has occurred:

- a) Failure of the Academy to abide by and 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; or
- d) The existence of one or more other grounds for revocation as specified in this Contract.

Section 10.5. Other Grounds for 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 Labor and Economic Growth, Bureau of Commercial Services without first obtaining University Board approval;
- e) The University 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 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 fails to work toward operating all of grades 9 to 12 within 6 years after issuance of this Contract, and has not entered into a matriculation agreement with another public school that provides grades 9 to 12;
- h) 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
- i) 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 11.11 of the Terms and Conditions.

Section 10.6. University Board Procedures for Revoking Contract. The University Board's process for revoking the Contract is as follows:

- a) Notice of Intent to Revoke. The CSO Director or other University Representative, 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 Shall Include Conditions to Satisfy University Board's Contract Reconstitution Obligation. As part of the Plan of Correction, the CSO Director shall 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) cancellation of a contract with an Educational Management Organization; (ii) 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 Academy's authorization to contract with Educational Management Company; or (iv) the appointment of a new Academy Board of Directors or a conservator/ trustee to take over operations of the Academy.
- e) Request for Revocation Hearing. The CSO Director or other University Representative 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 or other University Representative 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 or other University Representative. 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, but no later than the last day of the Academy's current academic year.
- 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 Revocation by State of Michigan. If the University Board is notified by the Superintendent of Public Instruction that the Academy is subject to closure under Part 6e of the Code ("State's Automatic Closure Notice"), then this Contract shall automatically be revoked at the end of the current school year in which the 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. Following receipt of the State's Automatic Closure Notice, the University Board shall forward a copy of the State's Automatic Closure Notice to the Academy Board and request a meeting with Academy Board representatives to discuss the Academy's plans and procedures for 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 shall be directed to the Superintendent of Public Instruction, in a form and manner determined by that office or the Michigan Department of Education.

Section 10.8. Material Breach of Contract. The issuance of an order by the Superintendent of Public Instruction, pursuant to section 1280c of the Code, placing the Academy under the supervision of the State School Reform / Redesign Officer, shall constitute a material breach of this Contract. Following the issuance of the order, the University Board 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 that is acceptable to the University Board. In addition to other matters, the corrective action plan shall include the Academy's redesign plan

prepared pursuant to section 1280c of the Code. 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 terminate, suspend or revoke this Contract.

Section 10.9. Appointment of Conservator/Trustee. Notwithstanding any other provision of the Contract, when the University Board determines that conditions or circumstances exist to lead the University Board to believe that the health, safety, educational or economic interest of the Academy or its students is at risk, the University Board may take immediate action against the Academy pending completion of the procedures described in Sections 10.6. The University Board may appoint a conservator/ trustee to manage the day to day operations of the Academy in place of the Academy Board. A conservator/ trustee appointed by the University Board shall have all the powers and authority of the Academy Board under this Contract and Applicable Law. Upon the appointment of a conservator/ trustee, the appointment and term of office for each Academy Board member shall cease. If this section has been implemented and the Hearing Panel under Section 10.6 determines the revocation to be appropriate, the revocation shall become effective immediately upon the University Board's decision.

ARTICLE XI

PROVISIONS RELATING TO SCHOOLS OF EXCELLENCE

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 Workers' Compensation without employees "if any" insurance (statutory limits) and Employers' Liability insurance with a minimum of five hundred thousand dollars (\$500,000);

- 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);
- g) Employment Practices Liability insurance with a minimum of one million dollars (\$1,000,000) per claim/aggregate (Claims Made or Occurrence Form).

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.

The Academy shall list the University Board and the University on the insurance policies as an additional insured 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 President 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. 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 11.6. 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 11.7. 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 11.8. 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 11.9. 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 11.9. Copies of these certificates shall be incorporated into the Schedules.

Section 11.10. Deposit of Public Funds by the Academy. The Academy Board agrees to comply with Section 1221 of the Revised School Code, being MCL 380.1221, regarding the deposit of all public or private funds received by the Academy. Such deposit shall be made within three (3) business days after receipt of the funds by the Academy.

Section 11.11. Required Provisions for Educational Management Organization Agreements. Any educational management organization 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 School of Excellence 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 Educational Management Organization, 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 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."

"Compliance with Academy's Contract. The Educational Management Organization 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."

Section 11.12. 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. 371 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 paid consultant of an Educational Management Organization that has an 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 or paid consultant.

Section 11.13. Certain Familial Relationships Prohibited. No person shall be eligible to serve as an Academy Board member if the person's spouse, child, parent, or sibling has: (i) an ownership interest in the Educational Management Organization; or (ii) if the person's spouse, child, parent, or sibling is in a managerial, administrative or officer position with the Educational Management Organization.

Section 11.14. 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 11.15. 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 the University.

(b) Information to be provided by Educational Management Organization. The agreement between the Academy and the Educational Management Organization shall contain a provision requiring the Educational Management Company 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).

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:

Academy Board President
Michigan Virtual Charter Academy
151 S. Old Woodward Ave, Suite 200
Birmingham, Michigan 48009

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

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

Section 12.4. Entire Contract. 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 6e of the Code or actions taken by the University Board as an authorizing body under Part 6e 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 Educational Management Organization. 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 August 5, 2010 and shall remain in full force and effect until June 30, 2017, 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 September 7, 2010 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 Management Organization. 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 Management Organization 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) Extended Term of Contract. If the Academy satisfies the conditions set forth above in Section 12.14(b), this Contract shall be extended for seven (7) additional academic years and shall expire on June 30, 2017, unless sooner terminated according to the terms hereof ("Contract Term"). If the Academy, for any reason, is unable to enroll students and conduct classes by October 1, 2010, 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 11.7, Section 11.11 and Section 12.7, 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 Part 6e of the Code.

ARTICLE XIII

CYBER SCHOOL PROVISIONS

Section. 13.1. Specific Requirements for Cyber Schools. As a precondition to issuing this Contract, the Academy agrees to meet all of the following conditions:

- (a) enrollment in the Academy is available to all pupils in this state who were previously enrolled in a public school;
- (b) offer all of grades kindergarten through twelve grade; and
- (c) the entity applying for the Contract has demonstrated experience in serving urban and at-risk student populations through an educational model involving a significant cyber component; and
- (d) initial enrollment in the Academy shall not exceed 400 pupils.

Section 13.2. Second Year of Operation. With the prior approval of the University Charter School Office, the Academy may in the second year of operation expand its initial enrollment from 400 pupils to not more than 1,000 pupils if all of the following conditions are met:

- (a) The Academy is in compliance with all the terms and conditions of this Contract, including the timely and accurate submission of documentation pursuant to the MCRR;
- (b) The Michigan Student data system maintained by the Center for Educational Performance and Information ("CEPI") permits identification of students who are dropouts;
- (c) The Superintendent of Public Instruction determines the form and manner by which the Academy shall annually account for the number of pupils it enrolls who can be identified using the Michigan student data system maintained by CEPI; and
- (d) The Academy only enrolls one pupil for each pupil who becomes enrolled in the Academy who is identified as a dropout in the Michigan student data system maintained by CEPI.

Section 13.3. Responsibilities of Cyber School Teacher. The Academy shall ensure that a certificated teacher, whether employed or contracted for from an educational management organization, is responsible for all of the following for each course in which a pupil is enrolled:

- (a) Improving learning by planned instruction;
- (b) Diagnosing the pupil's learning needs;
- (c) assessing learning, assigning grades, and determining advancement.
- (d) reporting outcomes to Academy administrators and parents or legal guardians.

Section 13.4. Minimum Instructional Hours. The Academy shall make educational services available to pupils for a minimum of at least 1,098 hours during a school year, and shall ensure that each pupil participates in the educational program for at least 1,098 during a school year.

Section 13.5. Cyber School Annual Report. On or before June 30, 2012, and each June 1st thereafter during the term of this Contract, the Academy shall provide to the University Charter Schools Office all requested information that the University deems necessary to complete the annual report to the Superintendent and the Michigan Legislature, as required under Section 553a of the Code. Any management agreement entered into by the Academy shall include a provision requiring the Educational Management Organization to provide the requested information to the University in the event that such information is maintained or in the possession of the Educational Management Organization.

[INTENTIONALLY LEFT BLANK]

As the designated representative of the Grand Valley State University Board of Trustees, I hereby authorize this issuance of a Contract to the Academy to operate a School of Excellence on the dates set forth above.

GRAND VALLEY STATE UNIVERSITY
BOARD OF TRUSTEES

By: _____



Thomas J. Haas, University President

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 this Contract.

MICHIGAN VIRTUAL CHARTER ACADEMY

By: _____



Chairperson, Board of Directors

SCHEDULE 1

UNIVERSITY BOARD RESOLUTIONS

Authorizing Resolution, dated April 30, 2010

Method of Selection Resolution, dated April 30, 2010



CERTIFIED COPY OF RESOLUTION ADOPTED BY THE BOARD OF TRUSTEES OF
GRAND VALLEY STATE UNIVERSITY ON APRIL 30, 2010

10-2-9 (9) Charter School Report

Authorizing Resolution

On motion by Mrs. Johnson and second by Ms. Padnos, the following resolution was adopted unanimously:

WHEREAS, the Michigan Legislature has provided for the establishment of a School of Excellence that is a Cyber School ("School of Excellence") as part of the Michigan public school system by enacting Act Nos. 201 through 205 of the Public Acts of 2009; and

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

WHEREAS, the Michigan Legislature has mandated that a School of Excellence contract be issued on a competitive basis taking into consideration the resources available for the proposed School of Excellence, the population to be served by the proposed School of Excellence, the educational goals to be achieved by the proposed School of Excellence, and the applicant's track record, if any, in operating public school academies or other public schools; and

WHEREAS, the University Board, having received applications for organizing a School of Excellence, and having examined the ability of the proposed performance standards, proposed academic program, financial viability of the applicant, and the ability of the proposed School of Excellence board of directors to meet the contract goals and objectives;

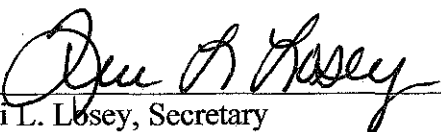
NOW, THEREFORE, BE IT RESOLVED:

AUTHORIZING RESOLUTION FOR MICHIGAN VIRTUAL
CHARTER ACADEMY, A SCHOOL OF EXCELLENCE THAT IS A
CYBER SCHOOL ("ACADEMY")

1. That the application for Michigan Virtual Charter Academy ("Academy"), submitted under Part 6e of the Code, MCL 380.551 et seq. ("Part 6e"), meets the University Board's requirements and the requirements of applicable law and is therefore approved;
2. Pursuant to the Method of Selection Resolution adopted by the University Board, the following seven (7) persons are appointed as the initial board of directors for the Academy:

Julius Bender, Jr.	1 year term expiring June 30, 2011
Gordon T. Darr	1 year term expiring June 30, 2011
Kara L. Douma	2 year term expiring June 30, 2012
Gail R. Luera	2 year term expiring June 30, 2012
Linda M. Marlow	3 year term expiring June 30, 2013
Ozie H. Pye IV	3 year term expiring June 30, 2013
Christina M. Taylor	3 year term expiring June 30, 2013
3. The University Board approves and authorizes the issuance of a School of Excellence contract to the Academy and authorizes the University President or designee to execute a contract to charter a School of Excellence and related documents issued by the University Board to the Academy, provided that, before execution of the contract, the University President or his 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.

IN WITNESS WHEREOF, I have hereunto signed my name as Secretary and have caused the seal of said body corporation to be hereto affixed this 18th of May, 2010.



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

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CERTIFIED COPY OF RESOLUTION ADOPTED BY THE BOARD OF TRUSTEES OF
GRAND VALLEY STATE UNIVERSITY ON APRIL 30, 2010

10-2-9 (9) Charter School Report

Method of Selection Resolution

On motion by Mrs. Johnson and second by Ms. Padnos, the following resolution was adopted unanimously:

A SCHOOL OF EXCELLENCE THAT IS A CYBER SCHOOL BOARD
OF DIRECTORS: METHOD OF SELECTION AND APPOINTMENT

WHEREAS, the Board of Trustees of Grand Valley State University ("University Board") is interested in issuing a contract to a School of Excellence that is a Cyber School ("School of Excellence") resulting from the passage of Public Acts 201 through 205 of 2009; and

WHEREAS, MCL 380.553(4) of the Revised School Code ("Code") provides that an authorizing body shall "adopt a resolution establishing the method of selection, length of term, and number of members of the board of directors of each School of Excellence subject to its jurisdiction," and

WHEREAS, the University Board has determined that each contract issued by the University Board shall contain the following method of selection and appointment process until otherwise amended by the University Board;

NOW, THEREFORE, BE IT RESOLVED:

The following method of selection and appointment process for a School of Excellence Board Member applies to a School of Excellence authorized by the University Board:

1. Method of Selection and Appointment of a School of Excellence Board Member:

- a. Initial School of Excellence Board Member Nominations and Appointments: As part of the School of Excellence application, the applicant shall propose to the University Charter Schools Office Director ("CSO Director"), the names of proposed individuals to serve on the initial board of directors of the proposed School of Excellence Academy ("Academy Board"). When the CSO Director recommends an initial contract for approval to the University Board, he/she shall include recommendations for initial Academy Board members. These recommendations may, but are not required to, include individuals proposed by the School of Excellence applicant ("Applicant"). To be considered for appointment, the nominees must have completed the required board member candidate application materials, including at least (i) the School of Excellence Academy Board Member Questionnaire prescribed by the University Charter Schools Office; and (ii) the Criminal Background and History Check Report prescribed by the University Charter Schools Office.
- b. Subsequent School of Excellence Board Member Nominations and Appointments: Except as provided in paragraph (2) below, the Academy Board may nominate individuals for subsequent Academy Board member positions. As part of the appointment process, the Academy Board may submit to the CSO 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 CSO Director may or may not recommend the proposed nominee submitted by the Academy Board. If the CSO Director does not recommend a nominee submitted by the Academy Board, the CSO Director shall select a nominee and forward that recommendation to the University Board for appointment. The University Board shall have the sole and exclusive right to appoint members to the Academy Board.
- c. Exigent Appointments: When the CSO Director determines an "exigent condition" exists which requires him/her to make an appointment to an Academy Board, the CSO Director, with University President approval, may immediately appoint a person to serve as an Academy Board member for the time specified, but not longer than the next meeting held by the University Board when a regular appointment may be made by the University Board. The CSO Director shall make the appointment in writing

and notify the Academy Board 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 University Board 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 University Charter Schools Office including, but not limited to, a School of Excellence Board Member Questionnaire and a release for criminal records and 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 the University or be a member of the University Board.
3. Oath /Acceptance of Office/Voting Rights: Following appointment by the University Board, 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 University Board 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 University Board determines that an Academy Board member's service in office is no longer required, then the University Board may remove an Academy Board member with or without cause and shall specify the date when the Academy Board member's service ends. An Academy Board member may also be

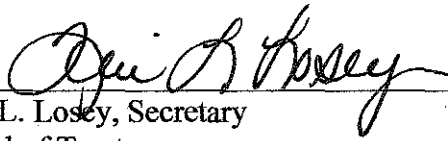
removed from office by a two- thirds (2/3) vote of the Academy Board for cause.

5. Resignations: A member of the Academy Board may resign from office by submitting a written resignation or by notifying the CSO Director. The resignation is effective upon receipt by the CSO 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 CSO Director shall confirm a resignation in writing. The resignation shall be effective upon the date the CSO 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 CSO Director shall recommend or temporarily appoint persons to fill a vacancy as outlined in the "Subsequent Appointments" and "Exigent Appointment" procedures in this resolution.
8. Number of Academy Board Member Positions: The number of Academy Board member positions 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)

IN WITNESS WHEREOF, I have hereunto signed my name as Secretary and have caused the seal of said body corporation to be hereto affixed this 10th of May, 2010.



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

SCHEDULE 2

ARTICLES OF INCORPORATION

Michigan Department of Energy, Labor & Economic Growth

Filing Endorsement

This is to Certify that the ARTICLES OF INCORPORATION - NONPROFIT

for

MICHIGAN VIRTUAL CHARTER ACADEMY

ID NUMBER: 70831A

received by facsimile transmission on June 7, 2010 is hereby endorsed

Filed on June 7, 2010 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 7TH day of June, 2010.

Director

Bureau of Commercial Services

BCS/CD-502 (Rev. 8/01)

MICHIGAN DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH BUREAU OF COMMERCIAL SERVICES										
Date Received		(FOR BUREAU USE ONLY)								
Joseph B. Urban, Esq. 151 S. Old Woodward Avenue Suite 200 Birmingham MI 48009										
Document will be returned to the name and address you enter above		EFFECTIVE DATE: <table border="1"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>								

ARTICLES OF INCORPORATION
For Use by Domestic Nonprofit Corporations

OF

MICHIGAN VIRTUAL CHARTER ACADEMY

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

ARTICLE I

The name of the corporation is: Michigan Virtual Charter Academy.

The authorizing body for the corporation is: The Board of Trustees of Grand Valley State University.

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 school of excellence, particularly a cyber school, as that term is defined pursuant to Part 6E, Act 451, P.A. 1976 of the Code.

2. The corporation is a governmental entity and 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 212 East Grand River, Lansing, MI 48906.

The mailing address of the registered office is the same.

The name of the resident agent at the registered office is Delbert J. Chenault.

ARTICLE V

The name and address of the incorporator is as follows: Joseph B. Urban, 151 S. Old Woodward Avenue, Suite 200, Birmingham, MI 48009.

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 a the Board of Trustees of Grand Valley State University(the "Authorizer"), 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 Authorizer 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 XI

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 Authorizer 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 XII

Upon obtaining a contract from an Authorizer, these Articles of Incorporation shall not be amended except by the process provided in Article IX of the Contract executed by the corporation and the Authorizer.

ADOPTION OF ARTICLES

These Articles of Incorporation were duly adopted on this 1st Day of June, 2010. These Articles of Incorporation shall become effective upon filing. However, the corporation shall not carry out the purposes set forth in Article II unless the Authorizer issues to the corporation a contract to operate as a public school academy, and the contract is executed by both the corporation and the Authorizer.

By: Joseph Urban
Joseph B. Urban

Its: Authorized Officer/Attorney

SCHEDULE 3

BYLAWS

BYLAWS
OF
MICHIGAN VIRTUAL CHARTER ACADEMY

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BYLAWS
OF
MICHIGAN VIRTUAL CHARTER ACADEMY

ARTICLE I
NAME OF ACADEMY

This organization shall be called Michigan Virtual Charter Academy (the "Academy" or the "corporation").

ARTICLE II
FORM OF ACADEMY

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

ARTICLE III
OFFICES

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

Section 2. Registered Office. The registered office of the Academy shall be 212 East Grand River, Lansing, MI 48906. 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 6E 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:

Provisionally, the Academy Board shall appoint members to serve until such time as the Authorizer selects and appoints same pursuant to the method below.

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

- a. Initial Academy Board Member Nominations and Appointments: As part of the Academy's application, the Academy shall propose to the Director of the Charter Schools Office ("Director") of Grand Valley State University (the "Authorizer"), the names of proposed individuals to serve on the initial Academy Board. When the Director recommends an initial contract for approval to the Authorizer, he/she shall include recommendations for initial Academy Board members. These recommendations may, but are not required to, include individuals proposed by the Academy. 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 Authorizer; and (ii) the Criminal Background Check Report prescribed by the Authorizer.
- 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 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 Regents for appointment. The Authorizer 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 the Academy Board, the Director, with the Board of the Authorizer, may immediately appoint a person to serve as an Academy Board member for the time specified, but not longer than the next meeting held by the Board of the Authorizer when a regular appointment may be made by the Board of the Authorizer. The Director shall make the appointment in writing and notify the Academy Board 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 the Authorizer 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 Authorizer; (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 the Authorizer.
3. Oath /Acceptance of Office / Voting Rights: Following appointment by the Board of the Authorizer, 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 the Authorizer 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 these Bylaws. 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 the Authorizer determines that an Academy Board member's service in office is no longer required, then the Board of Authorizer 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 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 Academy Board Member Nominations and Appointments" and "Exigent Appointments" procedures in this Article.
8. Number of Academy Board Member Positions: The number of member positions of the Academy Board 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, Act 317, Public Acts of Michigan, 1968, being sections 15.321 to 15.330 of the Michigan Compiled Laws, the Standards of Conduct for Public Officers and Employees Act, Act 196, Public Acts of Michigan, 1973, being sections 15.341 to 15.348 of the Michigan Compiled Laws, and the Incompatible Public Offices Act, Act 566, Public Acts of Michigan, 1978, being sections 15.181 to 15.185 of the Michigan Compiled Laws.

ARTICLE V

MEETINGS

Section 1. Regular Meetings. The Academy Board shall hold a regular meeting during the month of June each year. The meeting shall be held at such time and place as the Academy Board 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, Act 267, Public Acts of Michigan, 1976, being section 15.261 of the Michigan Compiled Laws.

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 member. 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 Academy Board member stating the time and place of the meeting, delivered personally or mailed or sent by facsimile to each Academy Board member at the Academy Board member's business address. Any Academy Board member may waive notice of any meeting by written statement, or telecopy sent by the Academy Board member, signed before or after the holding of the meeting. The attendance of an Academy Board member at a meeting constitutes a waiver of notice of such meeting, except where an Academy Board member 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 upon receipt of a contract from the Authorizer be in compliance with the Open Meetings Act.

Section 5. Presumption of Assent. An Academy Board member of the Academy Board who is present at a meeting of the Academy Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless that Academy Board member's dissent shall be entered in the minutes of the meeting or unless that Academy Board member 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 Academy Board member 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 Academy Board members selected by the Academy Board. As provided in the resolution as initially adopted, and as thereafter supplemented or amended by further resolution, the committees shall have such powers as

delegated by the Academy Board, except (i) filling of vacancies in the officers of the Academy Board or committees created pursuant to this Section; (ii) amending the Articles of Incorporation or 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. 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 Board of the Authorizer determines that an Academy Board member's service in office is no longer required, then the Board of the Authorizer 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 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 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: (a) keep the minutes of the Academy Board meetings in one or more books provided for that purpose; (b) see that all notices, including those notices required under the Open Meetings Act, are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and if applicable, 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 Academy Board member; and (e) perform all duties incident to the office of Secretary and other duties assigned by the President or the Academy Board.

Section 8. Treasurer. The Treasurer of the Academy shall be a member of the Academy Board. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) keep accurate books and records of corporate receipts and disbursements; (c) deposit all moneys and securities received by the corporation in such banks, trust companies or other depositories as shall be selected by the Academy Board; (d) complete all required corporate filings; (e) assure that the responsibilities of the fiscal agent 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 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 the Academy Board. The Academy Board members 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 the restrictions upon the officer to whose office the acting officer is so appointed except as the Academy Board may by resolution otherwise determine.

Section 10. Salaries. Officers shall not receive a salary unless the salary has been specifically approved by the Academy Board, Officers of the corporation who are Academy Board members may not be compensated for their services. They may, however, receive traveling and other expenses as provided in these Bylaws.

Section 11. Filling More Than One Office. Subject to the Incompatible Public Offices Act, 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, if any, thereto. No contract entered into, by or on behalf of the Academy Board, shall in any way bind the Authorizer or impose any liability on the Authorizer, 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 the Authorizer or impose any liability on the Authorizer, 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 the Academy. Subject always to the specific directions of the Academy Board, any shares or other securities issued by any other corporation and owned or controlled by the Academy may be voted at any meeting of security holders of such other corporation by the President of the Academy or by proxy appointed by the President, or in the absence of the President and the President's proxy, by the Secretary or Treasurer of the Academy 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 the Academy shall be executed in the name of the Academy by the President, the Secretary or the Treasurer of the Academy 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 the Academy shall have full right, power and authority to vote the shares or other securities issued by such other

corporation and owned by the Academy the same as such shares or other securities might be voted by the Academy.

Section 6. Contracts Between Corporation and Related Persons. As required by applicable law, any Academy Board member, 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, Act 317, Public Acts of Michigan, 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 such Act.

ARTICLE IX

INDEMNIFICATION

To the extent permitted by law, 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 applicable 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 Academy Board, grant rights to indemnification to any employee or agent of the corporation to the fullest extent provided under applicable 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 Academy Board, subject to the oversight responsibilities of the Board of Regents, shall have exclusive control of the budget. The Academy Board shall prepare and publish an annual budget in accordance with the Uniform Budgeting and Accounting Act, being Act 2, Public Acts of Michigan, 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."

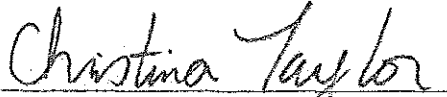
ARTICLE XII

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 have been given in accordance with the notice requirements for special meetings.

CERTIFICATION

The Academy 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 10th day of January, 2010.



Secretary, Board of Directors

SCHEDULE 4

FISCAL AGENT AGREEMENT

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 Michigan Virtual Charter Academy ("Academy"), a School of Excellence.

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

"Agreement" means this Fiscal Agent Agreement.

"Fiscal Agent" means the University Board or an officer or employee of 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 public school academies for State School Aid Payments pursuant to the State School Aid Act of 1979, as amended.

ARTICLE II

FISCAL AGENT DUTIES

Section 2.01. 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 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 Article X of the Terms and Conditions, the Fiscal Agent shall transfer all State School Aid Payments and all Other Funds received on behalf of the Academy to the Academy within ten (10) business days of receipt or as otherwise required by the provisions of the State School Aid Act of 1979 or applicable State Board rules. The State School Aid Payments and all Other Funds shall be transferred into the 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, account for 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 (i) authorizes a direct intercept of a portion of its State School Aid Payments from the State to a third party account for the payment of Academy debts and liabilities; or (ii) assigns or directs that a portion of its State School Aid Payments be forwarded by the Fiscal Agent to a third party account for the payment of Academy debts and liabilities, then Academy shall submit to the Grand Valley State University Charter Schools Office for review and consideration: (i) a copy of the Academy Board's resolution authorizing the direct intercept or the assignment or direction of State School Aid Payments; (ii) a State School Aid Payment Agreement and Direction document that is in a form and content acceptable to the Fiscal Agent; and (iii) other documents as required. The Grand Valley State University Charter Schools Office reserves the right to not acknowledge in writing any State School Aid Payment Agreement and Direction that is not in a form and content acceptable to the Fiscal Agent.

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. Academy Account. The Academy Board is authorized to establish an Account in the name of the Academy. Signatories to the Account shall be current Academy Board members. The Academy Board is authorized to approve withdrawals and transfers from any Account established in the name of the Academy. Any authorization approved by the Academy Board for automatic withdrawals or transfers from an Academy Account may only be terminated or amended by the Academy Board.

Section 4.03. 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 4.04. 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 4.05. 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.

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

ARTICLE VI

CONCERNING THE FISCAL AGENT

Section 6.01. 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 on Liability. The liability of the Fiscal Agent to transfer funds to the Academy shall be limited to the amount of State School Aid Payments as are from time to time delivered by the State and the amount of Other Funds as delivered by the source of those funds.

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

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

Acknowledgment of Receipt

The undersigned, on behalf of the State of Michigan, Department of Treasury, acknowledges receipt of the foregoing Fiscal Agent Agreement that is part of the Contract issued by the Grand Valley State University Board of Trustees to Michigan Virtual Charter Academy.

BY: _____


Joseph L. Fielek, Director
Bureau of Bond Finance
Michigan Department of Treasury

Date: June 14, 2010

SCHEDULE 5

MASTER CALENDAR OF REPORTING REQUIREMENTS

Board Resolution
Schedule 5
Michigan Virtual Charter Academy

The Board of Directors of Michigan Virtual Charter Academy ("the Academy Board") at a duly called and scheduled meeting held on Tuesday, June 22, 2010, adopts the following resolution:

RESOLVED, the Academy Board affirms its ability to comply with the terms and conditions of the charter contract with the Grand Valley State University Board of Trustees and all applicable state and federal laws.

I hereby certify that the foregoing resolution was duly adopted by the Academy Board at its meeting held on the date indicated above at which a quorum was present.

By: 

Title: MVCA Board President

Public School Academy / School of Excellence
Master Calendar of Reporting Requirements
July 1, 2010 – June 30, 2011

DUE DATE	REPORT DESCRIPTION	SUBMIT TO:
July 1	Board Adopted 2010-2011 School Calendar/School Day Schedule.	CSO
July 1	Board Adopted Annual Operating Budget for the General Fund and School Service Fund for 2010-2011.	CSO
July 1	Copy of Notice of Public Hearing for Annual Operating Budget for 2010-2011.	CSO
July 1	Copy of Parent Satisfaction Survey and Results from 2009-2010, if applicable.	CSO
July 26	DS-4168 Report of Days and Clock Hours of Pupil Instruction for 2009-2010 academic year, if applicable (See MDE website, www.michigan.gov/mde , for MDE due date and form).	CSO
August 2	Annual Organizational Meeting Minutes for 2010-2011.	CSO
August 2	Board Resolution appointing Chief Administrative Officer for 2010-2011.	CSO
August 2	Board Resolution appointing Freedom of Information Act Coordinator for 2010-2011.	CSO
August 2	Board Designated Legal Counsel for 2010-2011.	CSO
August 2	Board adopted Annual Calendar of Regularly Scheduled Meetings for 2010-2011.	CSO
August 31	4 th Quarter Financial Statements – quarter ending 06/30.	CSO
September 3	Board adopted Policy referencing MCL 380.553(5)(k) prohibiting individuals from serving as an Academy Board member if the person's spouse, child, parent or sibling is employed by the school of excellence.	CSO
September 3	Organizational Chart for 2010-2011.	CSO
September 3	Board approved Student Handbook 2010-2011.	CSO
September 3	Board approved Employee Handbook 2010-2011.	CSO
September 3	Copy of School Improvement Plan covering 2010-2011 academic year.	CSO
October 1	Completed PSA and ESP/MC Insurance Questionnaires. Required forms available at www.gvsucso.org .	CSO
October 1	Annual Nonprofit Corporation Information Update for 2010. CSO will confirm filing via DLEG website.	CSO
October 15	Audited Financial Statements for fiscal year ending June 30, 2010. *Due to MDE by November 15.	CSO
October 15	Management Letter (comments and recommendations from independent financial auditor) for fiscal year ending June 30, 2010, 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 15	Annual A-133 Single Audit for year ending June 30, 2010 is required if over \$500K in federal funds have been expended. If a single audit is not	CSO

DUE DATE	REPORT DESCRIPTION	SUBMIT TO:
	necessary, a letter from the Academy stating as such is required to be submitted.	
October 15	DS-4898 PSA Preliminary Pupil Membership Count for September 2009 Enrollment and Attendance for 1 st & 2 nd Year PSAs only. (See MDE website, www.michigan.gov/mde for MDE due date).	CSO
October 15	Annual Education Report for the 2009-2010 academic year to be submitted and presented at a public meeting.	CSO
October 29	1 st Quarter Financial Statements – quarter ending 09/30.	CSO
December 1	Academy's Technology Plan covering 2010-2011 or annual updates thereto.	CSO
January 7	Modifications to ISD's Plan for the Delivery of Special Education Services covering 2010-11 signed by a representative of the Academy.	CSO
January 31	2 nd Quarter Financial Statements – quarter ending 12/31.	CSO
January 31	Michigan Highly Qualified Teacher Verification Report. Required Form Available at www.gvsucso.org .	CSO
April 19	DS-4168-B District Report of Planned Number of Days and Clock Hours of Pupil Instruction for 2010-2011 (See MDE website www.michigan.gov/mde for MDE due date).	CSO
April 29	3 rd Quarter Financial Statements – quarter ending 03/31.	CSO
May 13	Notice of Open Enrollment & Lottery Process and Open Enrollment & Lottery Process Board Policy for 2011-2012.	CSO
June 1	Certificate of Boiler Inspection covering years 2010-2011.	CSO
June 30	Board Approved Amended Budget for 2010-2011 fiscal year (or statement that budget has been reviewed and no amendment was needed).	CSO
June 30	2010-2011 Log of emergency drills, including date, time and results. Sample form available at www.gvsucso.org .	CSO
June 30	Board adopted Letter of Engagement for year ending June 30, 2011 independent financial audit.	CSO
June 30	Food service license expiring 04/30/2012.	CSO

Ongoing Reporting Requirements

July 1, 2010 – June 30, 2011

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 business days after Board meeting	Draft Academy Board Meeting Minutes and Resolutions of regular, special & emergency board meetings.	CSO
14 business 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 2010-2011 including Salary/Compensation Transparency Reporting to be available on school website per the State School Aid Act as amended.	No submission needed.
14 business 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, 2010 – June 30, 2011

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 www.michigan.gov/asbestos 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	
Board adopted Purchasing Policy (date of approval). Reference: MCL 380.1267, MCL 380.1274	CSO
Administration of Medications Policy (date of approval). Reference: MCL 380.1178, 380.1178a, 380.1179	CSO
Harassment of Staff or Applicant Policy (date of approval). Harassment of Students Policy (date of approval) Reference: MCL 380.1300a	CSO
Search and Seizure Policy (date of approval). Reference: MCL 380.1306	CSO
Emergency Removal, Suspension and Expulsion of Students Policy (date of approval). Reference: MCL 380.1309; MCL 380.1312(8)&(9); MCL 37.1402	CSO
Parent/Guardian Review of Instructional Materials & Observation of Instructional Activity Policy Reference: MCL 380.1137	CSO
Board Member Reimbursement of Expenses Policy (date of approval). Reference: MCL 380.1254; MCL 388.1764b	CSO
Equal Access for Non-School Sponsored Student Clubs and Activities Policy (date of approval). Reference: MCL 380.1299	CSO
Electronic or Wireless Communication Devices Policy (date of approval).	CSO
Preparedness for Toxic Hazard and Asbestos Hazard Policy (date of approval).	CSO

Reference: MCL 324.8316, 380.1256	
Nondiscrimination Policy (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
Academy Deposit Policy (date of approval). PA 105 of 1855, being MCL 21.146, Section 11.10 of the Charter Contract	CSO
Parental Involvement Policy (date of approval). Reference: MCL 380.1294	CSO
Wellness Policy (date of approval). Reference: 42 USC §§ 1751, 1758, 1766; 42 USC § 1773	CSO

Calendar of Additional Reporting Requirements and Critical Dates July 1, 2010 – June 30, 2011

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

DUE DATE	REPORT DESCRIPTION	SUBMIT TO:
September 29	Student Count Day for State Aid F.T.E.	No submission required.
September 30	SE-4096 Special Education Actual Cost Report (Contact ISD for due date).	ISD
October 1	Eye Protection Certificate (#4527 Certification of Eye Protective Devices Electronic Grant System [MEGS] if applicable.	CEPI
October 1	Certification of Constitutionally Protected Prayer	MDE
October 7	SE-4094 Transportation Expenditure Report (Contact ISD for due date).	ISD
October 1 – October 31 (as scheduled)	A current list of teachers and school administrators working at the school of excellence that includes their individual salaries; copies of the teacher or school administrator's certificates or permits and evidence of compliance with the criminal background and records checks and unprofessional conduct checks required under the Code for all teachers and administrators working at the school of excellence. MCL 380.553 (5)(m)(iv). This is an onsite review scheduled and conducted by Quality Performance Resource Group.	QPR Group
Oct/Nov	School Infrastructure Database (SID); School-Wide Title I Participation	CEPI
Oct/Nov	Deadline for MEIS/Single Record Student Database ("SRSD") electronic file (Contact the local ISD for due date.)	CEPI
November 1	Deadline for Immunization Records Report – IP100. (Contact Health Dept. for due date).	Local Health Dept.
November 15	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)	A current list of teachers and school administrators working at the school of excellence that includes their individual salaries; copies of the teacher or school administrator's certificates or permits and evidence of compliance with the criminal background and records checks and unprofessional conduct checks required under the Code for all teachers and administrators working at the school of excellence. MCL 380.553 (5)(m)(iv). This is an onsite review scheduled and conducted by Quality Performance Resource Group.	QPR Group

DUE DATE	REPORT DESCRIPTION	SUBMIT TO:
Nov/Dec	Registry of Educational Personnel (REP) Submission	CEPI
December 31	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.
Feb 9	Supplemental Student Count for State Aid F.T.E.	No submission required.
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)	A current list of teachers and school administrators working at the school of excellence that includes their individual salaries; copies of the teacher or school administrator's certificates or permits and evidence of compliance with the criminal background and records checks and unprofessional conduct checks required under the Code for all teachers and administrators working at the school of excellence. MCL 380.553 (5)(m)(iv). This is an onsite review scheduled and conducted by Quality Performance Resource Group.	QPR Group
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

In accordance with Section 11.15 of the Terms and Conditions, the following described categories of information are to be made available to the public by the Academy, and any Educational Management Company contracted by the Academy, as required under Section 553(5)(m) of the Code, MCL 380.553(5)(m):

1. Contract;
2. List of currently serving Directors with name, address, and term of office;
3. Academy Board policies;
4. Academy Board meeting agendas;
5. Academy Board meeting minutes;
6. Academy Board approved budget and amendments to the budget;
7. Bills paid that amount to \$10,000 or more as submitted to the Academy Board;
8. Quarterly financial reports submitted to the University Charter Schools Office;
9. List of current Academy teachers including individual salaries, copies of teaching certificates or permits, and evidence of compliance with criminal background and records checks and unprofessional conduct checks required under the Code for Academy teachers and school administrators;
10. Curriculum documents and materials submitted to the University Charter Schools Office;
11. Proof of insurance required by Contract;
12. Copies of facility leases or deeds, or both, and of any equipment leases;
13. Copies of any management contracts or services contracts approved by the Academy Board. The executed Educational Products and Services Agreement shall be incorporated into this Contract as Schedule 6;
14. Health and safety reports and certificates, including those relating to fire safety, environmental matters, asbestos inspection, boiler inspection, and food service;
15. Annual financial audit and any management letters issued as part of the annual financial audit; and
16. Any other information specifically required under the Code.

**EDUCATIONAL PRODUCTS AND SERVICES
AGREEMENT**

Between

Michigan Virtual Charter Academy

And

K12 Virtual Schools, LLC

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EDUCATIONAL PRODUCTS AND SERVICES AGREEMENT

Between the
MICHIGAN VIRTUAL CHARTER ACADEMY
And
K12 VIRTUAL SCHOOLS, LLC

This EDUCATIONAL PRODUCTS AND SERVICES AGREEMENT ("Agreement") is made and entered into, by and between the Michigan Virtual Charter Academy, a Michigan public school academy, and K12 Virtual Schools, LLC ("K12") as of the date signed by both Parties, and includes the following exhibits:

- a. Exhibit A (Products and Services)
- b. Exhibit B (K12 Proprietary Marks)

RECITALS

A. **WHEREAS**, Michigan Virtual Charter Academy, a Michigan non-profit corporation (the "School" or "MVCA") is operated by The Board of Directors of MVCA (the "Board").

B. **WHEREAS**, the mission of MVCA is to utilize research-based learning and technology applications, combined with teacher/student/parent involvement, to provide a new, innovative model of public charter school education adapted to the needs of elementary, middle and high school students throughout the State of Michigan.

C. **WHEREAS**, the MVCA anticipates the grant of a charter contract to operate a Michigan School of Excellence that is a cyber school ("Charter") from the Board of Trustees of Grand Valley State University, pursuant to MCL 380.551 *et seq.* of the Michigan Revised School Code, to operate a school of excellence that is a cyber school.

D. **WHEREAS**, K12 and its Affiliates were established, among other things, for the following purposes:

- o promoting and encouraging new methods of effective education;
- o implementing innovative and effective instructional systems in elementary and secondary education.

E. **WHEREAS**, K12 has represented to the Board of MVCA that it will provide MVCA with a variety of educational products and services in furtherance of the School's mission. These educational products and services include providing the highly regarded K12® Curriculum, online school and learning management systems; teacher training, recruitment and management; financial and school administration services; technology services for a student account management system and other administrative and technology support services specified in Exhibit A of this Agreement and in accordance with the requirements of the Charter.

NOW, THEREFORE, the Parties mutually agree as follows:

1. **DEFINITIONS.** For the purposes of this Agreement, capitalized terms used herein but not otherwise defined shall have the meaning ascribed to them in this Section 1 as follows:

1.1. **Affiliates.** An "Affiliate" of K12 is an entity that controls, is controlled by, or under common control with K12, where "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of an entity, whether through the ownership of securities, by contract or otherwise. Each and every Affiliate is jointly and severally responsible to the Academy for the provision of all services contemplated hereunder and shall be likewise jointly and severally liable with K12 for any breach hereof.

1.2. **Applicable Law.** Applicable Law is defined herein as the Constitution of the State of Michigan and the Michigan School Code, the federal Elementary and Secondary Education Act, the federal Individuals with Disabilities in Education Act, other applicable federal, state or local statutes, ordinances and regulations, any amendments to or recodification of the aforementioned laws, and executive orders, case law, court orders, other rulings applicable to public school academies in Michigan, and as defined in the Academy's charter contract.

1.3. **Authorizing Body.** The Authorizing Body is the Grand Valley State University Board of Trustees.

1.4. **Board.** The Board is The Board of Directors of MVCA that governs and operates the School.

1.5. **Charter.** A Charter is the contract as defined by Section 501 (2)(d) of the Revised School Code, Public Act 451 of 1976, as amended.

1.6. **Confidential Data and Information.** Any personally identifiable student record covered by Applicable Law or any provision referenced in Section 2.6.2.

1.7. **Facility.** The Facility is collectively the facilities that are owned or leased by MVCA to be used exclusively for purposes of the MVCA Program, absent approval of the Board for other uses. It is contemplated that the Facilities will include administrative offices and Program learning centers, and that K12 shall secure a leased facility for the Initial Term and enter into a sublease on a pass-through of cost basis with the School for such facility.

1.8. **Fiscal Year.** The Fiscal Year shall run July 1 through June 30.

1.9. **Full-Time.** Full-Time means K-8 students who have enrolled in at least six (6) Program courses and high school students who have enrolled in a minimum of five (5) Program courses or the minimum number of courses to graduate, whichever is greater.

1.10. **Program.** The Program is the MVCA's public online educational offering, as set forth in the Charter, which will utilize K12 products and services in accordance with this Agreement.

1.11. **Program Expenses.** Program Expenses are defined in Section 4.3.

1.12. **Program Revenues.** Program Revenues are all revenues and income generated or appropriated for and received by or on behalf of the School as attributed to any student in the Program which includes, but is not limited to, the following sources as applicable: State Foundation Grant funds and other public school state and local funding; federal funds specific to the Program and/or its students; other funding including but not limited to, Title I of the Elementary and Secondary Education Act of 1965, as amended (20 U.S.C. §6301 et seq., as amended); any special education funds, and other income or revenue sources provided by law and obtained by the School and/or K12 which are not specifically excluded herein and all contributions and grants (including but not limited to Charter School Block Grants and other grants as applicable) received by

or on behalf of the School and granted as a matter of right and/or practice or through competitive and non-competitive grant processes, which are to assist in the improvement of the Facility, the implementation or maintenance of the Program, and/or School operations.

1.13. School. The School is the MVCA, a Michigan non-profit corporation and school of excellence that is a cyber school.

1.14. Shareholder. A Shareholder is a holder of greater than one percent (1%) of K12's outstanding shares of common stock.

1.15. Special Education Student. Any Student eligible for special education and related services.

1.16. State. The State is Michigan.

1.17. Student. A Student is any student enrolled and/or otherwise taking any course(s) in the Program.

1.18. Term. The Term of the Agreement is defined in Section 5 below.

2. K12 RESPONSIBILITIES, EDUCATIONAL PRODUCTS AND SERVICES.

2.1. Description of Educational Products. For each school year during the Term, K12 and Affiliates shall license to the School, on a non-exclusive, non-assignable, non-sublicensable basis the products and offerings, as described in Exhibit A, to include the K12® curriculum, access to its online school and designated learning management system(s) and/or available third party curriculum, instructional tools and other products and offerings (collectively the "**Educational Products**"). During the Term, MVCA may agree to K12 and Affiliates licensing additional products (e.g., new curriculum, supplementary curriculum, and/or educational programs) beyond those listed in Exhibit A ("**Additional Products**"). Provision of Additional Products will be agreed to in writing as an addendum to this Agreement and shall be governed by the terms of this Agreement.

2.2. Description of Administrative and Technology Services. For each school year during the Term, K12 and Affiliates shall provide "**Administrative Services**" to the School, as described in Exhibit A, including teacher recruiting, training and management, and financial and school administration services. In addition, K12 and its Affiliates shall provide "**Technology Services**" to the School, as described in Exhibit A, to include a student account management system and related technical support and other educational services during the Term of this Agreement. The Administrative Services and Technology Services shall collectively be referred to as the "**Services**". During the Term, MVCA may agree to K12 and Affiliates providing the School with additional services beyond those listed in Exhibit A ("**Additional Services**"). Provision of Additional Services will be agreed to in writing as an addendum to this Agreement and shall be governed by the terms of this Agreement.

2.3. Compliance with MVCA Contract. K12 agrees to perform its duties and responsibilities under this Agreement in a manner that is consistent with the MVCA's obligations under the Charter issued by The Authorizing Body. The provisions of the Charter shall supersede any competing or conflicting provisions contained in this Agreement.

2.4. Place of Performance. Performance of Services is not required to be rendered at the Facility, unless specifically stated in Exhibit A or for compliance with Applicable Law or the Charter.

2.5. Special Education Services. K12 will reasonably assist the School in performing its mandated duties to students enrolled in the program identified as needing special education and related services as set forth in the Charter.

2.6. Standards of K12 Performance.

2.6.1. K12 Compliance. K12 will provide the Educational Products and Services set forth in this Agreement and any amendments hereto in accordance with Applicable Law and the Charter, as well as School and Board policies made known to K12 in writing. K12 shall also comply with changes in School and Board policies within thirty (30) days of receipt of written notice and a copy thereof.

2.6.2. Confidentiality of Records. K12 will maintain the confidentiality of Program personnel, student and other records in accordance with the requirements of Applicable Law. The School recognizes and agrees that for purposes of the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. § 1232g; 34 CFR Part 99 ("FERPA") and the State open records act, K12 has a legitimate educational interest for purposes of the School disclosing a student's educational records to K12, and the parties will cooperate to satisfy the FERPA mandates related to such disclosure. K12 shall be deemed an agent of the School for the limited purpose of its access to student education records necessary to carrying out the educational program and providing services. Notwithstanding the forgoing, during the term of this agreement the School may disclose Confidential Data and Information to K12 (its employees, agents or contractors) to the extent permitted by Applicable Law, including without limitation, FERPA, The Individuals with Disabilities Education Act (IDEA), 20 USC § 1401 et. seq, 34 CFR 300.610-33.626; Section 504 of the Rehabilitation Act of 1973, 29 USC § 794a, 34 CFR 104.36, the Michigan mandatory Special Education Act, MCL 380.1701 et. seq.; the Americans with Disabilities Act, 42 USC § 12101 et. seq; the Health Insurance Portability and Accountability Act (HIPAA), 42 USC 1320d-13200d-8; 45 CFR 160, 162 and 164, and social security numbers, as protected by the federal Privacy Act of 1974, 5 USC § 552a; and the Michigan Social Security Number Privacy Act, MCL 445.84.

2.6.3. Licensure or Other State Requirements. Except as otherwise provided in this Agreement, all personnel performing Administrative Services for K12 on behalf of the School must comply with all applicable licensure or other requirements of the State and any regulations promulgated there under applicable to persons who perform such services.

2.6.4. Non-Discrimination. K12 prohibits discrimination and harassment in all its programs and activities consistent with the requirements of State and federal law and shall follow the School's policies related to reporting and investigation of unlawful discrimination and harassment.

3. SCHOOL RESPONSIBILITIES.

3.1. Payment. The Board shall be responsible for reviewing and approving the rates and terms of service for the Educational Products and Services as set forth in this Agreement, or as amended as mutually agreed in writing. The compensation provided for herein constitutes full consideration for the Educational Products and Services.

3.2. Oversight of K12. The Board shall be responsible for monitoring K12's performance under, and compliance with, the terms of this Agreement in accordance with Applicable Law. The Board shall also be responsible for overseeing the Program's quality, operational and financial performance. K12 shall reasonably cooperate with such monitoring and oversight.

3.3. Adoption of Policies. MVCA and K12 acknowledge and agree that in providing the Services, it shall be the responsibility of K12 to recommend various policies to the Board for the operation of the Program. The Board retains ultimate responsibility for adopting policies and for overseeing K12's implementation of the Program and K12 will cooperate with such oversight. K12 and the School will work collaboratively on the creation of School policies that may include, but are not limited to, policies relating to the budget,

authorization of expenditures, curriculum, admissions procedures, student conduct, school calendars, procedures for resolution of parent or student complaints and disputes between School employees, and the responsible use of computer equipment and other instructional property. The School shall provide K12 written copies of all policies adopted by the Board. The School shall promptly notify K12 in writing of any changes to such Board policies, and K12 shall comply with any changes in such Board policies within a reasonable time, as appropriate.

3.4. Legal Counsel. The School's Board shall select and retain legal counsel to advise the Board regarding its rights and responsibilities under the contract, this Agreement and applicable law. The Board has the sole authority to hire independent legal counsel.

3.5. Audit Services. The Board shall select and retain an independent auditor to perform an audit in accordance with the contract and applicable State law. The Board has the sole authority to hire independent legal auditors, and the cost of the audit shall be a Program Expense.

3.6. School Compliance. The School will perform its obligations under this Agreement and govern itself in a manner consistent with the requirements of Applicable Law, the Charter and the Authorizing Body's policies.

4. FINANCIAL MATTERS.

4.1. Financial Risk Controls. The School and K12 agree to all of the risk controls set forth below, each of which are material terms of this Agreement:

4.1.1. Exclusivity. K12 shall be the sole provider to the School of the Educational Products and Services unless otherwise waived in writing by an authorized officer of K12. If MVCA desires to purchase Educational Products and Services outside the scope of this agreement, K12 shall have a thirty (30) day right of first refusal to provide the service or product on the same or similar terms for any product or service related to the educational Program operated by the School. The right of first refusal does not apply to routine purchases of services or products not directly related to the educational programming.

4.1.2. Final Program Budgets. The School will adopt an annual Program budget for each Fiscal Year during the Term and agrees that K12 will present to the Board (or its authorized delegates or subcommittee) a proposed Program budget for each such Fiscal Year. The proposed Program budget will include assumptions provided by K12, including the number of administrative staff to be employed, the number of teachers to be employed, and projected enrollment, funding and expenses. MVCA and K12 will work in good faith to agree in writing on a final Program budget on or before June 30 preceding each Fiscal Year. The Board will not unreasonably delay its approval of the budget, and will review and act upon such proposed budget and any proposed modification within thirty (30) days following the submission thereof by K12 or June 30 of a given year, whichever is later.

4.1.3. Agreed Budget Modifications. During the Fiscal Year, K12 may submit to the Board, or the Board may initiate, proposed modifications to the Program budget to take into account the actual Student enrollment for such Fiscal Year, other changes in key assumptions or other changes deemed necessary or appropriate. The parties will work in good faith to agree in writing on modifications to any amendment to the Program budget but, in any event, the Board shall act on any modifications proposed by K12 within thirty (30) days of the proposal thereof.

4.2. Financial Reports. The Board may request that K12: (i) prepare and submit reports on the Program's finances in addition to those financial reports required by Applicable Law or the Charter; or (ii) provide the Board with such other information as, in the School's sole discretion, reasonably necessary and appropriate to enable the Board to monitor K12's performance hereunder, including the effectiveness and efficiency of the Program's operations. All such requests shall be made in writing to the Head of School.

4.3. Program Expenses. The School will be responsible for all debts, liabilities, and obligations incurred on behalf of the Program by or on behalf of the Parties (collectively, "**Program Expenses**") during the Term of the Agreement. Program Expenses shall be determined in accordance with the budget process, will be paid out of the Program Revenues and shall include, but are not limited to, the following Program-related costs:

- 4.3.1. teacher salaries, benefits, work-related travel, phone, computer, printers and other teacher related non-labor reimbursable expenses;
- 4.3.2. teacher training and professional development, including course/conference fees, facility rental and related travel expenses;
- 4.3.3. offices for the School's administrative staff and work related travel, phone, internet service and other related non-labor reimbursable expenses;
- 4.3.4. Student Support Staff (defined in Section 8.3 below) salaries, benefits, work related travel, phone, computer, printers, and other related non-labor expenses;
- 4.3.5. Related service expenses for Special Education Students;
- 4.3.6. internet service provider subsidy for Full Time Students who demonstrate financial need and who request (on a one-subsidy per family basis) in the first year of operation, and as set in the budget process in subsequent years, and to Program teachers and agreed upon Program administrators consistent with Board policies;
- 4.3.7. any computers and related expenses that may be provided to Full Time Students who demonstrate financial need and upon request in the first year of operation, and as set in the budget process in subsequent years (limited to one per Student, unless otherwise agreed in writing by K12) consistent with Board policies;
- 4.3.8. proctored examinations, student test preparation and related cost of exam administration to include facilities, equipment and proctors;
- 4.3.9. school outings, events, achievement incentive programs, face-to-face learning coach training sessions, back to school events, competitions, and graduation ceremonies;
- 4.3.10. direct mail, printing and related expenses for enrolled Students;
- 4.3.11. amounts due to K12 and its Affiliates pursuant Section 9 of this Agreement, including interest past due amounts;
- 4.3.12. supplemental curriculum and other academic services as agreed to by the Board in writing;
- 4.3.13. reasonable legal fees for representation of the Board as it pertains directly to the Program and not for legal representation or related expenses adverse to K12;
- 4.3.14. insurance for the School, its board and employees, if applicable, including directors' and officers' liability insurance, general liability insurance, worker's compensation coverage, property insurance, and other School insurance coverage, as the School deems appropriate;
- 4.3.15. accounting and reporting, payroll processing, audit, and/or tax preparation fees directly associated with the Program;
- 4.3.16. use, sales, income, property or other taxes, if any;
- 4.3.17. fees for required background investigations of School employees;
- 4.3.18. Facility lease expenses (as defined in Section 1.6), to include Board approved tenant improvements and equipment expenses (e.g., rent, maintenance, office furniture, supplies, computers, servers, learning and tutoring center supplies, etc.); and

4.3.19. all other Program related expenses approved in the budget, however, if any total Program Expenses are, as reasonably known, going to be incurred at a variance of two percent (2%) or more above the budgeted amount, they must be pre-approved in writing by K12 and the Board.

5. TERM OF AGREEMENT.

5.1. Term. This Agreement will become effective upon the date of full execution by the Parties, for commencement on July 1, 2010 ("**Effective Date**") and will terminate on June 30, 2015 ("**Initial Term**") unless sooner terminated under the Section 12 of this Agreement. In the event the Authorizing Body and/or the Charter changes, this Agreement shall automatically survive and be performed in accordance with the new Charter, these terms and conditions and Applicable Law, unless this Agreement is otherwise terminated in accordance with Section 12 herein.

5.2. Renewal. Following the Initial Term, this Agreement will automatically extend for successive additional periods of the lesser of two (2) years or remaining term of the then current charter contract (each such period a "**Renewal Term**"), unless (a) either Party provides the other with written notice of non-renewal at least eighteen (18) months before the expiration of the then-current Initial Term or Renewal Term (as applicable); or (b) the Agreement is sooner terminated under Section 12. The Initial Term and any Renewal Terms will be referred to collectively as the "**Term**." Renewal under this Section is contingent upon K12 providing written notice to the Board twenty (20) months before the expiration of the Initial Term of the timelines established by this Section.

6. PRICING, FEES AND PAYMENT.

6.1. Educational Product Prices. In consideration of the value of the Educational Products provided by K12 (including teaching support) as specified in detail in Exhibit A, the School will pay K12 and its Affiliates for the Educational Products based on the then current national K12 Managed Virtual School Pricing for similarly situated schools ("**Product Price List**"). Notwithstanding anything in this Agreement to the contrary, for each Educational Product set forth in the Product Price List, the School agrees that the fees for such Educational Products will be subject to change, no more than once per calendar year, at K12's reasonable discretion and communicated to the School during the annual budget process. Payment for the Educational Products shall be made in accordance with Section 9 below.

6.2. Administrative Services Fee. In consideration of the value of the Administrative Services provided by K12, as specified in detail in Exhibit A, the School agrees to pay K12 and its Affiliates fifteen percent (15%) of the Program Revenues (the "**Administrative Services Fee**") for each Fiscal Year of the Agreement. Payment for the Administrative Services Fee shall be made in accordance with Section 9 below.

6.3. Technology Services Fee. In consideration of the value of the Technology Services provided by K12 as specified in detail in Exhibit A, the School agrees to pay K12 and its Affiliates seven percent (7%) of the Program Revenues for the Technology Services (the "**Technology Services Fee**") for the each Fiscal Year of the Agreement. Payment for the Technology Service Fee shall be made in accordance with Section 9 below.

6.4. Priority of Payments. Payments from the Program Revenues shall be paid in the following order of priority: (1) Program Expenses identified in Section 4.3 above to include all Program teacher salaries and fees for Educational Products; and (2) Administrative and Technology Service Fees payable to K12 and its Affiliates, including any fees for administrative or technology products and services purchased by the School in addition to those enumerated in Exhibit A.

7. GRANTS AND DONATIONS.

7.1. Grants and Donations for the School. Subject to Board approval, the School and K12 may, together or independently, on behalf of the Program, solicit and receive grants and donations from public funds through competitive or non-competitive processes, and private sources consistent with the Program's objectives; provided, however, that any solicitation of such grants and donations by K12 will be subject to the approval of the Board. To the extent permitted by applicable law, K12 will supervise the administration of grant funds from third parties and ensure that such grant funds are used in accordance with applicable statutory and regulatory requirements and the terms of the pertinent grant agreements. The fees under 6.2 and 6.3 will be paid from the School's general funds unless such payment would jeopardize receipt of the grant.

7.2. Grants and Donations for K12. Nothing in this Agreement will be construed to prohibit either K12 from soliciting funds or grants solely for non-Program related purposes and using such funds or grants solely for such purposes.

8. PERSONNEL SUPPORTING THE PROGRAM.

8.1. K12 Staff Assigned to the Program. To satisfy its obligations under this Agreement, K12 may assign personnel to the Facility or other locations. K12 will employ and determine the employment terms for administrative personnel who may include a Head of School ("HOS") or equivalent administrative staff position, and such other staff, including agreed teaching staff as K12 deems necessary to deliver the Educational Products and Services described in this Agreement. The responsibilities and performance of K12's staff will be consistent with Applicable Law. Such administrative personnel may be assigned to the Program on a full- or part-time basis. K12 will have the sole authority to select, supervise, evaluate, transfer, promote, discipline and dismiss its staff members.

8.2. Complaints About K12 Staff. If the Board is dissatisfied or concerned about the job performance of the HOS or a direct report to the HOS, the Board or Board representative shall discuss the matter first with the HOS or its equivalent. In the event the Board has a concern or is not satisfied with K12's staff member's job performance, the Board or Board authorized representative will provide K12 official written notice pursuant to this Agreement and set forth the specific issues and requested action with supporting documentation. K12 shall respond within 15 days to such notice. Should the concern remain the dispute resolution procedure pursuant Section 22.1 shall then be utilized.

8.3. Teachers. Unless otherwise mutually agreed in writing, the Program teachers shall be employed by K12, and all costs associated with their employment (including, but not limited to, salaries, benefits, work-related travel, professional development, and other Program-related reimbursable expenses) shall be a Program Expense. Each teacher must be qualified and hold a valid teaching certificate to the extent required by Applicable Law.

8.4. Student Support Staff. Unless otherwise mutually agreed in writing, the Student Support Staff shall be employed by K12, and all costs associated with their employment (including, without limitation, salaries, benefits, travel and other Program related expenses) shall be a Program Expense. Student Support Staff is defined as any position that provides direct services to teachers, students and parents (which may include Special Education Coordinators, Registrar, Guidance Counselor, Nurse, Community Relations Coordinator, Truancy Officer, Related Services Coordinator, or similar positions).

8.5. Background Investigations on K12 Employees. K12 will be responsible for arranging for criminal background checks to the extent required under Applicable Law. Upon the School's request, K12 will provide the School with documentary evidence of its compliance, subject to any confidentiality requirements imposed by Applicable Law.

8.6. Background Investigations on Board Employees. The School, with K12's assistance, will be responsible for arranging for criminal background checks to be conducted on its employees assigned to the Program, to the extent required under Applicable Law. The School, with K12's assistance, will maintain the documentary evidence of the background checks of School employees at the Facility.

9. PAYMENT OF PRODUCT AND SERVICE FEES.

9.1. Invoicing and Payment of Fees. K12 will submit to the School a detailed invoice for the Educational Products and Services delivered for the prior calendar month. For any fees calculated as a percentage of Program Revenue, such fees will be calculated based upon the approved budget or subsequent updates in effect for the applicable calendar month and will be billed for services rendered on a monthly basis during the Term, even though Program Revenue may be received by the School beyond the expiration of the Term.

9.2. Location of Payment. All payments made hereunder will be made to K12 or its applicable Affiliate, and at the address set forth above, or such other address provided by K12 in writing.

9.3. Payment Date and Interest. All invoices payable to K12 and its Affiliates are due within thirty (30) days from the invoice date. All amounts past due and owing by the School to K12 will accrue interest at one and one-quarter percent (1¼ %) per month, except for fees under 6.2 and 6.3, but not to exceed fifteen percent (15%) per annum on each overdue amount.

9.4. Taxes. Except as otherwise stated herein, K12 is not responsible for any taxes or third-party charges related to the activities, or the ownership or operation of the Program. Without limiting the foregoing, the School agrees to pay any sales, use, property, excise, value-added, or other similar taxes, if any, imposed by Applicable Law, except for taxes based on K12's income. For the avoidance of doubt, all fees for the Educational Products and Services set forth herein are exclusive of such taxes.

9.5. Year-End Adjustments. Within thirty (30) days after completion of the School's audited financial statements for each Fiscal Year, K12 will prepare and submit to the Board a statement of the total amounts of the Administrative Services and Technology Services Fees (collectively "**Service Fees**") payable with respect to such Fiscal Year, including the calculation of such amounts (which calculations will be based upon the School's audited financial statements for such Fiscal Year). If the total amount of the Service Fees calculated in accordance with the foregoing sentence exceeds the total amount invoiced by K12 pursuant to Section 9.1, then the excess amount will be payable to K12; if such total amount is less than the total amount invoiced by K12 pursuant to Section 9.1, then the shortfall amount will be payable to the School. Payment of any excess Service Fees payable to K12 will be due thirty (30) days after the submission of the statement thereof. Reimbursement to the School of any overpayment of Service Fees will be due thirty (30) days after the submission of the statement thereof, provided, that K12 may elect in its discretion to set-off the amount any such overpayment against any outstanding obligations under this Agreement of the School to K12 or any Affiliate.

9.6. Payment Out of School Funds Managed by K12 Only. After the Board approves, K12 is authorized by the Board to pay itself, the fees set forth in this Agreement.

9.7. Disputed Amounts. If the School disputes any charge invoiced by K12 ("**Disputed Amounts**"), the Board (or its authorized designee) must submit a good faith claim in writing regarding the Disputed Amount with documentation reasonably necessary to support the claim no later than ninety (90) days beyond the then-current Fiscal Year audit regarding the Disputed Amount. If the Board (or its authorized designee) does not submit a documented claim to K12 within such time frame regarding such Disputed Amount, then notwithstanding anything in this Agreement to the contrary, the Board waives all rights to dispute and file any claim, excluding a claim for a material breach of this Agreement or fraud, thereafter regarding such

Disputed Amount (and the School also waives all rights to otherwise claim that it does not owe such Disputed Amount or to seek any credits or reimbursements or other amounts of any kind based upon or relating to such Disputed Amount).

10. RELATIONSHIP OF THE PARTIES.

10.1. Status of the Parties. K12 is not a division or any part of the Board. The Board is a body corporate authorized under State law and is not a division or a part of K12. The relationship between MVCA and K12 was developed and entered into through arms-length negotiations and is based solely on the terms of this Agreement. Nothing herein will be construed to create a partnership or joint venture by or between MVCA and K12. Neither MVCA nor K12 will be the agent of another except to the extent otherwise specifically provided by this Agreement where K12 is authorized to take action on behalf of the Board or the School. The Board nor K12 will in no case represent to third parties, and will whenever needed disclaim to such parties, any ability to bind the other party to any duty imposed by contract, other than this Agreement or as otherwise agreed in writing by K12 or the Board.

10.2. Relationship Between the Board and School. The School is a non-profit corporation organized under the laws of Michigan and governed by its Board. Although many provisions in this Agreement refer to the Program and grant rights or impose obligations on the School, it is the Board that has the final legal responsibility under this Agreement to K12 and the Authorizing Body.

10.3. No Related Parties or Common Control; Certain Permitted Participations. Except as contemplated by this Agreement or any agreement between the Board and any Affiliate with respect to the provision of services described hereunder, K12 will not have any role or relationship with the Board that, in effect, substantially limits the Board's ability to exercise its rights, including termination rights, under this Agreement. None of the Board's voting power shall be vested in K12 or its directors, trustees, members, managers, officers, Shareholders, or employees, and none of the voting power of K12's board of directors or Shareholders of K12 shall be vested in the Board's or its Authorizing Body's directors, trustees, members, managers, officers, shareholders, or employees. Each party agrees that it will not take any action that would cause the Board and K12 to be members of the same control group, as defined in Section 1.150 et seq. of the regulations under the IRC, or related persons, as defined in Section 144(a)(3) of the IRC.

11. **OTHER SCHOOLS.** The Parties acknowledge that K12 and its Affiliates will have the right to render similar services to other persons or entities including other public or private schools or institutions within and outside of the State ("**Other Schools**"). K12 will maintain separate accounts for reimbursable expenses incurred on behalf of the School and Other Schools, if any. K12 shall not charge the School any fee or cost for services of any nature whatsoever that are being provided to other schools. All grants or donations received by School, or by K12 for the specific benefit of School, will be maintained in separate accounts and used solely for the Program.

12. TERMINATION EVENTS. Events of termination are as follows:

12.1. Termination for Cause. The Parties shall use good faith efforts to resolve all disputes relating to this Agreement as set forth in Section 22; however, either Party may terminate this Agreement at any time with ninety (90) days' prior written notice to the other Party for cause. Termination for cause shall mean the breach of any material term or failure to fulfill any material condition, term, provision, representation, warranty, covenant or obligation contained in this Agreement, and a failure to cure such a breach within forty-five (45) days after receiving written notification from the terminating Party. Upon termination of this Agreement, the non-breaching Party shall be entitled to seek any remedies for which it would be entitled at law or in equity.

12.2. Termination for Material Reduction in Program Revenue. K12 may terminate this Agreement in the event that there is a reduction in Program Revenue of ten (10) percent below the amount for the prior Fiscal Year. K12 shall notify the Board of its intent to terminate under this provision and provide the Board thirty (30) days notice so that the Parties may work together to find alternative funding or other means to offset the reduction in Program Revenue. If the Parties are unable to find additional revenue or other means in the thirty (30) day time-frame, K12 may terminate this Agreement and such termination shall be effective: (i) immediately upon written notice by K12 to the Board, if notice or publication of such reduction is given at least ninety days (90) prior to the commencement of the school year to which such reduction is applicable; or (ii) at the end of the school year upon written notice to the Board if notice or publication of such reduction is given during the school year to which such reduction is applicable.

12.3. 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.

12.4. Termination in the Event of Certain Changes in the Charter or School Policies or Budget Modifications. K12 may terminate this Agreement effective immediately upon written notice to the School in the event that the Charter is amended or the Board or the Authorizing Body adopts or amends a policy or adopts a budget modification, and the effect of such amendment, budget modification, or policy could reasonably be determined to require K12 to increase the costs of the level of services required to be provided hereunder by five (5%) percent over the budgeted costs for the school year, or such amendment or policy could reasonably be determined to create a new and significant financial risk or exposure to K12. In the event the Board or Authorizing Body adopts such an adverse policy in the middle of a Fiscal Year, K12 agrees to use its best efforts to complete the then current Fiscal Year without waiving any rights and remedies hereunder.

12.5. Change in Applicable Law. If any change in Applicable Law enacted after the date hereof could reasonably be expected to have a material adverse effect on the ability of MVCA or K12 to carry out its obligations under this Agreement, MVCA or K12, upon written notice to MVCA or K12 (which notice may be given at any time following enactment of such change in Applicable Law, whether or not such change is effective on the date of such enactment or is effective at a later date), may request renegotiation of this Agreement. Such renegotiation will be undertaken in good faith. If MVCA or K12 are unable to renegotiate and agree upon revised terms within one hundred twenty (120) days after such notice of renegotiation, then this Agreement will be terminated effective at the end of the Fiscal Year in which such notice was given, unless earlier termination is necessary to protect the health, welfare, or safety of students.

13. TERMINATION EFFECTS. Effects of termination are as follows:

13.1 Outstanding Payments Due. Except as otherwise agreed by MVCA and K12 in writing, termination does not relieve the School of any obligations for payments outstanding to K12 as of the date of termination or other obligations that continue upon termination as provided in this Agreement.

13.2 Fees Owed. In the event this Agreement terminates as provided for herein, or it expires pursuant to its terms, and unless otherwise agreed by MVCA and K12 in writing, the School shall owe for all products and services rendered to include the Administrative and Technology Services Fees, Educational Products and Services in accordance with this Agreement for the period up to and including then current Fiscal Year of the termination or expiration. All such fees will be determined on an accrual basis per the School's audited financial statement up to and including the year in which this Agreement terminates or expires.

14. INTELLECTUAL PROPERTY RIGHTS.

14.1. Authority to Sublicense. The School acknowledges and agrees that K12 has the right to sublicense from its Affiliates to the School certain intellectual property rights and interests in and to K12 and its Affiliate's (and respective licensor's) intellectual property, including but not limited to curriculum, trade secrets, know-how, proprietary data, documents and written materials in any format, artwork, graphics, charts, software, licenses, marketing materials, website design and domain numbers and names for K12, its Affiliates and the Program, the Program name and website design(s) and other materials created for the Program, and curricular materials and any and all customizations and derivative works thereof (collectively, "**K12 Proprietary Materials**"). The School further acknowledges and agrees that: (i) it has no intellectual property interest or claims in the K12 Proprietary Materials or any customizations and derivative works thereof or any other materials created for use in connection with the K12 Proprietary Materials, (ii) it has no right to use the K12 Proprietary Materials unless expressly agreed to in writing by K12, and (iii) K12 and its Affiliates (and respective licensors as the case may be) own all intellectual property rights in and to the K12 Proprietary Materials.

14.2. Sub-License of K12 Proprietary Materials. K12 hereby grants the School a royalty-free, non-exclusive, non-transferable sub-license, during the Term and for a period of thirty (30) days following the expiration or earlier termination of this Agreement, to use and distribute the K12 Proprietary Materials solely in connection with the Program operations as contemplated in this Agreement. Notwithstanding the foregoing, the School shall not: (i) modify or otherwise create, or permit third parties to modify or otherwise create, derivative works from or using the K12 Proprietary Materials, (ii) sublicense any rights under this Agreement without the advance written approval of K12, which approval may be withheld by K12 in its sole discretion, or (iii) frame any website owned by K12. Upon the termination of such license, the School will cease use of the K12 Proprietary Materials, and will return all K12 Proprietary Materials to K12 promptly, including those in the possession of the Board, any teachers and School employees participating in the Program, and students participating in the Program.

14.3. Rights of K12 in K12 Proprietary Marks. The School acknowledges and agrees that, as between the School and K12, K12 only has the right to sublicense certain intellectual property rights and interests in and to K12 and its Affiliate's trademarks, service marks, and trade names (including K12, K12 (& Design), trade names, trade dress, and the logo names and design(s) for the Program as well as those featured in Exhibit B (collectively, "**K12 Proprietary Marks**"). The School further acknowledges and agrees that it has no intellectual property interest or claims in the K12 Proprietary Marks any customizations and derivative works thereof or any other materials created for use in connection with the K12 Proprietary Marks and has no right to use the K12 Proprietary Marks except in the limited capacity as set forth in Section 14.1.4 or unless expressly agreed to in writing in advance by K12, which agreement K12 may withhold in its sole discretion.

14.4. Sub-License of K12 Proprietary Marks. K12 hereby grants the School a royalty-free, non-exclusive, non-transferable sublicense, during the Term and for a period of thirty (30) days following the expiration or earlier termination of this Agreement, to use the K12 Proprietary Marks relating to the Program solely in connection with the operations of Program as contemplated in this Agreement. Notwithstanding the foregoing, the School will not be permitted to sublicense any rights under this Agreement without the advance written approval of K12, which approval may be withheld by K12 in its sole discretion. Upon the termination of such license, the School will cease use of the K12 Proprietary Marks.

14.5. Limitations on Use of K12 Proprietary Materials and K12 Proprietary Marks by School. The School will use the K12 Proprietary Materials and the K12 Proprietary Marks only as provided in this Agreement. Notwithstanding the foregoing license rights, the School also agrees not to not alter, copy, disassemble, reverse engineer or modify the K12 Proprietary Materials and/or the K12 Proprietary Marks in any way, nor will the School act or permit action in any way that would impair the rights of K12 in them. The School's authorized use will not create any right, title, or interest in or to the K12 Proprietary Materials or the K12

Proprietary Marks any customizations and derivative works thereof or any other materials created for use in connection with the foregoing. K12 will have the right to monitor the quality of the School's use of the K12 Proprietary Materials and the K12 Proprietary Marks, and the School will notify K12 promptly in writing of any known infringement thereof and of any use of K12's Intellectual Property (including the K12 Proprietary Materials, and/or the K12 Proprietary Marks) by an unauthorized party, other than set forth or contemplated by this Agreement, of which the School becomes aware. K12 and the School agree to reasonably assist each other in pursuing measures to prevent further use of K12's Intellectual Property by said unauthorized party. Any references to or use of the K12 Proprietary Materials or the K12 Proprietary Marks by the School will contain the appropriate trademark, copyright or other legal notice provided from time to time by K12 and will be subject to additional trademark usage standards developed by K12 and modified from time to time by K12 with advance notice in writing.

14.6. Publicity/Press Release. The Parties may agree to cooperate in joint marketing activities or in issuing a joint press release at the request of either of them, subject to prior written consent and approval of the form and substance of both the School and K12, such consent will not be unreasonably withheld.

15. LIMITS ON LIABILITY AND DAMAGES.

15.1. CONSEQUENTIAL DAMAGES. EXCEPT IN CONNECTION WITH ITS INDEMNITY OBLIGATIONS EXPRESSLY SET FORTH HEREIN, NEITHER MVCA NOR K12 SHALL BE LIABLE FOR ANY INDIRECT, EXEMPLARY, PUNITIVE, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, ANY LOST SAVINGS, LOST PROFITS, LOST SALES, BUSINESS INTERRUPTIONS, DELAY DAMAGES, DAMAGES FOR THIRD PARTY CLAIMS, LOST OR DESTROYED DATA, EVEN IF THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NEITHER OCCASIONAL SHORT-TERM INTERRUPTIONS OF SERVICE OR PRODUCTS, WHICH ARE NOT UNREASONABLE UNDER COMPARABLE INDUSTRY STANDARDS NOR INTERRUPTIONS OF SERVICE OR PRODUCTS RESULTING FROM EVENTS OR CIRCUMSTANCES BEYOND K12'S REASONABLE CONTROL SHALL BE CAUSE FOR ANY LIABILITY OR CLAIM AGAINST K12 HEREUNDER, NOR SHALL ANY SUCH OCCASION RENDER K12 IN BREACH OF THIS AGREEMENT. This Section does not impact the rights of any non-party to this contract.

16. ASSIGNMENT. Except as otherwise provided in this Agreement, neither MVCA nor K12 may assign or delegate any rights or obligations under this Agreement without the prior written consent of the other Party. Except as prohibited by Applicable Law or the Charter, K12 may assign all of its rights and obligations under this Agreement to any Affiliate. K12 may delegate the performance of its duties hereunder to any person or entity but K12 shall be responsible for the performance, in accordance with the terms of this Agreement, of any services performed by its delegees.

17. INDEMNITY. The Party charged with indemnifying and/or defending under this provision (the "**Indemnifying Party**") shall conduct the defense in any such third party action arising as described herein and the Party claiming the benefits of this Section 17 (the "**Indemnified Party**") promises to cooperate with such defense, provided the Indemnifying Party reasonably consults with the Indemnified Party on any settlement (subject to the consent requirement in the last sentence of this paragraph). Notwithstanding the foregoing, the Indemnified Party may, at its own expense, assist in such defense if it so chooses, provided that the Indemnifying Party shall be entitled to control such defense and all negotiations relative to the settlement of any such claim. Any settlement that would admit any liability on the part of the Indemnified Party shall require such Indemnified Party's prior written consent. This section does not apply to any indemnity obligation related to Grand Valley State University.

17.1. Indemnification of the School. K12 and its Affiliates will each jointly and severally indemnify, defend, and save and hold the School and all of its employees, officers, directors, trustees, subcontractors, and agents, their respective successors and permitted assigns, harmless against any and all claims, demands, suits, or other forms of liability including without limitation costs and reasonable attorneys' fees (each a "Claim") that may arise out of, or by reason of, any (a) breach of any expressed representation or warranty, covenant or agreement made or to be performed by K12 or its Affiliate pursuant to this Agreement, (b) noncompliance by K12 or its Affiliate with any Applicable Law in connection with the School's operations, but excluding any Claims that arise from conduct undertaken in accordance with the Authorizing Body's, the School's or the Board's expressed written instructions, except where such instructions arise from and are in accordance with advice or recommendations provided by K12 or its Affiliate, and (c) act or omission of K12 or its Affiliate or any of its employees, officers, directors, trustees, subcontractors or agents in connection with School's operations that results in injury, death, or loss to person or property except to the extent any Claims arise out of the gross negligence of an Academy employee.

17.2. Indemnification of K12. To the extent permitted by law, the School will indemnify, defend, and save and hold K12 and each other Affiliate of K12 and all of their respective employees, officers, directors, trustees, subcontractors, and agents, their respective successors and permitted assigns, harmless against any and all Claims that may arise out of, or by reason of, any (a) breach or any expressed representation or warranty, covenant or agreement made or to be performed by the School pursuant to this Agreement, (b) noncompliance by or on behalf of the School or Board with any Applicable Law in connection with School's governance, and (c) negligence of the Board or any of its employees, officers, directors, trustees, subcontractors or agents in connection with the School's governance that results in injury, death, or loss to person or property except to the extent any Claims arise out of actions or omissions of K12.

17.3. 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 (collectively "University") are deemed to be third party beneficiaries for purposes of this Agreement. As third party beneficiaries, K12 hereby promises to indemnify, defend and hold harmless the University from and against all demands, claims actions, suits, causes of action, losses, judgments, liabilities, damages, fines, penalties, demands, forfeitures, or any other liabilities or losses of any kind whatsoever, including costs and expenses (not limited to reasonable attorney fees, expert and professional fees) settlement and prosecution imposed upon or incurred by the University, and not caused by the sole negligence of the University, which arise out of or are in any manner connected with the University Board's approval of the School's application, the University Board's consideration or issuance of a Contract, K12's preparation for or operation of the School, or which are incurred as a result of the reliance by the University upon information supplied by K12, or which arise out of K12's failure to comply with the Contract or Applicable Law. The Parties expressly acknowledge and agree that the University may commence legal action against K12 to enforce its rights as set forth in this section of the Agreement.

17.4. Indemnification Procedures.

17.4.1. Notice Requirement. Each Indemnified Party must give written notice to the other of the existence of a Claim promptly after such Indemnified Party first receives notice of the existence of the potential Claim, provided that such Indemnified Party will not be foreclosed from seeking indemnification hereunder by any failure to provide such prompt notice except and only to the extent the Indemnified Party actually incurs an incremental expense or otherwise has been materially prejudiced as a result of such delay.

17.4.2. Defense and Settlement of Claims. Each Indemnified Party seeking indemnification hereunder will permit the Indemnifying Party (at the expense of the Indemnifying Party) to assume the defense of such Claim, provided, that (i) counsel for the Indemnifying Party who will conduct the defense of such Claim must be reasonably satisfactory to such Indemnified Party and (ii) such

Indemnified Party may participate in such defense at such Indemnified Party's expense. Except with the prior written consent of the Indemnified Party seeking indemnification hereunder, the Indemnifying Party, in the defense of any Claim, will not consent to entry of any judgment or enter into any settlement. In the event that any Indemnified Party seeking indemnification hereunder has been advised by counsel for the Indemnifying Party that such Indemnified Party may have available to it one or more defenses or counterclaims that are different from or in addition to one or more of those that may be available to the Indemnifying Party in respect of such Claim and, in such counsel's reasonable opinion, such counsel could not assert such defenses or counterclaims without creating a conflict of interest, such Indemnified Party will have the right to take over and assume control over the defense of such claim at the sole cost of the Indemnifying Party, provided that if such Indemnified Party does so take over and assume control, such Indemnified Party will not settle such claim without the written consent of the Indemnifying Party. In the event that the Indemnifying Party does not accept the defense of any matter as above provided, the Indemnified Party seeking indemnification hereunder will have the right to defend against such Claim, provided that such Indemnified Party will not settle such Claim without the written consent of the Indemnifying Party. In any event, any Indemnified Party seeking indemnification hereunder and the Indemnifying Party will cooperate in the defense of any claim subject to this Section 17. This section in no manner applies to Grand Valley State University.

18. INSURANCE COVERAGE.

18.1. Liability Coverage. The School will initiate and maintain for a period of two (2) years after the expiration or termination of this Agreement, at its own expense, comprehensive professional and general liability insurance, including product liability, contractual liability (applicable to the indemnification obligations of the School set forth in Section 17, and advertising injury insurance, with reputable and financially secure insurance carriers to cover the operations of the School, for not less than \$5,000,000 (combined single limit for bodily injury and property damage per occurrence and in the aggregate). Such insurance (excluding D&O and E&O insurance) will include K12 and its Affiliates and their respective trustees, directors, officers, employees, contractors and agents as additional insureds within thirty (30) days after the date of this Agreement. Such insurance will be written to cover claims incurred, discovered, manifested, or made during or after the Term.

18.2. Evidence of Insurance. The School will furnish a certificate of insurance evidencing such coverage to K12 within thirty (30) days after the effective date of this Agreement. Thereafter, the School will provide thirty (30) days' advance written notice to K12 of any cancellation or material adverse change to such insurance.

18.3. Insurance Coverage No Limitation on K12's Rights. The School's insurance will be primary coverage and any insurance K12 may purchase shall be excess and non-contributory, except for K12's any negligent acts and omissions committed solely by K12. The minimum amounts of insurance coverage required herein will not be construed to impose any limitation on the School's indemnification obligations under Section 17.

18.4. Workers' Compensation Insurance. Both Parties will initiate and maintain workers' compensation insurance for its respective employees working at or for the Program, as required by Applicable Law.

18.5. Cooperation. All Parties will comply with any information or reporting requirements required by the other Party's insurer(s), to the extent reasonably practicable.

19. REPRESENTATIONS AND WARRANTIES.

19.1. Representations and Warranties of K12. K12 hereby represents and warrants to the School:

19.1.1. Organization and Good Standing. K12 is a company duly organized, validly existing, and in good standing under the laws of the State of Delaware and is a wholly owned subsidiary of K12 Inc.

19.1.2. Power and Authority; Authorization; Binding and Enforceable Agreement. K12 has full limited liability company power and authority to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement has been duly authorized and executed by K12 and constitutes the valid and legally binding obligation of K12, enforceable against K12 in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and other laws of general applicability relating to or affecting creditors' rights and by general principles of equity.

19.1.3. Professional Services. K12 warrants that the Services will be performed in an professional and workmanlike manner in accordance with commercially reasonable industry standards, and deliverables, if any, will materially comply with the agreed upon functional specification set forth in the applicable Exhibit A, if used in a manner consistent with the conditions for which it was designed. K12 and its affiliates make no guarantees as to the results or achievements of the students.

19.1.4. Non-Conformities. The foregoing warranties shall not apply to defects or non-conformities: (a) resulting from software, hardware or interfacing not supplied by or otherwise approved by K12, its Affiliates or authorized contractors; or (b) resulting from inadequate or improper maintenance, modification or usage by the School, its employees or students. In addition, the foregoing warranty shall not apply to requirements not expressly included in this Agreement.

19.2. Representations and Warranties of the School. The School hereby represents and warrants to K12:

19.2.1. Organization and Good Standing. The School is a non-profit corporation duly organized, validly existing, and in good standing under the laws of Michigan.

19.2.2. Power and Authority; Authorization; Binding and Enforceable Agreement. The School has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement has been duly authorized and executed by the School and constitutes the valid and legally binding obligation of the School, enforceable against it in accordance with its terms and conditions, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and other laws of general applicability relating to or affecting creditors' rights and by general principles of equity.

19.2.3. Authority Under Applicable Law. The School has the authority under Applicable Law to: (i) contract with a management company to obtain the Services, Administrative Services and/or Technological Services and all other programs and services under this Agreement; (ii) to execute, deliver, and perform this Agreement; and (iii) to incur the obligations provided for under this Agreement.

19.2.4. Non-Contravention. The execution, delivery and performance of this Agreement by the School will not constitute, under any other agreement, note, lease, or other instrument to which the Board is a party or by which it or any of its assets is bound, any violation, breach or event of default by the School or any other party thereto. The School has delivered to K12 a true and complete copy of the Charter.

19.2.5. Provision of Authority to K12. The School has provided and will provide K12 with all authority and power necessary and proper for K12 to undertake its responsibilities, duties, and obligations provided for in this Agreement.

19.2.6. Effectiveness and Enforceability of the Charter. The Charter, upon its approval by the Authorizing Body and the subsequent effectiveness of the Agreement, is in full force and effect and constitutes a valid and binding obligation of each party thereto, enforceable in accordance with its terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and other laws of general applicability relating to or affecting creditors' rights and by general principles of equity.

19.2.7. Certain Provisions of the Charter. The Charter will, when approved, authorize the School to operate and receive the federal, state and local education funds identified in this Agreement, as well as other revenues, and otherwise vests the Board with all powers necessary and desirable for carrying out the Program and other activities contemplated in this Agreement.

19.2.8. Renewal of the Charter. The Board will use best efforts to renew the Charter upon its expiration.

19.2.9. Mutual Warranties. Each Party warrants to the other that there are currently no pending actions, claims, suits, or proceedings, to its knowledge, threatened against it, which if adversely determined, would have a material adverse effect on its ability to perform its obligations under this Agreement.

20. OFFICIAL NOTICES. All notices and other communications required by the terms of this Agreement will be in writing and sent to the Parties hereto at the addresses set forth below (and such addresses may be changed upon proper notice to such addressees). Notice may be given by: (i) certified or registered mail, postage prepaid, return receipt requested, (ii) reputable overnight carrier, postage prepaid, (iii) facsimile (with confirmation of transmission by sender's facsimile machine), or (iv) personal delivery (with written receipt confirming such delivery). Notice will be deemed to have been given (i) two days after mailing as described in clauses (i) and (ii) of the foregoing sentence, (ii) on the date of personal delivery or (iii) on the date of transmission of a facsimile if on a business day during normal business hours (or, if not, the next succeeding business day). Electronic mail does not constitute official notice under this Agreement. The addresses of the Parties are:

For K12:

Executive V.P. of School Management & Services
K12
2300 Corporate Park Drive, Suite 200
Herndon, Virginia 20171
Fax: (703) 483-7330

With Copy To:

General Counsel
K12
2300 Corporate Park Drive, Suite 200
Herndon, Virginia 20171
Fax: (703) 483-7496

For School:

Michigan Virtual Academy
Attention Board President
678 Front Avenue N.W.
Suites 215 and 265
Grand Rapids, Michigan 49504

With Copy To:

Clark Hill, PLC
Attention James Crowley and Joseph Urban
151 S. Old Woodward Avenue, Suite 200
Birmingham, MI 48009
Fax: (248) 642-2174

21. NON-SOLICITATION. Each Party agrees that during the Term of this Agreement and for a period ending twelve (12) months after the termination of this Agreement for any reason, unless mutually

agreed by the Parties, one Party will not directly solicit, recruit for employment, offer employment to, offer subcontracting opportunities to, or otherwise employ or use the services of any consultant or employees of the other Party or their related companies if that consultant or employee or former consultant or employee had been assigned to or worked under this Agreement.

21.1. Solicitation Remedies. In the event of such unpermitted use or engagement by a Party or its related company of such consultant or employee whether directly or indirectly, in contravention of the clause immediately above, the other Party, at its option, may seek receipt of a sum equivalent to one hundred percent (100%) of that employee's base starting salary with the new employer, or seek any legal or equitable relief against such actions, including, but not be limited to, the remedy set forth in Section 4.3.5.

21.2. Solicitation Exceptions. For the avoidance of doubt, newspaper, periodical or Internet-based listings of employment opportunities by a Party shall not be considered direct or indirect solicitation of an employee of the other Party.

22. DISPUTE RESOLUTION, VENUE AND GOVERNING LAW.

22.1. Dispute Resolution Procedure. The Parties agree that they will attempt in good faith to settle any and all disputes arising in connection with this Agreement amicably in the ordinary course of business. If a dispute is not resolved in the ordinary course of business, the aggrieved Party will submit its dispute in writing to the account manager of the other Party. If the dispute is not resolved after ten (10) calendar days from the receipt of such written notice, then the Parties shall escalate the matter to the general manager for the School and the EVP of School Management and Services for K12. If the dispute is not resolved after five (5) business days thereafter, then the Parties shall escalate the effort to resolve to the Board president for the School and the CEO for K12 who shall have five (5) days to seek resolution of the matter. The dispute resolution procedures described herein will be deemed complete upon the earlier to occur of the following: (i) the Parties mutually agree in writing to discontinue the dispute resolution procedures; and (ii) the relevant dispute is not resolved within the time periods provided under herein.

22.2. Mediation and Arbitration. If the Parties are unable to resolve the dispute pursuant to the Section immediately above, the Parties agree that they will attempt in good faith to settle any and all disputes through a process of mediation in Kent County, Michigan, under the supervision of a mutually agreed upon mediator. In the event that mediation fails to settle such a dispute, the Parties hereby agree to proceed to arbitration in Kent County, Michigan, pursuant to the then existing rules of the American Arbitration Association. Except as may be required by law, neither a Party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both Parties, except to Grand Valley State University as may be requested. Judgment upon the award rendered may be entered by the Circuit Court of Kent County, Michigan. Each Party will bear its own costs and expenses associated with the dispute resolution procedures set forth in this Section 19.3, except that the Parties will share equally any fees payable to a professional mediator and/or arbitrator.

22.3. Injunctive Relief. Notwithstanding the foregoing dispute resolution procedures, the School acknowledges that in the event it breaches any provision contained in the Section entitled "Intellectual Property Rights", K12 may suffer irreparable harm in which the full extent of damages may be impossible to ascertain and monetary damages may not be an adequate remedy. As such, in its sole discretion, K12 may seek immediate judicial relief as available in law or equity, and the initiation of any judicial proceeding will suspend the dispute resolution procedures set forth above. K12 will be entitled to enforce this Agreement by an injunction or other equitable relief without the necessity of posting bond or security, in addition to its right to seek monetary damages or any other remedy. The decision by K12 not to seek judicial relief during the above described dispute resolution procedures, will not create any inference regarding the presence or absence of irreparable harm.

22.4. Jurisdiction and Venue. In the event any dispute is not resolved or resolvable by the procedures set forth in Section 22.2, each Party: (a) irrevocably and unconditionally consents and submits to the jurisdiction of the state court located in Kent County, Michigan, for purposes of any action, suit or proceeding arising out of or relating to this Agreement; (b) agrees that service of any process, summons, notice or document by U.S. registered mail to the address set forth opposite the name of such Party at the end of this Agreement shall be effective service of process for any such action, suit or proceeding brought against such Party; (c) irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of or relating to this Agreement in the state court located in Kent County, Michigan, and (d) irrevocably and unconditionally waives the right to plead or claim, and irrevocably and unconditionally agrees not to plead or claim, that any action, suit or proceeding arising out of or relating to this Agreement that is brought in the state court located in Kent County, Michigan, has been brought in an inconvenient forum.

22.5. Governing Law. The laws of the State of Michigan without regard to its conflict of laws provisions will govern this Agreement, its construction, and the determination of any rights, duties, and remedies of the Parties arising out of or relating to this Agreement.

23. MISCELLANEOUS.

23.1. Coordination; Exercise of Approval or Consent Rights.

23.1.1. Coordination and Consultation. The Parties will coordinate the performance of their respective activities hereunder and will establish such procedures as they shall mutually agree to be effective for achieving the purposes of this Agreement and allowing each of them to perform its obligations and exercise its rights under this Agreement. Without limiting the generality of the foregoing, K12's legal counsel and the School's legal counsel will consult from time to time with respect to the requirements of Applicable Law, the Charter, and the School's and the Authorizing Body's policies as they relate to the Program's operations.

23.1.2. Approval or Consent Rights. In performing services and its other obligations under this Agreement, or in exercising its rights under this Agreement, including granting or withholding any consents or approvals or making any requests of the other Party, each Party must act reasonably (including as to the timing of its actions) except to the extent that this Agreement provides that it may act as it determines "in its sole judgment" or "its sole discretion," or words to that effect, in the applicable provision. Whenever it is provided in this Agreement that the Parties will or may agree as to a certain matter, each Party will have the right to agree or disagree in its sole discretion following good faith discussions.

23.2. Force Majeure. Notwithstanding any other sections of this Agreement, no Party will be liable for any delay in performance or inability to perform (except for payments due hereunder) due to acts of God or due to war, riot, terrorism, civil war, embargo, fire, flood, explosion, sabotage, accident, labor strike, Internet outage or other acts beyond its reasonable control and unrelated to its fault or negligence.

23.3. Entire Agreement. This Agreement including its attachments hereto constitutes the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all previous and contemporaneous oral and written negotiations, commitments, agreements, warranties, representations and understandings. This Agreement will not be altered, amended, modified, or supplemented except in a written document executed by the Parties.

23.4. Counterparts, Facsimile Transmissions. This Agreement may be executed in counterparts, each of which will be deemed an original, but both of which will constitute one and the same instrument. Each Party may rely on facsimile signature pages as if such facsimile pages were originals.

23.5. License Audit. Upon forty-five (45) days written notice, K12 may audit the Program's use of the Educational Products and the School agrees to cooperate and provide reasonable assistance with such audit. The School agrees to pay within thirty (30) days of written notification any fees applicable to the School's use of the Educational Products in excess of the license rights granted herein or K12 may revoke the related technical support and license(s).

23.6. Amendment. This Agreement will not be altered, amended, modified, or supplemented except in a written document executed by the Parties.

23.7. Waiver. No waiver of any provision of this Agreement will be effective unless in writing, nor will such waiver constitute a waiver of any other provision of this Agreement, nor will such waiver constitute a continuing waiver unless otherwise expressly stated.

23.8. Interpretation. The Parties hereto acknowledge and agree that the terms and provisions of this Agreement, will be construed fairly as to all Parties hereto and not in favor of or against a Party, regardless of which Party was generally responsible for the preparation of this Agreement.

23.9. Severability. In the event any term, provision or restriction is held to be illegal, invalid or unenforceable in any respect, such finding shall in no way affect the legality, validity or enforceability of all other provisions of this Agreement. To the extent that any of the services to be provided by K12 are found to be overbroad or an invalid delegation of authority by the Board, such services will be construed to be limited to the extent necessary to make the services valid and binding.

23.10. Successors and Assigns. This Agreement will be binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns.

23.11. No Third-Party Rights. This Agreement is made for the sole benefit of the School and K12 and their respective successors and permitted assigns. Except as set forth in Sections 14 and 17 and except for each Affiliate of K12, which shall be a third party beneficiary of this Agreement, nothing in this Agreement will create or be deemed to create a relationship between the Parties to this Agreement, or any of them, and any third person, including a relationship in the nature of a third-party beneficiary or fiduciary.

23.12. Survival of Termination. All representations, warranties, and indemnities expressly made in this Agreement will survive termination of this Agreement.

23.13. Headings and Captions. The headings and captions appearing in this Agreement have been included only for convenience and shall not affect or be taken into account in the interpretation of this Agreement.

* * * * *

IN WITNESS WHEREOF the Parties have entered into this Agreement as of the date set forth below.

23.12. Survival of Termination. All representations, warranties, and indemnities expressly made in this Agreement will survive termination of this Agreement.

23.13. Headings and Captions. The headings and captions appearing in this Agreement have been included only for convenience and shall not affect or be taken into account in the interpretation of this Agreement.

* * * * *

IN WITNESS WHEREOF the Parties have entered into this Agreement as of the date set forth below.

For and on behalf of

For and on behalf of

Michigan Virtual Charter Academy

K12 Virtual Schools LLC

Signed:

Linda M. Marlow, Ph.D.

Signed:

Ronald J. Packard

Name:

Linda M. Marlow, Ph.D.

Name:

Ronald J. Packard

Position:

Board President

Position:

CEO

Date:

8/6/10

Date:

8/6/10

EXHIBIT A
Curriculum and Services

I. Educational Products, Pupil Recruiting and Product Related Services: During the Term, K12 and its Affiliates will provide or cause to be provided to the School, its Students and its personnel the following Educational Products and related services in accordance with the fees published on the Product Price List provided to the Board:

1. Online School: For each school year during the Term, K12 will provide a license for and access to: (i) the K12® Curriculum and associated learning management system for grades K through 8, in each case in any area required by Applicable Law, including, Language Arts, Math, Science, History, Art and Music, however, foreign language may be substituted for Music as agreed and allowable; (ii) K12® Curriculum and associated learning management system for grades 9 through 12, in each case in any area required by Applicable Law, including Language Arts, Math, Science and History in addition to electives per the K12 course catalogue; and (iii) any third party curriculum K12 generally offers its Schools, in each case for such courses required by Applicable Law.

2. Instructional Tools. Such instructional tools and supplies, including without limitation textbooks and multi-media teaching tools, as K12 determines in its discretion to be necessary to deliver the Educational Program.

3. Product Related Services. Pupil Recruitment and related services are included in the cost of the curriculum and materials in the Product Price List:

a. Additional Instructional Support. K12 will make available the necessary instructional support and teachers as mutually agreed upon in accordance with the Product Price List as the Program may require for the Educational Products and related offerings.

b. Pupil Recruitment. Recruitment of students in including creation, design and preparation of recruitment materials and advertisements; assist with demand creation for the Program and its information sessions and other events via mail, e-mail, newspapers, magazines, journals, radio, television, community forums, town hall meetings, and other forms of communication and outreach on School's behalf; develop community outreach strategy and connect with local organizations. Design school recruitment materials, letterhead, business cards, and logos to create school identity. Develop, design, publish, and maintain the Program's interactive website.

c. Admissions. Implementation of the School's admissions policy, as adopted by the Board, including management of the application and enrollment process; creation, design and publication of Program's applications and enrollment packages; and communicating with potential students and their families and assisting families through the enrollment process; conduct random lottery if required. For students identified with special needs requiring an IEP, the School IEP team will complete an assessment in accordance with Board policies and this Agreement, and make the final recommendation on enrollment to ensure appropriate placement in accordance with the Applicable Law. The Board will monitor and be involved in these processes at least to the extent required by the Charter and Applicable Law.

d. Family Services. Plan and arrange school orientation sessions; represent the Program at conferences and other events. Field and respond to incoming calls, letters, faxes, and e-mails about the Program, its curriculum, the application/enrollment process, instructional materials, etc. Conduct focus groups, surveys, interviews, observation sessions, and/or user testing on the learning management system to obtain feedback on how to improve the Program and curriculum, as appropriate. Create "feedback buttons" on lessons so that Students, their parents, and teachers may

submit comments and suggestions; respond to suggestions and implement improvements where K12 deems them to be valuable. Conduct exit interviews with those Program students and their parents who withdraw in order to learn more about how to improve the Program for students. Create and distribute a parent manual and/or student handbook which includes a starting kit for logging onto the learning management system. Assist with the design and implementation of parent orientation sessions.

e. Balanced Budget Provision – In consideration for the opportunity to provide School with the services and products set forth in this Agreement, the Parties agree that the Program will not end a Fiscal Year in a net negative asset position.

f. Computers for Full Time Students (see Section 4.3.7.). For Full Time Students computers, monitors, software and other hardware as K12 determines in its discretion to be necessary to deliver the Program unless such students opt out of such offering, as provided for in Section 4.3.7., computer distribution policies shall be set annually in the budget process.

g. High School Services: As requested and as available, K12 can offers the following for High School students:

- i. Social Networking -- Access to a monitored, private, virtual social community for students, parents and teachers to communicate and connect. Students benefit from exchanging ideas and information with students around the world using the K12 program and gaining a sense of connectedness within the boundaries of a contained but global community. Each K12 sponsored school will also have its own sub-community to generate school pride as well as provide its own content and clubs, a school calendar, announcements, and information on upcoming activities and outings.
- ii. Counseling Tools - Web-based counseling tool(s) to support college, career planning and exploration. Specifically the tool(s) may include:
 1. Counselor's Office - Web-based system allows college and career counselors to collect and organize detailed information about students' post-secondary plans;
 2. Course Manager - Fully automated system to help students choose the courses they'll need to achieve their post-secondary goals;
 3. Family Connection - Provides students and families access to age/grade-appropriate resources for course, college, and career planning. Counselors can build multi-year course plans, conduct targeted college searches, research scholarships, etc.;
 4. Career Planner - Integrated so students and parents can see how career decisions relate to course and college planning activities, and counselors can guide and track student progress.

II. Administrative Services: During the Term, K12 and its Affiliates will provide or cause to be provided to School the administrative services (the "Administrative Services") set forth below. K12 will provide the Administrative Services at School's Facility and from K12's offices in Herndon, Virginia and elsewhere, as deemed necessary in K12's discretion.

1. Educational Program Consulting. Propose educational goals, curriculum, methods of pupil assessment, admissions policy, student recruitment policy, school calendar, school day schedule, and age

and grade range of pupils to be enrolled in the Program. K12's recommendations for the Program will be consistent with Applicable Law and the Charter.

2. Personnel Assistance. Services related to Program employees as outlined in Section 8 above.
3. Facility Management. Identify location of Facility, negotiate a lease and sub-lease to the School. Manage leasehold improvements and the Facility. The performance of K12's Administrative Services will be based out of this Facility, with support from K12's corporate location in Virginia and or other locations as necessary. The Facility shall also serve as the principal office for all personnel assigned to the Program. Costs will be reviewed and established while entering any agreements and in the budget process.
4. Business Administration. Administration of all business aspects and day-to-day management of the Program. These services shall include:
 - a. Consultation, and services as liaison for School with the Authorizing Body, and other governmental offices and agencies;
 - b. Consultation and advice regarding special education programs, processes, support services and reimbursements;
 - c. Consistent with other provisions of the Agreement, provide school administrative staff as appropriate;
 - d. Work with School's counsel, if any, on legal matters affecting the Program;
 - e. Preparation of forms, operations manuals, handbooks, guides, and policies and procedures as necessary or required by the Charter or Authorizing Body for review and approval, as necessary, by the Board;
 - f. Consultation with respect to, and monitoring and oversight of, state reporting systems;
 - g. Assist School in identifying and applying for grants and other funding opportunities;
 - h. Assist with the administration of federal entitlement programs (e.g., Title I, I.D.E.A.);
 - i. Arrange contracts with school districts, education services centers, and professional service providers for special education, testing and other support services on School's behalf, with approval of the Board;
 - j. Establish and implement policies and procedures to maintain proper internal controls, with Board approval as required by Applicable Law, the Charter, or this Agreement.; and
 - k. Provision of such other administrative and consulting services as agreed in writing by the Parties from time to time.
 - l. Coordinate services with school districts, education service centers, professional service providers for special education testing and other supportive services on the School's behalf.
5. Budgeting and Financial Reporting.
 - a. Preparation of a proposed annual budget for the Program, including projected revenues, expenses and capital expenditures. The Parties agree that the last budget approved by the Board and agreed to by K12 prior to the effective date of this Agreement will serve as the approved annual budget of the Program for the first Fiscal Year. The proposed budget for subsequent years will be submitted by K12 to School on or before May 30th preceding the start of the applicable school year covered by such proposed budget. On or about October 31 of each school year during the Term, K12 will submit to School any proposed modifications to the annual budget for that school year to take into account the actual student enrollment for such school year and other changes in key assumptions. K12 shall also submit to School from time to time any other proposed modifications to the annual budget as K12 shall deem to be necessary or desirable, to be acted upon by the Board consistent with Applicable Law and this Agreement.
 - b. As practical and as possible, provide to School on a periodic basis, detailed statements of all revenues received, from whatever source by the Program, and detailed statements of all direct expenditures for services rendered to the Program.
 - c. Provide to School all financial reports required under Applicable Law and contract and by the Authorizing Body.
 - d. Provide to School such other information related to the School either required by the

Authorizing Body to be made available to School or the Authorizing Body requested by School, in each case within a reasonable time following such written request therefore, and in all cases consistent with Applicable Law.

e. To the extent applicable, assist in the preparation of required non-profit filings, including form 990 tax returns. Notwithstanding the foregoing, K12 will not be responsible for filing School's form 1023, but will work with School's counsel and/or accountant to prepare the application for tax-exempt status, as necessary.

6. Financial Management.

a. In accordance with School's expenditure authorization policy, K12 will, within commercially reasonable periods of time or as required by any agreement governing same, make payment for all Program Expenses, out of the Program funds managed by K12.

b. All Program funds will be maintained in an account(s) belonging to School over which designated representatives of K12 will have signature authority as approved and set by School policies. School will immediately transfer to such account(s) all funds received by the Program from any source, including but not limited to per pupil payments or reimbursements received from the local school district, state, federal and/or any other source, as well as any and all contributions received by the Program.

c. Perform necessary planning, forecasting, accounting and reporting functions as appropriate.

d. Assist and coordinate in any third-party audit(s) of the Program.

7. Maintenance of Financial and Student Records.

a. K12 will maintain and keep the records and books of the Program at the Facility, in accordance with all Applicable Law related to the content, location, and all other matters related to student records. K12 may maintain electronic or paper copies of records and provide other services elsewhere, unless prohibited by Applicable Law. The School recognizes and agrees that for purposes of the Family Educational Rights and Privacy Act and the State open records act, K12 has a legitimate educational interest for purposes of School disclosing to K12 the Program student's educational records.

b. K12 will maintain accurate financial records pertaining to the operation of the Program and will retain all such records for a period of seven (7) years (or longer if required by Applicable Law) from the close of the Fiscal Year to which such books, accounts, and records relate.

c. K12 will maintain accurate student records pertaining to students enrolled in the Program in the manner required by Applicable Law, and retain such records on behalf of School at the Facility until this Agreement is terminated, at which time such records will be retained by and become the sole responsibility of School.

d. Ensure accessibility of Program records to School, its independent auditor and the State for completion of audits required by Applicable Law. The Parties understand that all financial, educational and other records, regardless of source of origin, are the property of School. The Parties agree to maintain, retain, disclose, and withhold Program records as may be required and in the manner required by Applicable Law.

8. Student Discipline. Provide necessary information and cooperate with School on the handling of all student disciplinary matters, including without limitation attendance and truancy matters. K12 will recommend policy and procedures for Board adoption consistent with Applicable Law.

9. Annual Reports to Authorizing Body. Assist School with the creation, design, and arrangement for publication and dissemination of an annual report regarding the Program.

10. Teacher Effectiveness and Training. Develop new teacher training and ongoing professional development for teachers, including Virtual National Teacher Training (VNTT), the initial training offered by the K12 Teacher Effectiveness Division to all teachers new to teaching at a virtual program using the K12 program. Develop and maintain the K12 Teacher Handbook, a resource guide with more than 200 pages of relevant information for teachers. Host the Teacher Support Website, an online community where teachers can interact with the K12 Teacher Effectiveness Division and other teachers from across the country to share resources and expertise. Host the Teacher Help Desk, a drop-in resource

for teachers to receive real-time assistance from the K12 Teacher Effectiveness Division, open via phone, Elluminate drop-in, and email to teachers forty hours each week. Host ongoing teacher professional development sessions throughout the school year for new and returning teachers on topics related to teacher effectiveness in a virtual environment. Develop and deliver Online Synchronous Instructor training, which certifies teachers as effective instructors using Elluminate, the virtual classroom tool used by K12 Virtual Academies for real-time virtual instruction with students.

11. Authorizing Body Policies and Charter Renewal. Assist School in complying with all applicable Authorizing Body policies as reasonably interpreted to apply to the Program. Assist School with drafting the Programs Charter renewal application, including working with School to develop any necessary budgetary and curriculum information. Present and defend School's Charter renewal application before the Authorizing Body/Agency.

12. Instructional Property Management. Prepare and submit to School proposed policies and procedures regarding the responsible use of computer equipment and other instructional property. Arrange for the distribution and re-shipment or return (as necessary) of computers, printers and instructional materials for families, administrators, and teachers.

13. Public and Governmental Relations. Conduct public and governmental relations on the behalf of the Program with the community, the media and relevant governmental offices and agencies, including drafting and distribution of Program press releases.

14. Additional Administrative Services. Any other services as agreed to in writing by the Parties from time to time.

III. Technology Services: During the Term, K12 and its Affiliates will provide or cause to be provided to School the technology services (the "Technology Services") described below. K12 will provide the Technology Services at School's Facility (defined below) and from K12's offices, as deemed necessary and in K12's discretion.

1. 24-7 monitoring of production services, i.e., SAMS and the on-line learning management system;
2. Monitor and analyze system data, to fix production issues as they may arise;
3. Generate reports on pupil academic performance, attendance and progress;
4. Seek and secure, in accordance with any applicable competitive bidding requirements, competitive pricing and centralized purchase discounts for computers, monitors, printers, software and other peripherals for the School;
5. Train School staff, and parents and students, as deemed appropriate and necessary, on technology systems;
6. Develop, design, publish, and maintain the School's interactive website;
7. Install and maintain the School's computer network;
8. Generate reports e.g., omnibus report, demographic reports, etc.;
9. Develop community tools on the School's website and K12 platform (including password protected threaded discussion and message boards, moderation functionality, directories, etc.);
10. Determine hardware configurations (including software and operating systems) for the School's technology needs;
11. Provide onsite and telephone support for the School administration in troubleshooting system errors, and telephone support for students;
12. Propose for the School adoption policies and procedures regarding the responsible use of computer equipment and other school property;
13. Support teachers and School care associates in answering technology-related questions from students, parents, teachers, and administrators;
14. Install software to generate master image of computer configurations for teachers, administrators, and students in order to standardize the user experience and lower costs and turn-around time for implementation and trouble shooting;
15. Ensure electronic security of student records (through the use of encryption, firewalls, etc.);

16. Provide a Web-filtering device to ensure that students do not have access to inappropriate materials on the Internet;
17. Prepare for, supervise, and implement all system roll-overs at the end of each academic year;
18. Assist with local, state, and federal reporting requirements;
19. Assist the School for audits related to attendance and other subjects;
20. Design and implement inventory management systems with the school's distribution and hardware vendors, as well as reclamation programs, as needed;
21. Support and design the School's accounting system;
22. Provide online enrollment, registration and placement services;
23. Provide School email accounts for school employees;
24. Provide School care and technology support services on the learning management system, computer and software issues;
25. Oversee changes to the School website to maintain quality assurance and make sure that there are not "version control" problems;
26. Coordinate security, creative, and content issues pertaining to the website;
27. Coordinate Web hosting contracts and relationships with vendors across the State as needed;
28. Handle troubleshooting issues for the school's website and send issues to the appropriate person or division for resolution; and
29. Additional Technology Services in K12's discretion and any other services as agreed to in writing by the Parties from time to time.

EXHIBIT B
K12 Proprietary Marks



SCHEDULE 7

ACADEMY SPECIFIC INFORMATION & EDUCATIONAL PROGRAM

- Schedule 7-1: Educational Goals and Programs. The educational goals and programs are set forth in this Schedule.
- Schedule 7-2: Curriculum. The curriculum of the Academy is set forth in this Schedule.
- Schedule 7-3: Staff Responsibilities. The description of the staff responsibilities of the Academy are set forth in this Schedule.
- Schedule 7-4: Methods of Accountability and Pupil Assessment. The methods of accountability and pupil assessment of the Academy are set forth in this Schedule.
- Schedule 7-5: Academy's Admission Policies and Criteria. The admission and enrollment of students criteria of the Academy are set forth in this Schedule.
- Schedule 7-6: School Calendar and School Day Schedule. The school calendar and school day procedures are set forth in this Schedule.
- Schedule 7-7: Age/Grade Range of Pupils Enrolled. The age or grade range of pupils to be enrolled by the Academy are set forth in this Schedule.
- Schedule 7-8: Address and Description of Proposed Physical Plant; Lease or Deed for Proposed Site; Occupancy Certificate [Includes Administrative Offices and Service Centers for Cyber Schools]. The address and description of the physical plant for the Academy is set forth in this Schedule.

SCHEDULE 7-1

EDUCATIONAL GOALS AND PROGRAMS

A. Mission:

The Michigan Virtual Charter Academy, Board, staff and community are committed to support a school that creates an inclusive community working together to realize individual student achievement and a strong sense of self-worth while providing a comprehensive educational program enabled by technology for all students.

B. Educational Goals:

Standard #1: On the average of all MEAP tests administered, the public school academy will meet or exceed the performance of its compositional peer district. The comparison scores for the compositional peer district are populated by the weighted total of MEAP scores from those districts in which the PSA's students physically reside.

Standard #2: The public school academy will not average more than one-half a standard deviation below GVSU's MEAP/Free-Reduced Lunch regression model for all grades and subjects included in the model.

Standard #3: The overall growth rate of the public school academy on a nationally recognized norm-referenced test determined by GVSU will fall at the fiftieth percentile or higher across all grades and subjects for which the test is designed.

Standard #4: The public school academy will not average more than one-half a standard deviation below GVSU's ACT/Free-Reduced Lunch regression model for all grades and subjects included in the model.

SCHEDULE 7-2

CURRICULUM

Michigan Virtual Charter Academy's curriculum CD is attached.

SCHEDULE 7-3

STAFF RESPONSIBILITIES

The Academy Board of Directors shall annually report to the University Charter Schools Office regarding teacher and administrator evaluation tools and systems, as well as pay for performance programs implemented in compliance with MCL 380.1249 and MCL 380.1250 and shall certify its compliance and the compliance of any Educational Management Organizations with same.

As applicable, the Academy Board of Directors shall also, for all staff, (including staff engaged by way of an Educational Management Organization) employed as a superintendent, principal, assistant principal, or other person whose primary responsibility is administering instructional programs or as a chief business official ("Staff"), annually certify to the University Charter Schools Office that such Staff possess the necessary credentials, or are in the process of obtaining the necessary credentials required by MCL 380.1246 and the Rules promulgated by the Superintendent of Public Instruction.

The Academy positions for instructional and administrative Staff are attached.

Michigan Virtual Charter Academy

Position Description Table of Contents

Head of School.....	7-3-1
Office Manager	7-3-5
Operations Administrator.....	7-3-7
Regular Education Teacher	7-3-10
Special Education Teacher.....	7-3-13



Job Description

Job Title: Head of School

Reports To: Regional Vice President (or Regional SVP)

FLSA Status: Exempt

Department: School Services

Summary: Directs and coordinates activities concerned with the operation and management of schools by performing the following duties.

Essential Duties and Responsibilities include the following. Other duties may be assigned.

The Head of School will be responsible for the operation and management of the school. The Head of School will manage the staff at the school which includes all additional administrative staff and all teachers. Additionally, the Head of School will help manage the relationship between the school, K12 Inc, and the appropriate school and non-profit boards.

The ideal candidate will possess a strong desire to improve the education options for children. He/She will have experience in running a business and/or a school with multi-tier management. This person will work with cross-functional teams to manage projects and improve processes for the school and K12 Inc.

Additionally, some responsibilities include:

- Academic Achievement – responsible for developing programs that will enable students and families to be successful and meet their academic goals.
- Management – Supervises the entire staff of the school. Will create policies and procedures in accordance with K12 in regards to performance management, succession planning, staffing requirements, etc.
- Finance – Work with the business and finance managers to oversee budgets and forecasting
- Student Retention. Responsible for managing initiatives, programs, and processes for ensuring families are engaged in the curriculum as well stay enrolled in the school year over year.
- Marketing– Promote the school throughout the community and develop relationships within the charter school network. Work closely with K12 Marketing team on enrollment and retention programs.

- Government Affairs / Public Relations – work with K12 Gov. Affairs and Public Relations team to educate and inform community leaders and legislative committees. Attend local and state meetings as needed and represent K12 as well as the school from a legislative perspective.
- Facilities Management - Establish procedures that create and maintain attractive, organized, functional, healthy, clean, and safe facilities, with proper attention to the visual, acoustic and temperature. Assume responsibility for the health, safety, and welfare of students, employees and visitors. Develop clearly understood procedures and provide regular drills for emergencies and disasters.

Competency:

- Analytical - Synthesizes complex or diverse information; Uses intuition and experience to complement data.
- Problem Solving - Identifies and resolves problems in a timely manner; Gathers and analyzes information skillfully; Develops alternative solutions; Uses reason even when dealing with emotional topics.
- Interpersonal - Focuses on solving conflict, not blaming; Maintains confidentiality; Keeps emotions under control; Remains open to others' ideas and tries new things.
- Oral Communication - Speaks clearly and persuasively in positive or negative situations; Responds well to questions.
- Team Work - Balances team and individual responsibilities; Exhibits objectivity and openness to others' views; Gives and welcomes feedback; Contributes to building a positive team spirit; Puts success of team above own interests; Able to build morale and group commitments to goals and objectives; Supports everyone's efforts to succeed; Recognizes accomplishments of other team members.
- Written Communication - Writes clearly and informatively.
- Change Management - Develops workable implementation plans; Communicates changes effectively; Builds commitment and overcomes resistance.
- Leadership - Exhibits confidence in self and others; Inspires and motivates others to perform well; Effectively influences actions and opinions of others; Inspires respect and trust; Accepts feedback from others; Provides vision and inspiration to peers and subordinates; Gives appropriate recognition to others; Displays passion and optimism; Mobilizes others to fulfill the vision.
- Managing People - Includes staff in planning, decision-making, facilitating and process improvement; Takes responsibility for subordinates' activities; Makes self available to staff; Improves processes, products and services.
- Business Acumen - Understands business implications of decisions; Displays orientation to profitability; Demonstrates knowledge of market and competition; Aligns work with strategic goals.
- Cost Consciousness - Works within approved budget; Develops and implements cost saving measures; Contributes to profits and revenue; Conserves organizational resources.
- Ethics - Treats people with respect; Keeps commitments; inspires the trust of others; Works with integrity and ethically; Upholds organizational values.
- Strategic Thinking - Develops strategies to achieve organizational goals; Identifies external threats and opportunities; Adapts strategy to changing conditions.
- Adaptability - Adapts to changes in the work environment; Manages competing demands; Changes approach or method to best fit the situation; Able to deal with frequent change, delays, or unexpected events.
- Judgment - Displays willingness to make decisions; Exhibits sound and accurate judgment; Supports and explains reasoning for decisions; Includes appropriate people in

decision-making process; Makes timely decisions.

- **Professionalism** - Approaches others in a tactful manner; Reacts well under pressure; Treats others with respect and consideration regardless of their status or position; Accepts responsibility for own actions; Follows through on commitments.

Qualifications:

To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the knowledge, skill, and/or ability required. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Education/Experience:

Master's degree (M. A.) or equivalent; or ten to twelve years related experience and/or training; or equivalent combination of education and experience. School administration experience required; charter school experience preferred.

Language Ability:

Ability to read, analyze, and interpret common scientific and technical journals, financial reports, and legal documents. Ability to respond to common inquiries or complaints from customers, regulatory agencies, or members of the business community. Ability to write speeches and articles for publication that conform to prescribed style and format.

Math Ability:

Ability to calculate figures and amounts such as discounts, interest, commissions, proportions, percentages, area, circumference, and volume. Ability to apply concepts of basic algebra and geometry.

Reasoning Ability:

Ability to define problems, collect data, establish facts, and draw valid conclusions. Ability to interpret an extensive variety of technical instructions in mathematical or diagram form and deal with several abstract and concrete variables.

Computer Skills:

To perform this job successfully, an individual should have knowledge of Microsoft Office suite of software including Word, Excel, Outlook, and Access.

Certificates and Licenses:

- Must comply with all applicable law related to the Administrator's certificate.
- Must meet continuing education requirements as prescribed by rules promulgated by the State of Michigan, as applicable.

Supervisory Responsibilities:

This job has no supervisory responsibilities.

Work Environment:

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions. The noise level in the work environment is usually moderate.

Physical Demands:

The physical demands described here are representative of those that must be met by an employee

to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

The employee must occasionally lift and/or move up to 10 pounds. Specific vision abilities required by this job include close vision and distance vision. While performing the duties of this job, the employee is regularly required to talk or hear. The employee is occasionally required to use hands to finger, handle, or feel and reach with hands and arms.



Job Description

Job Title: Office Administrator
Reports To: operations manager
FLSA Status: Non-Exempt
Department: School Services

Summary: Manages a variety of general office activities by performing the following duties

Essential Duties and Responsibilities include the following. Other duties may be assigned.

- Support administrators with local enrollment process
- Assist in school-wide mailings
- Manage all incoming calls and the telephone system as a whole
- Maintain accurate addresses, phone and email information in SAMS
- Process student withdrawals
- Fulfill records requests for withdrawn students (within 5 days of receiving the request & remove file from active students and placed with the withdrawn student in regular file)
- Serve as point of contact for school's general information email address
- Fulfill materials requests approved by the Operations Administrator
- Assist with inventory and maintenance of all office equipment, supplies, and services
- Create and maintain administrative calendars in Outlook, as needed
- Check-in, track faxes and distribute to site-based staff
- Coordinate all incoming/outgoing package processes on-site (Fed-Ex, UPS, courier service)
- Sort and distribute mail. Maintain stamps, mailing and package shipment supplies
- Distribute school-wide communications approved by administrative team
- Answers questions about organization and provides callers with address, directions, and other information.
- Welcomes on-site visitors, determines nature of business, and announces visitors to appropriate personnel.
- Monitors visitor access and issues passes when required.
- Performs other clerical duties as needed, such as filing, photocopying, and collating.

Qualifications:

To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the knowledge, skill, and/or ability required. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Education/Experience:

One year certificate from college or technical school; or three to six months related experience and/or training; or equivalent combination of education and experience.

Language Ability:

Ability to read and interpret documents such as safety rules, operating and maintenance instructions, and procedure manuals. Ability to write routine reports and correspondence. Ability to speak effectively before groups of customers or employees of organization.

Math Ability:

Ability to add, subtract, multiply, and divide in all units of measure, using whole numbers, common fractions, and decimals. Ability to compute rate, ratio, and percent and to draw and interpret bar graphs.

Reasoning Ability:

Ability to apply common sense understanding to carry out instructions furnished in written, oral, or diagram form. Ability to deal with problems involving several concrete variables in standardized situations.

Computer Skills:

To perform this job successfully, an individual should have knowledge of word processing software; spreadsheet software; inventory software; Internet software and database software.

Work Environment:

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions. The noise level in the work environment is usually moderate.

Physical Demands:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and depth perception. While performing the duties of this job, the employee is frequently required to sit; use hands to finger, handle, or feel and talk or hear. The employee is occasionally required to reach with hands and arms.



Job Description

Job Title: Operations Administrator

Reports To: Head of School

FLSA Status: Exempt

Department: School Services

Summary: Manages a variety of general operational activities by performing the following duties

The key role of the operations manager is to establish the policies and procedures necessary to meet the legal requirements of operating a school in that state. This includes all reporting obligations to the state and K12, coordinating the enrollment process of families, and overseeing annual state testing. The operations manager reports to the Virtual Program Director. Additionally this person will be responsible for:

Operations Support:

- Act as point of contact for family escalations relating to materials and processes
- Serve as an information resource and provide problem solving and ongoing support
- Develop, document, disseminate and maintain project management and operational best practices
- Coordinating and overseeing annual state testing.
- Manage school employee files (as permitted)
- Identify and conduct analyses to support cost savings or revenue growth opportunities
- Facilitating all logistics for state testing

Supply Chain:

- Coordinate and handle materials logistical support and trouble shooting
- Manage all aspects of order and re-order process including order entry and delivery specifications

- Monitor and ensure accurate annual and monthly forecasting

Account Management:

- Manage stakeholder reporting (K12 as well as district, federal, state, and local government agencies)
- Act as point of contact for auditors and district finance personnel
- Ensure accounts, payable and receivable, are registered and forwarded for action
- Manage attendance of students

Enrollment

- Help process enrollments and manage local enrollment team (if applicable)
- Process withdrawals and deactivations
- Manage student information database and changes
- Prepare school policies related to enrollment and operations
- Order and troubleshoot all computer ordering issues

Qualifications:

To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the knowledge, skill, and/or ability required. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Education/Experience:

Master's degree (M.A.) in Business or Education and minimum five years related experience and/or training; or equivalent combination of education and experience.

Language Ability:

Ability to read and interpret documents such as safety rules, operating and maintenance instructions, and procedure manuals. Ability to write routine reports and correspondence. Ability to speak effectively before groups of customers or employees of organization.

Math Ability:

Ability to add, subtract, multiply, and divide in all units of measure, using whole numbers, common fractions, and decimals. Ability to compute rate, ratio, and percent and to draw and interpret bar graphs.

Reasoning Ability:

Ability to apply common sense understanding to carry out instructions furnished in written, oral, or diagram form. Ability to deal with problems involving several concrete variables in standardized situations.

Computer Skills:

To perform this job successfully, an individual should have knowledge of Word Processing software; Spreadsheet software; Inventory software; Internet software and Database software.

Certificates and Licenses:

- Must comply with all applicable law related to the Administrator's certificate.
- Must meet continuing education requirements as prescribed by rules promulgated by the State of Michigan, as applicable.

Work Environment:

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

The noise level in the work environment is usually moderate.

Physical Demands:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of the job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include Close vision and Depth perception. While performing the duties of this job, the employee is frequently required to sit; use hands to finger, handle, or feel and talk or hear. The employee is occasionally required to reach with hands and arms.

Regular Education Teacher

Teachers are responsible for ensuring that students achieve mastery of learning objectives. Teachers provide guidance, instruction, and support, manage the learning process, and focus on students' individual needs. Teachers monitor student progress through K12's interactive lessons and daily assessments, and they work actively with students and parents to advance each child's learning.

As part of their regular teaching responsibilities, teachers are expected to fulfill duties in the following areas:

Planning and Preparation

- Learn the curriculum in its entirety for assigned grade levels.
- Demonstrate knowledge of the state standards and how both align with the K12 curriculum.
- Understand overall diversity of assigned families and individual characteristics of students/parents
- Diagnose student learning needs through assessment data

Instruction and Student Achievement

- Make placement and promotion decisions.
- Improve student learning through planned instruction
- Assess learning, assign grades, and make promotion decisions
- Report outcomes to administrators, parents, and students
- Support parents with student curricular and instructional issues.
- Responsible for student academic progress and attendance.
- Conduct conferences with parents/responsible adults and students.
- Individualize instruction to help each student achieve K12 curricular objectives.
- Collect and review work samples. Grade work, as appropriate.
- Alert administrators to any concerns about student performance and progress.
- Maintains regular contact with students and families

Virtual Classroom Environment

- Create and manage home office.
- Implement school policies and procedures.
- Organize social and educational activities for students and families, including sponsorship of one virtual club.
- Establish and maintain a positive rapport with assigned families.
- Support parents with school set-up and logistics questions.
- Support parents with set-up and maintenance of their teaching environment.
- Support parents and students through basic computer troubleshooting.

Professional Responsibilities

- Collaboration with peers.
- Build community by contributing to school message boards, newsletter and events.
- Travel to and participate in staff meetings and professional development sessions.
- Support the school administration with student recruitment activities.
- Support the national network of teachers in K12.

Additional responsibilities for teachers assigned to Middle School students:

- Interact regularly with students via phone and email communication.
- Provide subject-specific support to parents and students including study halls, ClassConnect and Office Hours.

- Initiate and coordinate student clubs or teams.

Grade K-6 Requirements

- 3+ years teaching experience
- Proficient in MS Excel, Word, and Outlook
- Experience in a customer service environment
- Strong written/verbal communication skills
- Very self-motivated
- Flexible schedule
- Experience coordinating academically-oriented clubs and extracurricular activities

Grade 7-8 Requirements

All of the K-6 requirements, including:

- Masters and/or professional experience in subject area
- 3+ years teaching in middle school

The ideal teacher candidates will also have:

- Experience working with the proposed age groups
- An ability to learn new technology tools quickly (e.g., database and web-based tools)
- An ability to support and guide adults as well as students

Qualifications:

To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the knowledge, skill, and/or ability required. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Education/Experience:

Bachelor's degree (B. A.) from four-year college or university and three years related experience; or equivalent combination of education and experience.

Language Ability:

Ability to read, analyze, and interpret common scientific and technical journals, financial reports, and legal documents. Ability to respond to common inquiries or complaints from customers, regulatory agencies, or members of the business community. Ability to write speeches and articles for publication that conform to prescribed style and format.

Math Ability:

Ability to apply advanced mathematical concepts such as exponents, logarithms, quadratic equations, and permutations. Ability to apply mathematical operations to such tasks as frequency distribution, determination of test reliability and validity, analysis.

Reasoning Ability:

Ability to define problems, collect data, establish facts, and draw valid conclusions. Ability to interpret an extensive variety of technical instructions in mathematical or diagram form and deal with several abstract and concrete variables.

Computer Skills:

To perform this job successfully, an individual should have knowledge of MS Word processing software; MS Excel spreadsheet software; MS Outlook internet software; and experience using a student information system and/or other type of database software. Experience moderating web meetings (Elluminate, Webinar, Webex) for small and large groups.

Certificates and Licenses:

Must have appropriate state teacher certification and Highly Qualified Teacher (HQT) status.

Supervisory Responsibilities:

This job has no supervisory responsibilities.

Work Environment:

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee is occasionally exposed to outdoor weather conditions. The noise level in the work environment is usually moderate.

Physical Demands:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

The employee must occasionally lift and/or move up to 10 pounds. Specific vision abilities required by this job include close vision, distance vision and ability to adjust focus. While performing the duties of this job, the employee is regularly required to use hands to finger, handle, or feel and talk or hear.

Travel required 10- 20% per month within assigned geographic area to support students; attend meetings; and participate in school activities, open houses, and orientations



Job Description

Job Title: Special Education Teacher
Reports To: Special Education Manager
FLSA Status: Exempt
Department: School Services

Summary: Ensure students achieve mastery of learning objectives; provide guidance, instruction, and support; manage the learning process and focus on students' individual needs; actively work with students and parents to advance each child's learning.

Essential Duties and Responsibilities include the following. Other duties may be assigned.

- Provide focused academic support to the student on a schedule determined by the Individualized Education Program (IEP) but no less than one time per week through phone conferencing, virtual real-time interaction, and/or face to face support.
- Provide weekly focused support to the parent on accommodations and interventions to promote the attainment of IEP goals through phone conferencing, virtual real-time interaction, and/or face to face support.
- Collect data and work samples to support documentation of IEP goals
- Provide weekly focused support to all supplemental programs being used by the special needs student to ensure participation and progress
- Make modifications and accommodations to K12 lessons and assessments as specified by the IEP
- Develop the student's IEP meeting all annual review timelines and notification requirements
- Ensure the student's IEP is focused on attainment of grade appropriate academic standards as defined by the state
- Ensure that all reevaluations are completed within specific timelines as defined by state agency
- Attend all required professional development
- Collaborate with regular education teachers to ensure full inclusion and success of student in the regular classroom
- Collaborate with the regular education teachers on all progress, semester, and grade reports
- Collaborate with regular education teachers regarding "at-risk" students to support the development and implementation of interventions within the regular classroom
- Maintain all required reports as assigned by the Special Education Manager including student progress reports
- Ensure that assigned students participate in state achievement testing and receive monitored accommodations as defined by the IEP

- ♦ Serve as proctors for site-based proctored exams as assigned
- ♦ Participate in the school's self-evaluation programs.
- ♦ Support the school administration in the enrollment of special education students.

Qualifications:

To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the knowledge, skill, and/or ability required. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Education/Experience:

Bachelor's degree (B. A.) from four-year college or university and three years related experience; or equivalent combination of education and experience.

Language Ability:

Ability to read, analyze, and interpret common scientific and technical journals, financial reports, and legal documents. Ability to respond to common inquiries or complaints from customers, regulatory agencies, or members of the business community. Ability to write speeches and articles for publication that conform to prescribed style and format.

Math Ability:

Ability to apply advanced mathematical concepts such as exponents, logarithms, quadratic equations, and permutations. Ability to apply mathematical operations to such tasks as frequency distribution, determination of test reliability and validity, analysis.

Reasoning Ability:

Ability to define problems, collect data, establish facts, and draw valid conclusions. Ability to interpret an extensive variety of technical instructions in mathematical or diagram form and deal with several abstract and concrete variables.

Computer Skills:

To perform this job successfully, an individual should have knowledge of MS Word processing software; MS Excel spreadsheet software; MS Outlook internet software; and experience using a student information system and/or other type of database software. Experience moderating web meetings (Elluminate, Webinar, Webex) for small and large groups.

Certificates and Licenses:

Must have appropriate state teacher certification and Highly Qualified Teacher (HQT) status.

Supervisory Responsibilities:

This job has no supervisory responsibilities.

Work Environment:

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee is occasionally exposed to outdoor weather conditions. The noise level in the work environment is usually moderate.

Physical Demands:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

The employee must occasionally lift and/or move up to 10 pounds. Specific vision abilities required by this job include close vision, distance vision and ability to adjust focus. While performing the duties of this job, the employee is regularly required to use hands to finger, handle, or feel and talk or hear.

Travel Requirements:

Travel required 10- 20% per month within assigned geographic area to support students; attend meetings; and participate in school activities, open houses, and orientations

The above job description is not intended to be an all-inclusive list of duties and standards of the position. Incumbents will follow any other instructions, and perform any other related duties, as assigned by their supervisor.

Employee Signature

Date

Supervisor Signature

Date

SCHEDULE 7-4

METHODS OF ACCOUNTABILITY AND PUPIL ASSESSMENT

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 each School and its pupils' work based on the assessment strategies identified in Schedules. 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 to each School's grade configuration or a program of testing approved by the University Charter Schools Office Director; and
- e) all tests required by under Applicable Law.

Such reports, assessments and test results may constitute grounds for the University Board to continue the Contract, suspend or terminate the Contract, or revoke the Contract.

SCHEDULE 7-5

ACADEMY'S ADMISSION POLICIES AND CRITERIA

Purpose

The purpose of this policy is to outline the enrollment policy and process for the Board of Directors of the Michigan Virtual Charter Academy for the enrollment of students in its cyber school.

Requirements

The Academy's admission policy, criteria, and process shall comply with Sections 552 and 556 of the Code. A copy of the Academy's policy is attached and the Academy Board must submit a copy of the Academy's public notice of the admission policy, criteria and process policy annually to the University Charter Schools Office in accordance with the Master Calendar of Reporting Requirements.

Admission Policies and Criteria

The Michigan Virtual Charter Academy (MVCA) serves full-time students in grades K-12 who meet the requirements of this Policy and who are residents of the state of Michigan or are foreign exchange students.

The MVCA High School Passport Program (the "Passport program") serves students who are: (1) under the age of 21 and who have dropped out of traditional public school and are identified as a dropout in the Michigan student data system maintained by the Center for Educational Performance and Information (CEPI), (2) who meet the requirements of this policy and who are (3) either residents of the state of Michigan or foreign exchange students. Students enrolling in the Passport program must also be able to attend a learning center designated by MVCA for site-based instruction on a daily basis.

The Michigan Virtual Charter Academy, including the Passport program, does not charge tuition and does not discriminate in its pupil admissions policies or practices on the basis of intellectual or athletic ability, measures of achievement or aptitude, status as a student with a disability, or any other basis that would be illegal if used by a school district.

Admissions Process

Information sessions about MVCA and the Passport program will be advertised in local media-newspapers, mass mailings, and web blasts. Information sessions will be held via web sessions and at physical locations to be determined around the state.

Information about applying to the MVCA K-12 program and the Passport Program, including all enrollment documentation will be provided on the MVCA website, which is hosted on the K12 corporate website. Although information about MVCA and the Passport program will be available through other portions of the K12 corporate website, individuals who inquire about admission to MVCA or the Passport program by way of these portions of the K12 corporate website, will be directed to the MVCA website as will inquiries received via phone calls to K12.

Enrollment information may be completed on-line by the parent/guardian/eligible student or the parent/guardian/eligible student may print the enrollment form and mail to the Admissions office at K12's corporate headquarters.

Determination of Eligibility

The following must be submitted in order to determine eligibility for enrollment:

1. Proof of residency
2. A certified copy of or original birth certificate or other acceptable form of student identification
3. Immunization record signed by a physician or proper documentation for students with religious, medical or other conditions exempting the student from this requirement.
4. Health appraisal and vision screening, as applicable.
5. Release of records form in order to request records from the previous school district if applicable.
6. Foreign exchange students who provide documentation of their status as a foreign exchange student may enroll.
7. Affirmation of discipline from the student's prior school, if applicable.

Note that:

1. Students desiring to enroll in the Passport program must be identified as a dropout in the Michigan student data system maintained by the center for educational performance and information and
2. To be deemed a compliant enrollment file, and therefore eligible for processing through the MVCA enrolment procedure, described below, all documentation must be on file with the enrollment/admissions representative of MVCA and the parent/guardian/eligible student must have met with the Personal Admissions Liaison (PAL) by the date established by MVCA or its enrollment/admissions designee.
3. MVCA designates the Head of School as the enrollment/admissions designee for purposes of executing this policy. The enrollment/admissions designee may be reached at 616-309-1600.
4. MVCA honors all expulsions. All students who have been expelled from a previous educational institution must complete the term of the expulsion prior to being approved for enrollment into MVCA. A letter of the term of expulsion must be provided from the expelling educational institution at the onset of the application process.

Enrollment Procedure

An open enrollment period will be held annually using the procedure outlined below. The deadline for accepting applications will be clearly stated on the enrollment section of the school website hosted on the K12 server, the K12 corporate website and at all information sessions and publications regarding enrollment for the school.

1. On an annual basis, MVCA will determine its maximum capacity for student enrollment in the K-8 program and the combined high school and the Passport programs. For the 2010-2011 school year, enrollment in MVCA is capped at 400 students in grades K-12. 350 students may be enrolled in grades K-8, and a combined total of 50 students may be enrolled in grades 9-12 in both the high school program and the Passport program. In the second and subsequent years of operation, MVCA may expand enrollment to exceed 400 pupils by adding 1 pupil for each pupil who becomes enrolled in the school of excellence who is identified as a dropout in the Michigan student data system maintained by the CEPI.
2. To apply for enrollment in MVCA during the open enrollment period, parents must complete the online application at the MVCA portion of the K12 corporate website, <http://www.k12.com/mvca/enroll> indicating the names, birthdates, and grades of all students they wish to enroll in the school for the following school year.
3. Applications will be reviewed for age eligibility. Students must be 5 years of age on or before December 1 to enroll in Kindergarten. If an application states that the student will not meet the age requirement for Kindergarten, the parent will be contacted to confirm the date of birth before the student is deemed ineligible for the school. During the enrollment process, age eligibility will be verified by requiring a certified copy or original of the student's birth certificate before a student's enrollment is complete. Students ages 17-21 enrolling in the Passport program, must be identified as a dropout in the Michigan student data system maintained by CEPI.
4. Students who were enrolled at the Academy in the prior school year shall be admitted and enrolled. After admitting and enrolling students who were enrolled at the Academy in the prior

school year, if there are remaining seats in either the K-8 or the 9-12 ranges, in the event that the number of eligible applications for enrollment exceeds capacity for either the K-12 or for the Passport Program, a lottery will be held for either or both. The lottery shall be conducted as follows:

- a. All eligible K-12th grade (non-Passport Program) students for whom applications were submitted by the open enrollment deadline will be put into an Excel spreadsheet. The same will be done for all eligible Passport Program students.
 - b. A randomizing function will be executed to assign random numbers to all K-12th grade applications. The same will be done for Passport students.
 - c. Starting at seat number "1" and ending at the assigned annual maximum cap, K-12th grade students will be assigned a seat in the school in order determined by the randomizing function and by grade level to insure students at all grade levels, K-12. If a student is given a seat in the school based on his/her lottery position, and the student has any siblings who are also applying for the school, all siblings will be given enrollment preference in the school.
 - d. In the second and subsequent years of operation, seats will be filled by selecting, first, a Passport student, in order determined by the randomizing function, and then selecting a K-12th grade program student, in the order determined by the randomizing function. Selection shall proceed in this order until all seats are filled.
 - e. Students not given seats in the school will be placed on a wait-list, based on their assigned, randomized lottery numbers. Separate wait-lists will be maintained for K-12 and Passport students.
 - f. In the second and subsequent years of operation, in the event a seat in K-12 program becomes available, it shall be filled, with reference to the randomized lists with the next available seat being filled by a K-12 program student. In the event a Passport Program seat becomes available, it shall be filled, with reference to the randomized lists with the next available seat being filled by a Passport Program student.
 - g. The enrollment/admissions designee shall establish written procedures for executing this process and keep said procedures on file.
5. Enrollment or wait-list confirmations will be e-mailed to the student or his/her parent/guardian, as appropriate. Enrollment confirmations will contain directions on completing the enrollment process, including a deadline for submitting completed enrollment packets. A student whose enrollment packet is not completed by the stated deadline will forfeit his/her seat in the school and the seat will be given to the first student on the waitlist for the appropriate grade range. An enrollment packet is complete when all required documents have been submitted. If the overall enrollment cap is not reached for grades K-12, students on the wait-list will be offered a seat in the order that their enrollment documents become compliant.
 6. Wait-lists will be maintained for the current enrollment year only. Wait-lists will not carry over to the following year, and those applicants on the wait-list must re-apply the following year. No priority can be given to former wait-listed applicants for the following year.
 7. Any compliant enrollment forms applying for enrollment received after the open-enrollment deadline shall be date stamped and placed at the end of the wait-list for the applicable grade range in the order they become compliant.
 8. Once placed on a wait-list, a student will remain on the list until one of the following occurs:
 - a. The student is accepted into the school as space becomes available and enrolls in the school.
 - b. The parent/guardian requests that the student be removed from the wait-list.
 - c. The second count date of the year the student was placed on the wait list.

9. When a space becomes available in a grade range, the slot will be offered to the first compliant name on the wait-list for that program. The notification will be e-mailed to the address and e-mail address on the application and will consist of directions to complete the enrollment process and a deadline by which the enrollment process must be complete. If the enrollment is not completed by the stated deadline, the seat will be given to the next student on the waitlist for the applicable grade range.
10. It is the parent/guardian/student's responsibility to update their contact information continuously with the school. The school shall not be responsible for failure to contact a wait-listed parent due to expired contact information.

APPEALS PROCESS

Students who are not enrolled at MVCA and have submitted an application may appeal to the Board of Directors of MVCA. The Board shall determine whether the enrollment procedures set forth in this Policy have been followed. If the procedures have been followed, the enrollment determination shall stand. If they have not been followed, the Board will consult with relevant parties to ascertain an applicable remedy.

SCHEDULE 7-6

SCHOOL CALENDAR AND SCHOOL DAY SCHEDULE

School Calendar

The Academy shall make educational services available to pupils for a minimum of at least 1,098 hours during a school year, and shall ensure that each pupil participates in the educational program for at least 1,098 hours during a school year.

The Academy Board shall provide annually documentation that each child is meeting this requirement in accordance with Applicable Law.

Michigan Virtual Charter Academy

2010-2011 School Event Calendar

Teacher instructional sessions will be scheduled between 8:30-4:30

July 2010						
Su	M	Tu	W	Th	F	Sa
				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

July

4 Sunday Independence day

August 2010						
Su	M	Tu	W	Th	F	Sa
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				

August

16 Teacher Start Date: PD through September 3rd

September 2010						
Su	M	Tu	W	Th	F	Sa
			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		

September

6 Monday Labor Day
7 Tuesday First Day of School
21 Tuesday Teacher Professional Development Day

October 2010						
Su	M	Tu	W	Th	F	Sa
					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						

October

11 Monday Columbus Day
12 Tuesday Grades 3-8 Reading Day 1 MEAP Testing
13 Wednesday Grades 3-8 Reading Day 2 MEAP Testing
14 Thursday Writing Day 1 (Grades 4,7) MEAP Testing
19 Tuesday Grades 3-8 Mathematics MEAP Testing
20 Wednesday Writing Day 2 (Grades 4,7) Science (Grades 5,8) Social St
29 Friday LAST DAY OF MAKE-UP MEAP TESTING

November 2010						
Su	M	Tu	W	Th	F	Sa
	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				

November

11 Thursday Veterans Day
25 Thursday Thanksgiving - NO SCHOOL
7 Sunday Daylight Savings (move clocks back 1 hour)
16 Tuesday Teacher Professional Development Day

December 2010						
Su	M	Tu	W	Th	F	Sa
			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	

December

24 Winter Break
27-31 Winter Break

January 2011						
Su	M	Tu	W	Th	F	Sa
						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

1 Saturday Near Year's Day
3 Monday Back to School
28 End of First Semester
31 Start of Second Semester

February 2011						
Su	M	Tu	W	Th	F	Sa
		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					

February

2 Wednesday Groundhog Day
12 Saturday Lincoln's Birthday
14 Monday Valentines Day
21 Monday President's Day
15 Tuesday Teacher Professional Development Day

March 2011						
Su	M	Tu	W	Th	F	Sa
		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		

March

1 Tuesday Michigan Merit Exam (MME)
2 Wednesday Michigan Merit Exam (MME)
3 Thursday Michigan Merit Exam (MME)
15 Tuesday Michigan Merit Exam (MME) Make-Up Day
16 Wednesday Michigan Merit Exam (MME) Make-Up Day
17 Thursday Michigan Merit Exam (MME) Make-Up Day

April 2011						
Su	M	Tu	W	Th	F	Sa
					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

April

22 Friday Spring Break
25-29 Mon-Fri Spring Break
12 Tuesday Teacher Professional Development Day

May 2011						
Su	M	Tu	W	Th	F	Sa
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				

May

30	Monday	Memorial Day
8	Sunday	Mother's Day

June 2011						
Su	M	Tu	W	Th	F	Sa
			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		

June

17	Friday	Last Day of School
7	Tuesday	Teacher Professional Development Day

July 2011						
Su	M	Tu	W	Th	F	Sa
					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						

July

4	Monday	Independence day
---	--------	------------------

August 2011						
Su	M	Tu	W	Th	F	Sa
	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			

August

SCHEDULE 7-7

AGE/GRADE RANGE OF PUPILS ENROLLED

The Academy will enroll students in Kindergarten through twelfth grade. Students of the Academy will be children who have reached the age of 5 by December 1 of the current school year.

The initial enrollment of the Academy shall not exceed 400 pupils. With prior approval of the University Charter Schools Office, the Academy may in the second year of operation expand its initial enrollment from 400 pupils to not more than 1,000 pupils if all the following conditions are met:

- (a) The Academy is in compliance with all the terms and conditions of this Contract, including the timely and accurate submission of documentation pursuant to the MCRR;
- (b) The Michigan Student data system maintained by the Center for Educational Performance and Information ("CEPI") permits identification of students who are dropouts;
- (c) The Superintendent of Public Instruction determines the form and manner by which the Academy shall annually account for the number of pupils it enrolls who can be identified using the Michigan student data system maintained by CEPI; and
- (d) The Academy only enrolls one pupil for each pupil who becomes enrolled in the Academy who is identified as a dropout in the Michigan student data system maintained by CEPI.

SCHEDULE 7-8

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

**Michigan Virtual Charter Academy
Schedule 7-8
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SCHEDULE 7-8

PHYSICAL PLANT DESCRIPTION

A. Address and Description of the Administrative Office:

The Administrative Office for the Michigan Virtual Charter Academy will be:

Address: Riverview Center
678 Front Avenue, N.W., Suite 265
Grand Rapids, MI 49504

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

1. Site and building plans.
2. Copy of Executed Lease or Purchase Agreement
3. Sub-lease Agreements
4. Use and Occupancy Permits

B. Address and Description of the Learning Center:

The address and a description of Michigan Virtual Charter Academy Learning Center will be:

Address: Riverview Center
678 Front Avenue, N.W., Suite 215
Grand Rapids, MI 49504

Description: The Michigan Virtual Charter Academy Learning Center will be housed in the Riverview Center at the location listed above. The Learning Center facility is approximately 2,000 square feet. The Riverview Center is a four story 200,000 square foot building that was originally built by the RC Allen Company in the early 1900's. Located just north of the Fish Ladder Park and just south of the prominent Sixth Street Bridge, it is situated right on the banks of the Grand River with over 1,500 feet of frontage along the Downtown River Walk. The property is visible from both 131 and I-196 expressways with ample free on-site parking.

Configuration of Grade Levels: Grades Ninth through Twelfth.

Name of School District and Intermediate School District:

Local: Grand Rapids Public Schools
ISD: Kent County ISD

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

1. Site and building plans.
2. Copy of Executed Lease or Purchase Agreement
3. Sub-lease Agreements
4. Use and Occupancy Permits

Grand River

New Class A
Plante Moran
Building

New Lighted
Parking Lot

Scribner Ave NW

131

Sixth St NW

Front Ave NW

GRAND RIVER

SIXTH ST. BRIDGE

SIXTH STREET NW

FISH
LADDER

RELOCATED
HISTORIC
BUILDING

EXISTING
RIVERVIEW BLDG.

EXISTING
PLANTE MORAN
BLDG.

FRONT AVENUE NW

PROPOSED

NEW BLDG.
25,200/ FL-GROSS

EXISTING
BUILDING

249 SPACES

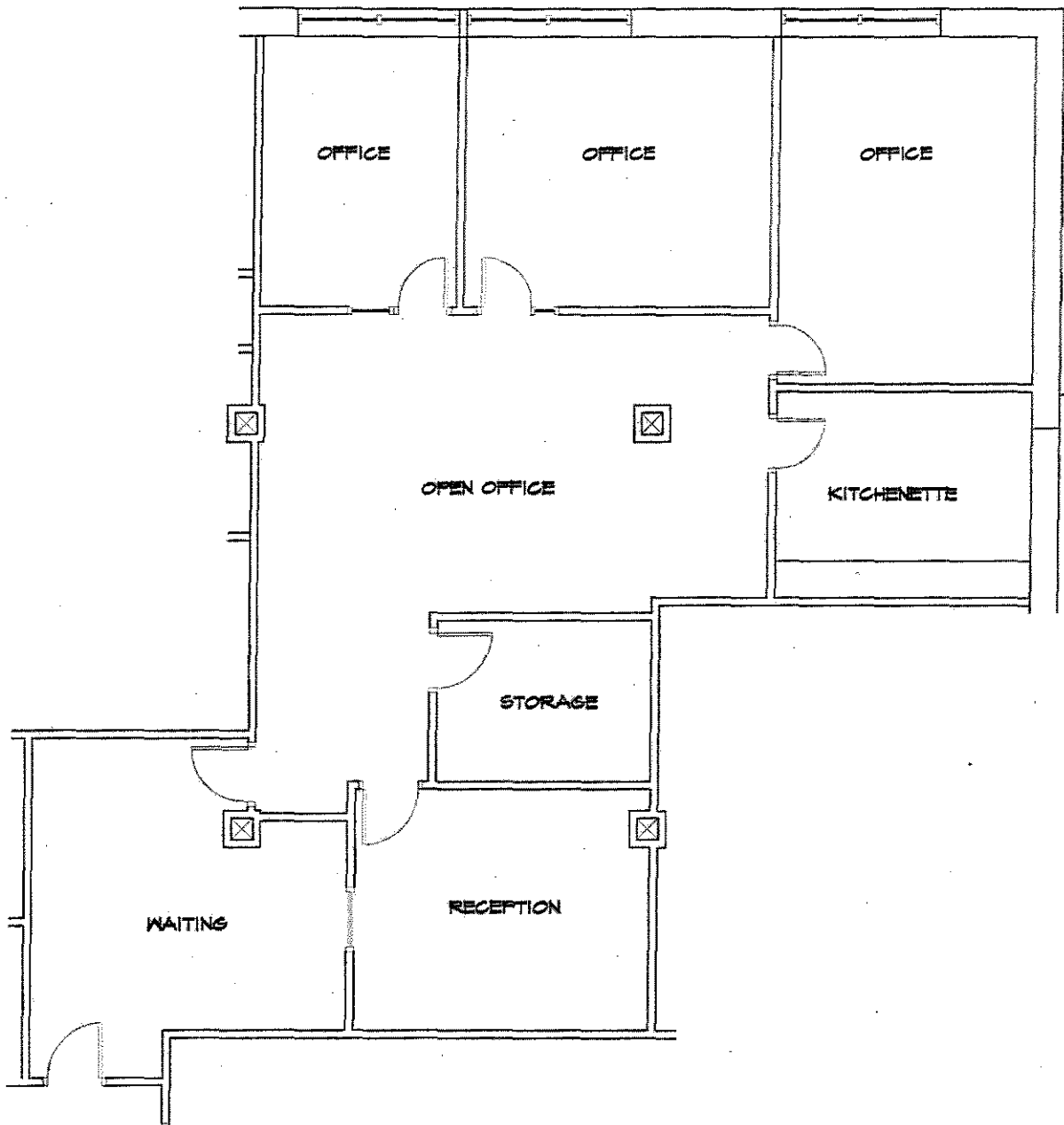
SCRIBNER AVENUE NW

SITE PLAN

RIVERVIEW CAMPUS

7-8-4

EXHIBIT B



SUITE 265

scale: 1/8" = 1'-0"
1,990 square feet



CONSENT TO BUSINESS PROPERTY SUBLEASE

This Consent to Business Property Sublease ("Consent") is made and entered into this _____ day of August, 2010, by RIVERVIEW CENTER, LLC, a Michigan limited liability company, whose mailing address is 161 Ottawa, NW, Suite 104, Grand Rapids, Michigan 49503 ("Landlord"); K12 VIRTUAL SCHOOLS LLC, a Virginia limited liability company, ("Tenant"); and MICHIGAN VIRTUAL CHARTER ACADEMY, a Michigan nonprofit corporation ("Subtenant").

RECITALS:

- A. Landlord is the owner of the real property commonly known as 678 Front Avenue, NW, Grand Rapids, Michigan and is the landlord under that certain Lease dated June 30, 2010, between Landlord and Tenant (the "Lease") concerning Suites 265 and 215 in the building constructed on such real property. Such Lease is referred to herein as the "Prime Lease".
- B. Tenant desires to sublease to Subtenant the Premises described in the Lease, pursuant to the Sublease in the form attached as Exhibit "A" ("Sublease").
- C. Tenant has requested Landlord's consent to the Sublease and, subject to the terms and provisions of this Consent, Landlord has agreed to provide such consent in accordance with Section 14 of the Prime Lease.

AGREEMENT

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and adequacy of which is acknowledged, the parties agree as follows:

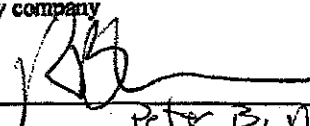
1. Landlord consents to the subletting of the Subleased Space, as defined in the Sublease, by Tenant to Subtenant, pursuant to the terms and provisions of the Sublease.
2. Nothing contained in this Consent shall be construed to modify, waive or affect (i) any of the provisions, covenants or conditions of the Prime Lease; (ii) any of Tenant's obligations under the Prime Lease; or (iii) any rights or remedies of Landlord under the Prime Lease; or to enlarge or increase Landlord's obligations or Tenant's rights under the Prime Lease.
3. This Consent is not assignable.
4. Neither the Sublease nor this Consent shall release or discharge Tenant from any liability under the Prime Lease and Tenant shall remain liable and responsible for the full performance and observation of all of the provisions, covenants and conditions set forth in the Prime Lease on the part of the Tenant to be performed and observed until the date the Prime Lease expires. Any breach or violation of any provision of the Prime Lease by Subtenant shall be a default by Tenant.

5. Subtenant agrees to provide, during the term of the Sublease, insurance with respect to the Premises naming the Landlord and Sublandlord as additional insureds in accordance with the requirements of the Sublease.
6. Subtenant's rights under the Sublease are subject to the Prime Lease and to all the terms and provisions of the Prime Lease.
7. Subtenant acknowledges that Landlord shall have all rights of access to the Premises in the same manner as provided for in the Prime Lease.
8. This Consent shall be governed and construed in accordance with the laws of the State of Michigan.

This Consent has been signed and delivered as of the date first written above.

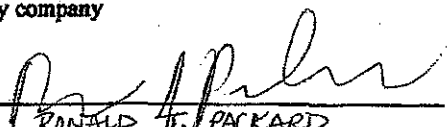
LANDLORD:

RIVERVIEW CENTER, LLC, a Michigan limited liability company

By: 
Name: Peter B. Mason
Title: Manager
Date: 8/5/10

TENANT:

K12 VIRTUAL SCHOOLS LLC, a Virginia limited liability company

By: 
Name: RONALD F. PACKARD
Title: CEO
Date: 8/6/10

SUBTENANT:

MICHIGAN VIRTUAL CHARTER ACADEMY, a Michigan nonprofit corporation

By: 
Name: Linda M. Marlow, Ph.D.
Title: Board President
Date: 8/5/10

Exhibit "A": Sublease

BUSINESS PROPERTY SUBLEASE

1. **Parties:** This Sublease, dated Aug 5, 2010, is made between K12, Inc., ("Sublessor"), and Michigan Virtual Charter Academy ("Sublessee").
2. **Lease:** Sublessor is the lessee under a written lease dated _____ (the "Lease"), attached hereto as Exhibit A, wherein Riverview Center, LLC ("Lessor") leased to Sublessor the real property located in the City of Grand Rapids, County of Kent, State of Michigan, described as: Suites 215 and 265 of the Riverview Center, located at 678 Front Avenue N.W., Grand Rapids, Michigan 49504, consisting of approximately 4,479 square feet of rentable space and 3,990 square feet of usable space ("Premises").
3. **Premises:** Sublessor hereby subleases to Sublessee on the terms and conditions set forth in this Sublease, the Premises, as defined in the Lease (the "Subleased Space").
4. **Warranty By Lessor:** Sublessor warrants and represents to Sublessee that the Lease has not been amended or modified except as expressly set forth herein, that Sublessor is not now and as of the commencement of the Term hereof will not be, in default or breach of any of the provisions of the Lease, and that Sublessor has no knowledge of any claim by Lessor that Sublessor is in default or breach of any of the provisions of the Lease.
5. **Term:** The Term of this Sublease shall commence on July 1, 2010, ("Commencement Date") and end on June 30, 2015 ("Termination Date"), unless otherwise sooner terminated in accordance with the provisions of this Sublease. Possession of the Subleased Space ("Possession") shall be delivered to Sublessee on the Commencement Date. If, for any reason, Sublessor does not deliver Possession to Sublessee on the Commencement Date, Sublessor shall not be subject to any liability for such failure; the Termination Date shall not be extended by the delay, and the validity of this Sublease shall not be impaired, but rent shall abate until delivery of Possession. Notwithstanding the foregoing, if Sublessor has not delivered Possession to Sublessee on or before the Commencement Date, then at any time thereafter and before delivery of Possession, Sublessee may give written notice to Sublessor of Sublessee's intention to cancel this Sublease. Said notice shall set forth an effective date for such cancellation which shall be at least ten (10) days after delivery of said notice to Sublessor. If Sublessor fails to deliver Possession to Sublessee on or before such effective date, this Sublease shall be canceled, in which case all consideration previously paid by Sublessee to Sublessor on account of this Sublease shall be returned to Sublessee, if any, and this Sublease shall thereafter be of no further force or effect, and Sublessor shall have no further liability to Sublessee on account of such delay or cancellation. If Sublessor permits Sublessee to take Possession prior to the commencement of the Term, such early Possession shall not advance the Termination Date and shall be subject to the provisions of this Sublease, including without limitation, the payment of rent.
6. **Rent:** Sublessee shall pay to Sublessor a minimum rent, without deduction, setoff, notice, or demand, at 2300 Corporate Park, Herndon, VA 20171, or at such other place as

Sublessor shall designate from time to time by notice to Sublessee, in advance on the first day of each month, the sum of

Three Thousand Six Hundred and Ninety-Six (\$3,696.00) Dollars per month for the first year of the Term (July 1, 2010 – June 30, 2011);

Three Thousand Eight Hundred and Seven (\$3,807.00) Dollars per month for the second year of the Term (July 1, 2011 – June 30, 2012);

Three Thousand Nine Hundred and Twenty-One (\$3,921.00) Dollars per month for the third year of the Term (July 1, 2012 – June 30, 2013);

Four Thousand and Thirty-Nine (\$4,039.00) Dollars per month for the fourth year of the Term (July 1, 2013 – June 30, 2014); and

Four Thousand One Hundred and Sixty (\$4,160.00) Dollars per month for the fifth year of the Term (July 1, 2014 – June 30, 2015).

If the Term begins or ends on a day other than the first or last day of a month, the rent of the partial months shall be prorated on a per diem basis.

7. Security Deposit: There shall be no security deposit required by Sublessee to Sublessor.
8. Use Of Premises: The Subleased Space shall be used and occupied only for educational and general office purposes.
9. Assignment And Subletting: Sublessee shall not assign this Sublease or further sublet all or any part of the Subleased Space without the prior written consent of Sublessor, which shall not be unreasonably withheld.
10. Other Provisions Of Sublease: All applicable terms and conditions of the Lease are incorporated into and made a part of this Sublease as if Sublessor were the Lessor thereunder, Sublessee the lessee thereunder, and the Subleased Space the Premises thereunder. Sublessee assumes and agrees to perform the lessee's obligations under the Lease during the Term, except that the obligation to pay rent to Lessor under the Lease shall be considered performed by Sublessee to the extent and in the amount rent is paid to Sublessor in accordance with Section 6 of this Sublease. Sublessee shall not commit or suffer any act or omission that will violate any of the provisions of the Lease. If the Lease terminates, this Sublease shall terminate and the parties shall be relieved of any further liability or obligation under this Sublease, provided however, that if the Lease terminated as a result of a default or breach by Sublessor or Sublessee under this Sublease and/or the Lease, then the defaulting party shall be liable to the nondefaulting party for the damage suffered as a result of such termination.

11. Attorneys Fees: If Sublessor or Sublessee shall commence an action against the other arising out of or in connection with this Sublease, the prevailing party shall be entitled to recover its costs of suit and reasonable attorneys' fees.

12. Notices: All notices and demands which may or are to be required or permitted to be given by either party on the other hereunder shall be in writing. All notices and demands by the Sublessor to Sublessee shall be sent by United States Mail, postage prepaid, addressed to the Sublessee at the address set forth below, or to such other place on Sublessee may from time to time designate in a notice to the Sublessor. All notices and demands by the Sublessee to Sublessor shall be sent by United States Mail, postage prepaid, addressed to the Sublessor at the address set forth below, and to such other person or place as the Sublessor may from time to time designate in a notice to the Sublessee.

To Sublessor: K12, Inc.
2300 Corporate Park
Herndon, VA 20171

To Sublessee: Michigan Virtual Charter Academy
678 Front Avenue N.W., Suite 265
Grand Rapids, Michigan 49504

with a copy to: Clark Hill PLC
Attention: James Crowley, Esq.
151 South Old Woodward Avenue, Suite 200
Birmingham, Michigan 48009

13. Miscellaneous:

a. FINAL APPROVALS. THIS IS A CONTINGENT SUBLEASE. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SUBLEASE, THIS SUBLEASE SHALL TAKE EFFECT UPON THE GRANTING OF ALL FINAL APPROVALS NECESSARY PURSUANT MICHIGAN PUBLIC ACT 205 of 2009 ("ACT 205") FOR THE MICHIGAN VIRTUAL CHARTER ACADEMY TO OPERATE AND BE FUNDED AS A CYBER SCHOOL OF EXCELLENCE IN THE STATE OF MICHIGAN FOR THE 2010-11 THROUGH 2014-15 SCHOOL YEARS. IF THE MICHIGAN VIRTUAL CHARTER SCHOOL IS NOT GRANTED ALL FINAL APPROVALS NECESSARY TO OPERATE AND BE FUNDED AS A CYBER SCHOOL OF EXCELLENCE FOR THE 2010-11 TO 2014-15 SCHOOL YEARS AS DEFINED BY ACT 205, THIS LEASE SHALL BE NULL AND VOID.

b. Charter Contract. Furthermore, Sublessee's obligations and rights under this Sublease are contingent on execution of a charter contract between Sublessee and its Authorizing Body. Once executed, if for any reason whatsoever the Charter Contract is terminated, or is not renewed or extended, prior to the expiration of the Term hereof, then this Sublease shall terminate simultaneously with such termination, non-renewal or non-extension, as the case may be, and neither party shall have any right or cause of action against the other by reason of such

termination. Notwithstanding the foregoing, in the event of a termination of the Charter Contract for reasons other than cause, Sublessee shall be permitted to attempt to secure another charter for a limited period of time (if, and only if, the Charter Contract is terminated at the end of a school year), which charter will permit Sublessee to operate a charter school in the same manner as chartered under the Charter Contract, and in the event Sublessee should procure such a charter timely, enabling it to continue full operations at the beginning of the following school year, this Sublease shall be automatically revived and reinstituted.

c. No Liability of Board of Directors. Sublessor hereby acknowledges that Sublessee is a non-profit corporation and the members of its Board of Directors are unpaid volunteers and such members shall not be personally liable for the obligations of the Sublessee under this Sublease.

d. No Liability of the State of Michigan or Authorizing Body. Sublessor acknowledges that Sublessee is a public school academy and that this Sublease does not impose any liability on the State of Michigan, any agency of the State of Michigan or the Authorizing Body of the Sublessee for any debt or obligation incurred by Sublessee hereunder. Sublessor and Sublessee acknowledge and agree that Sublessee has no authority to extend the faith and credit of Sublessee's Board of Directors or to enter into any contractual arrangement that would financially obligate the Authorizing Body.

Sublessor: K12, Inc.

Sublessee: Michigan Virtual Charter Academy

By: _____

Its: _____

Date: _____

[Signature]
CEO
8/6/10

By: _____

Its: _____

Date: _____

[Signature]
Board President
8/5/10

EXHIBIT A - LEASE

6452471.1 0000/00000

RIVERVIEW CENTER

LEASE AGREEMENT

This Lease Agreement is made as of **June 30, 2010**, by and between **Riverview Center, LLC**, a Michigan limited liability company, with principal offices at 161 Ottawa, NW, Suite 104, Grand Rapids, Michigan 49503, as Landlord, and **K12 Virtual Schools LLC**, having it's principal place of business at 2300 Corporate Park, Herndon, VA 20171, as Tenant.

Our goal in operating Riverview Center is to contribute to the success of our tenants through attention to details of design, function and personal service in the work environment we provide. We expect to treat our tenants with the courtesy and respect due to a personal guest in our "business home." With this in mind, we have attempted to write this Lease in "plain English." The terms "you" and "your" are used in this Lease in place of the term "Tenant" and the terms "we", "us", and "our" are used in this Lease in place of the term "Landlord".

1. Premises. We will lease to you the premises located in Suite 265 of Riverview Center (the "Building"), located at 678 Front Avenue N.W., Grand Rapids, Michigan 49504, as shown on the floor plan attached as Exhibit B-1. You and we both agree that the area of the Suite 265 is approximately 2,229 "Rentable" square feet based on 1,990 "Usable" square feet. Usable square feet is measured in accordance with the Building Owners and Managers Association's measurement standards. Rentable square feet is calculated as the usable square feet plus an agreed upon arbitrarily selected 12% core factor (i.e., usable sq. ft. x 1.12 = rentable sq. ft.). The Premises consists of the space within the walls, floor, and underside of the dropped ceiling. We reserve the right to use, control and alter all exterior walls, windows, service corridor walls, and the roof of the Building. We also reserve the right to install, maintain, repair, and replace pipes, duct work, support columns, conduits, utility lines, wires and the like through, under, or above the Premises as reasonably necessary to serve the Premises or other portions of the building.

We will also lease to you the premises located in Suite 215 of Riverview Center (the "Building"), located at 678 Front Avenue N.W., Grand Rapids, Michigan 49504, as shown on the floor plan attached as Exhibit B-2. You and we both agree that the area of the Suite 215 is approximately 2,250 "Rentable" square feet based on 2,000 "Usable" square feet. Usable square feet is measured in accordance with the Building Owners and Managers Association's measurement standards. Rentable square feet is calculated as the usable square feet plus an agreed upon arbitrarily selected 12% core factor (i.e., usable sq. ft. x 1.12 = rentable sq. ft.). The Premises consists of the space within the walls, floor, and underside of the dropped ceiling. We

reserve the right to use, control and alter all exterior walls, windows, service corridor walls, and the roof of the Building. We also reserve the right to install, maintain, repair, and replace pipes, duct work, support columns, conduits, utility lines, wires and the like through, under, or above the Premises as reasonably necessary to serve the Premises or other portions of the building.

Suite 265 and Suite 215, as shown in Exhibits B and C, together constitute the "Premises."

2. Basic Terms of the Lease.

a) Term. The term of this Lease will begin on **July 1, 2010** and will continue **60 months**, ending at midnight on **June 30, 2015**.

b) Use of Premises and Compliance with Laws. You will use the Premises for general office purposes only, and will not use the Premises for any other purpose without our prior written consent. You agree to continuously occupy and operate your business in the Premises throughout the Lease term. You will not disturb other tenants or persons in the Building, cause a nuisance or damage to the Building, or increase the risk of fire to the Building beyond the usual risk for the operation of a business office. You will not use the Premises in a way that would result in a floor load exceeding that which the Premises were designed to carry. You will comply with all present and future laws, ordinances, orders, rules, regulations, and requirements of all governmental authorities related to the design, safety, occupancy, or use of the Premises, including the Americans With Disabilities Act. Your obligations will apply regardless of whether or not any law, ordinance, order, rule, regulation, or requirement is foreseen or unforeseen, ordinary or extraordinary, shall necessitate alternations or improvements to the Premises, or shall interfere with your use and enjoyment of the Premises.

c) Improvements. We will install new carpet within the suite of a grade and color that is mutually acceptable to both of us. At your option, we will also provide the services of our interior designer, Debbie Hersman, to help you make a selection for carpet.

d) Your Option to Renew. So long as you are not in default according to the terms of this Lease, you will have the option to renew this Lease for one (1) two (2) year terms. This option may be exercised by you by providing written notice to us by certified mail with return receipt requested. You will provide the notice so that we will receive it not later than 180 days in advance of the expiration of the original lease term. Timing is of the essence. In the event written notice is not provided to us according to the terms of this provision, this Option to Renew will be null and void. If you do renew the Lease in accordance with the terms in this paragraph, your exercise of the renewal option will be irrevocable. All of the terms of this lease will continue to apply during the renewal

3. Rent and Escalation.

a) Amount. You will pay us monthly rent in advance on the 1st day of every calendar month during the term of this Lease as based on the computations below:

	Rentable Sq/ft	2,229	
			<i>\$ Per</i>
	Rent		<i>Rentable Sq/ft</i>
	Base Rent	8.00	
	Electric	1.00	
	Janitorial	1.00	
	TI Amort. (see below)	0.85	
	Total Rent Per Sq/ft	10.85	
	Rent per month	2,016	
	Tenant Improvements	<i>Estimated Costs</i>	<i>Per sq/ft</i>
	New Carpet	7,802	3.50
	Amort of these costs over term of lease at 7% interest per year	\$1,903	7%
	Per Rentable Sq/ft	0.85	

	Rentable Sq/ft	2,240
		<i>\$ Per</i>
	Rent	<i>Rentable Sq/ft</i>
	Base Rent	7.00
	Electric	1.00
	Janitorial	1.00
	Total Rent Per Sq/ft	9.00
	Rent per month	1,680

a) listed below are the monthly base rent amounts per year for Suite 265 and Suite 215 respectively with the rents increasing 3% annually:

July 1, 2010 – June 30, 2011	\$2,016 Per Month
	\$1,680 Per Month
July 1, 2010 – June 30, 2012	\$2,077 Per Month

	\$1,730 per Month
July 1, 2010 – June 30, 2013	\$2,139 Per Month
	\$1,782 Per Month
July 1, 2010 – June 30, 2014	\$2,203 Per Month
	\$1,836 Per Month
July 1, 2010 – June 30, 2015	\$2,269 Per Month
	\$1,891 Per Month

b) Late Payments. If you do not pay the Base Rent or any other payment due under this Lease within 10 days after the date due, you will pay a late fee equal to 5% of the amount past due, which will be treated as additional rent. You will also pay interest on the amount past due at the rate of 12% per year from the due date.

c) Taxes and Special Assessments. We will pay all real property taxes and Special Assessments levied on Riverview Center by any governmental authority. You will pay all personal property taxes levied on your property located in the Premises.

d) Payments. You will make all payments to Riverview Center, 161 Ottawa NW, Suite 104, Grand Rapids, Michigan 49503, unless we notify you of a change in the address for payments.

e) Security Deposit. At the time you sign this Lease, you will give us a deposit equal to one month's rent. We will hold this deposit as security to assure us that you will fulfill your obligations under this Lease. We may apply the deposit to any rent or other payment due under this Lease, and if we do so you will pay us on demand the amount applied so that the deposit will be restored to its original amount. If we ever sell the Building, the deposit will be turned over to the new owner, we will be released from any liability for the deposit, and you will look solely to the new owner for the return of the deposit. The deposit will not bear interest and may be commingled with our other funds.

5. Common Areas. Subject to our rights under this paragraph, we grant to you and your officers, partners, employees, agents, guests, and invitees during the Lease term, the nonexclusive use for pedestrian traffic, of the Common Areas within Riverview Center. For purposes of this Lease "Common Areas" means all sidewalks, walkways, public restrooms, entrances, hallways, lobbies, stairways, elevators, free unsecured parking lots and other areas and facilities within Riverview Center that are available for use in common by tenants and guests of Riverview Center. We may grant others rights to use the Common Areas, and you will be subject to any reasonable rules and regulations that we may adopt from time to time governing the use of Common Areas. We will have full control, management, and direction of the Common Areas, including the right to use parts of the Common Areas, to change the layout of the

Common Areas, to add to or subtract from the shape and size of the Common Area, or to alter the location of the Common Areas. We will have the right to close the Common Areas to whatever extent we may deem necessary to prevent a dedication of the Common Areas or to prevent granting any rights in the Common areas to third parties or the public. We will also have the right to close temporarily, if necessary, any part of the Common Areas to permit alterations to the building and other improvements, including underground parking facilities.

6. Services and Items to be Supplied by Us. We will provide and pay for the following services to the Premises, unless you are in default under this Lease.

a) In Suite Electric. We will provide and pay for your electrical service within your suite. However, the removing/adding of any lighting fixtures or outlets will be at your expense.

b) Janitorial Service. We will provide janitorial services of a frequency and quality typically provided in competitive office buildings, including periodic washing of any exterior windows. However, the janitorial service will not include cleaning of any storage or similar areas in the Premises. Trash removal will be five days per week, national holidays excepted, for a typical daily quantity of regular office refuse. You may be charged for excessive quantities and will be responsible for and/or pay for removal of any items deemed hazardous waste or for which any rules or regulations apply, even if the hazardous waste or other regulated refuse may be considered regular office refuse.

c) Heating, Ventilation, and Air-Conditioning Service. We will provide and pay for all electricity and natural gas needed to heat and cool the Premises during regular business hours of 8:00 A.M. to 5:00 P.M. Monday through Friday, national holidays excepted (extended hours may be arranged at additional charge). We will maintain all heating, ventilation, and air conditioning equipment which now serves the Premises. If additional air conditioning capacity is ever needed because of your addition of heat producing equipment or due to a change in your use of the Premises, you will reimburse us for the cost of increasing the air conditioning capacity and/or changing the controls for the equipment which serves the Premises.

d) Common Area Maintenance. We will maintain the Common Areas in good condition and repair. We will provide lighting, janitorial service and restroom supplies. We will keep the sidewalks and parking lots reasonably clear of snow and ice.

e) Conditions. We will not be responsible for failing to provide any of the services mentioned as a result of unavoidable delays. We reserve the right to stop any services temporarily, if necessary, because of any accident or emergency or to make repairs, alterations, replacements, or improvements to the Building or Common Areas. If we exercise this right, this will not constitute an actual or constructive eviction or relieve you from any of your obligations under this Lease or impose any liability on us because of any

inconvenience to you or interruption of your business. However, if any interruption of services renders the Premises untenable for a period of 2 business days, the Base Rent will abate for each day that the interruption continues beyond such 2 business day period. We agree to restore as quickly as reasonably possible any service that may be interrupted. We are not responsible for any restriction imposed by any governmental authority on the supply of heat, light, air-conditioning, or any other services or items to be supplied by us.

7. Services and Items to be Supplied by You. You will provide and pay for the following services to the Premises:
 - a) Telephone and Internet Services. You will supply all your own telephone and Internet services, including an area within the Premises for the location of telephone switching equipment serving the Premises. All telephone and other cabling installed by you will be plenum rated.
8. Our Maintenance Obligations. We will keep the Building and Premises in good condition and repair, except for your maintenance obligations under paragraphs 2(b) and 9 and repairs required because of your actions, or the actions of your officers, partners, employees, agents, invitees, licensees, or contractors. You will give us written notice of any parts of the Building or Premises that are in need of repair and we will not be liable for our failure to make a repair unless you have requested the repair in such a notice and we have failed to make the repair within a reasonable time.
9. Your Maintenance Obligations. You will keep all of the trade fixtures, furniture, furnishings, equipment, carpeting, floor coverings, wall coverings, and other items of personal property located in the Premises in good condition and repair. You will replace light bulbs and tubes in the light fixtures located in the Premises. You will also maintain any alterations or additions that you make in the Premises after the commencement of the Lease term.
10. Riverview Center Reference Guide. You will receive a copy of Riverview Center Reference guide and you agree to review the Guide and inform all present and future occupants of the Premises of the emergency procedures contained in the guide.
11. Building Rules and Regulations. There are general building rules and regulations, which we feel are necessary to safely and prudently operate the Building. The current rules and regulations are stated in Exhibit A to this Lease. We have right to change the rules and regulations or make any further rules and regulations, which we feel are necessary to safely and prudently operate the Building. You agree that these rules and regulations will be obeyed by you, your officers, partners, employees, agents, guests, invitees, licensees and contractors, unless waived in writing by us.
12. Alterations and Additions. You will not make any alterations, additions, or physical changes to the Premises without our prior written approval. You will not attach any curtains, blinds, shades, or other materials to the interior or exterior of any window without our prior written approval. You will not

attach or display any signs or advertising material on the Premises or the Building without our prior written approval. Any alterations and improvements made to the Premises with our consent shall, unless otherwise agreed in writing, become our property upon termination of this Lease. Any items attached to the Premises and which are not readily movable, such as carpeting, built-in credenzas or shelves, shall be considered fixtures and shall become a part of the real estate unless otherwise agreed to in writing by us.

13. Surrender of Premises. At the end of the Lease term, you will surrender and return the Premises to us in as good a condition as when you accepted them, except for reasonable wear and tear. All items of construction, lighting fixtures, heating, ventilation and air conditioning equipment, shelving and furniture which is screwed in or otherwise attached to the Premises, window blinds or curtains and all alterations, additions and other leasehold improvements made by you will become our property and may not be removed from the Premises. All furniture, trade fixtures, equipment, and personal property brought into the Premises by you will remain your property and may be removed at the end of the Lease term. However, any items attached to the Premises may be removed only if you repair any damage caused by the removal. If you fail to remove any items from the Premises at the end of the Lease term, those items will become our property, unless we elect to require their removal, in which case you will promptly remove the items and restore the Premises to their prior condition. If you fail to remove any items, we will have the right to remove and dispose of them at your expense and/or sell them to pay for the cost of removal and we will have no obligations to pay you for any excess. If you stay in the Premises after the end of the Lease term without our written permission, you will be in default and we will have all of the rights and remedies described in Paragraph 22 below, and will also have the right to receive rent for the time that you remain in possession at a rate equal to 200% of the Base Rent in effect during the last month of the Lease term. If you stay in the Premises after the end of the term with our written permission, then your tenancy will be from month-to-month, and your rent will increase to 150% of the Base Rent in effect during the last month of the Lease term. You will continue to be bound by all of the other terms and conditions of this Lease.

14. Assignment and Subletting. You will not assign this Lease or sublease any portion of the Premises without our prior written approval, which we cannot unreasonably withhold. Any transfer of this Lease from you by merger, consolidation, liquidation, or by operation of law will be deemed to constitute an assignment for the purpose of this paragraph. You will not permit any third party to operate a business in the Premises as a concessionaire or licensee. If you are a corporation or a partnership, and if at any time during the term of this Lease, the persons owning a majority of your stock or ownership rights on the date of this Lease cease to own a majority of such stock or ownership rights, whether due to sale, assignment, operation of law, or other disposition (unless due to transfer by gift or inheritance or transfer of stock of a publicly traded corporation on a recognized securities exchange),

you will notify us and we will have the right, at our option, to terminate this Lease by giving notice to you within 30 days. Waters Realty & Development, Inc. will also serve as listing broker if so requested by you. If you assign this Lease or sublease any portion of the Premises with or without our approval you will, nevertheless remain fully and primarily liable under this Lease. If you assign this Lease or sublease any portion of the Premises without our approval, we may, nevertheless collect from the assignee or sublessee any rent payable by you under this Lease, but our election to do so and/or our receipt of a commission will not be deemed to constitute an acceptance of the assignee or sublessee nor a release of your obligations under this Lease.

15. Moving Liability. When you are moving into, out of, or within the Building, you and your mover will be responsible for any damage to the Premises or to the Common Areas. You will reimburse us for the cost of repairing any damage. We are not skilled or trained to handle your moves, and we do not carry insurance to cover any damage, which might occur when we handle your moves. However, if you request our assistance and we have the available personnel, we will help you move your possessions. You will be charged an hourly fee for this service, and we will not be responsible for any damage resulting from the move, no matter what the cost or cause.
16. Subordination. Your rights under this Lease shall be expressly subordinate to the lien of any and all mortgages currently or in the future in effect against the property that includes the Premises. This subordination shall be self-operative and no additional documentation shall be needed to make the subordination effective. In the event of a foreclosure of the property that includes the Premises or any other acquisition of the property in lieu of a foreclosure, you shall, upon request of such foreclosing or acquiring party (the "New Owner"), nonetheless attorn to and respect the New Owner as the then owner of the property and thereby entitled to all rights of the landlord under this Lease, including, without limitation, the right to all rental payments. Notwithstanding the foregoing, it is further expressly agreed and understood that the New Owner shall not assume or be deemed to assume any liabilities of the landlord under this Lease or otherwise solely by virtue of the New Owner's acceptance of title to all or a portion of the property that includes the Premises, acceptance of rental or otherwise. Neither the holder of any mortgage on the property that includes the Premises nor the New Owner shall disturb your possession of the Premises in the event of a foreclosure as long as you are not in default under this Lease.
17. Estoppel Certificates. At our request you will sign and deliver a statement in writing certifying any factual information about this Lease that we may reasonably request, including the following information:
 - a) That this Lease has not been modified and is in full force and effect (or if there have been modifications, stating that this Lease is in full force and effect as modified and stating the modifications);
 - b) The date to which the monthly rent has been paid, and the amount of any security deposit that we hold; and

c) That you have accepted possession and are occupying the Premises and know of no defaults or offsets against the enforcement of this Lease (or if you know of any default or offset, stating the circumstance giving rise to the default or offset).

18. Access and Repairs. We have the right to enter for inspection or to use the Premises to make necessary repairs, to change the location of or to enlarge or install air-conditioning, electrical, plumbing, or other utility systems or equipment. If you are deprived of any floor space over 10 square feet then you will only be required to pay rent for the amount of space remaining available on a prorata basis. During the last 6 months of the term of this Lease if it should have a fixed expiration date, or at all times with a month-to-month Lease, we will have access to the Premises with twenty four (24) hours notice for the purpose of showing the Premises to prospective tenants or occupants. Any entry by us will be taken in a manner that will cause as little inconvenience as is reasonably possible, but we will not be required to limit our entry to non business hours or to employ personnel or contractors at overtime or premium rates. The exercise of our right of access will not be deemed an actual or constructive eviction or relieve you from any of your obligations under this Lease or impose any liability on us because of any inconvenience to you or interruption of your business.

19. Substitute Premises. At any time during this Lease, we may request in writing that you move to substitute premises within Riverview Center containing between 90% and 125% of the square footage of the Premises. You will have 15 days from the date of our request to accept or reject the substitute premises. If you accept, we will remodel the substitute premises, at our expense, to be as similar to the Premises in function and finish as reasonably possible. After the remodeling, you will vacate the Premises and move into the substitute premises. All reasonable direct costs shall be our expense including changing addresses on stationery and business cards, moving company expenses and computer and telephone relocation expenses, but excluding any lost revenues or other consequential costs. All provisions of this Lease will remain the same, except for the change in the description of the Premises and a change in the monthly Base Rent if the substitute premises is between 90% and 99% of the square footage of the Premises. In that case, your monthly Base Rent will be multiplied by a ratio, the numerator of which is the square footage of the substitute premises and the denominator of which is the square footage of the Premises. Monthly Base Rent will not be increased beyond that already called for by this Lease if the substitute premises is between 100% and 125% of the square footage of the Premises. If you reject the substitute premises or fail to reply to our request within 15 days, this Lease will terminate when you vacate the Premises, or 4 months after the date of our request to you, whichever occurs first.

20. Insurance and Indemnity.

a) To be Carried by Us. We will insure the Building under a policy or policies of fire and extended coverage insurance.

b) To be Carried by You.

(i) You will insure your furniture, fixtures, equipment, and other personal property located in the Premises against loss, damage, or destruction caused by fire or other risks covered by an extended coverage endorsement in an amount not less than the full replacement value of your personal property. You will release and discharge us from any liability related to any loss, damage, or destruction to your personal property, no matter what the cost or cause and including any deductible portion of your insurance policy which will be paid solely by you.

(ii) You will carry general liability insurance coverage protecting against injury to persons or damage to property of others, occurring in or around the Premises or the Building, with a combined single limit of at least \$500,000.

(iii) You will carry fire legal liability insurance coverage protecting against fire injury to property of others, occurring in or around the Premises or the Building, with a limit of at least \$500,000.

(iv) You will carry workers' compensation insurance to the extent required by law.

(v) Upon request, you will give us certificates showing that the insurance is in effect, with the premiums paid, and naming us as additional insured. The certificates will require that we will receive notice upon change or cancellation.

c) Waiver of Claims. You and we both waive all rights of recovery that either might otherwise have against the other for any damage to their property which is covered by a policy of insurance or required by the terms of this Lease to be so covered to the extent of such coverage. This waiver will apply regardless of whether the damage results from the negligence or fault of one of us. Any deductible amount provided for under an insurance policy will be treated as though it were recoverable under the policy.

d) Waiver of Subrogation. You and we both will obtain from our insurance companies endorsements under which the companies agree to waive all rights of subrogation with respect to claims against us in the event of a loss. You and we will provide each other with proof that you and we have obtained these waivers of subrogation.

e) Indemnification. You will indemnify us and hold us harmless from and against all claims, actions, liens, demands, expenses, and judgments for loss, damage, or injury to property or persons related to your use or occupancy of the Premises, unless caused by our negligence or intentional act. If we are made a party to any litigation commenced by or against you, you will indemnify and hold us harmless from and against all costs, expenses, and reasonable attorney fees incurred by us in connection with the litigation, unless the litigation arised from our negligence or intentional act.

21. Repairs in Event of Damage

- a) If the Building is damaged by fire or other casualty, to the extent that the cost of repair would exceed 50% of the replacement cost of the Building, we will have the right to terminate this Lease as of the date of the casualty by giving written notice to you within 30 days after the date of the casualty.
- b) If we determine that the Premises are so damaged by fire or other casualty that they cannot reasonably be restored for your normal use within 180 days, you and we both will have the right to terminate this Lease by giving written notice to the other within 30 days after the date of casualty.
- c) If, during the final full year of the Lease term, we determine that the Premises are damaged by fire or other casualty to the extent of 20% or more of the value of leasehold improvements in the Premises prior to such damage, you and we both will have the right to terminate this Lease by giving written notice to the other within 30 days after the date of casualty.
- d) If the Premises are damaged by fire or other casualty and this Lease is not terminated, we will repair the Premises as quickly as possible. Your rent will be abated during the time you are not able to occupy the Premises.

22. Default and Remedies.

- a) Default. You will be in default under this Lease under any of the following circumstances:
 - i. You fail to pay your rent when due under this Lease.
 - ii. You vacate or abandon the Premises.
 - iii. You assign this Lease or sublease any part of the Premises in violation of Paragraph 14 above.
 - iv. Any of your assets are taken by an attachment, execution, or other judicial seizure.
 - v. You file a petition in bankruptcy, are adjudicated as bankrupt, or file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief for yourself under any present or future federal, state, or other statute, law, or regulation.
 - vi. You make an assignment of this Lease for the benefit of creditors or if a trustee, receiver, or liquidator is appointed in any action, suit, or proceeding by or against you and such proceeding is not dismissed within 30 days after such appointment.
 - vii. With the exception of Items (i) through (vi) above, you fail to observe or perform any of the other terms or conditions of this Lease, and your failure continues for a period of 10 days after written notice from us.
- b) Remedies. If you default under this Lease, in addition to our other legal and equitable rights, we may pursue any of the following remedies:

- i. We may terminate this Lease and reenter and take possession of the Premises and sue for all amounts for which you are in default, including damages to us by reason for the default, and your liability under this Lease will continue notwithstanding our termination or reentry.
- ii. We may take possession of the Premises by summary proceedings or otherwise, without terminating this Lease. If we do so, neither the commencement of an action against you, the execution of a judgment to recover possession of the Premises, nor the removal of your personal property from the Premises will be construed as an election to terminate this Lease or to release you from your obligations under this Lease. In any event, you will continue to be liable for the payment of rent and the performance of other terms and conditions of this Lease and will pay us all deficits in monthly installments after we are able to ascertain the amount of the deficits. However, we may at any time during the unexpired term of the Lease, terminate the Lease without further notice to you.
- iii. We may sue you to collect all amounts for which you are in default and all damages attributable to your default, or we may sue you for injunctive relief to specifically enforce the terms and conditions of this Lease.
- iv. We may make any payment that you have failed to make or perform any obligation that you have failed to perform, and all payments made or expenses incurred in performing any obligation, with interest at the rate of 12% per year from the date paid or incurred, will be deemed to be additional rent payable to us on demand.
- v. If we relet the Premises to any other party for an aggregate rent during that portion of the term of the new Lease which coexists with the term of this Lease which is less than the rent that you must pay under this Lease for the same period, we may immediately sue for and recover the difference between the aggregate rent provided for in the new Lease and the rent that you would pay under this Lease for the same period, together with any expenses that we may incur, including brokerage commissions, reasonable attorney fees, and renovation costs. If any new Lease is for a shorter term than the balance of the term of this Lease, any action that we may bring to collect the deficit for that period will not prevent us from suing you later for any loss accruing during the balance of the term of this Lease. In connection with any reletting of the Premises, we reserve the right to subdivide or expand the Premises or otherwise change the size or configuration of the Premises without affecting your liability. If we relet the Premises to another tenant of Riverview Center, thereby causing an interruption in the payment of rent accruing under the Lease for that tenant's previous location within the Building, you will be liable for the payment of any such rent as it

otherwise would have accrued, to the extent that such rent does not exceed the amount that you would otherwise be required to pay under this Lease. Nothing contained in this Lease will obligate us to attempt to relet the Premises under any circumstances during the term of this Lease.

23. Environmental Matters. You agree that the Premises, and all your operations and activities in the Premises, will remain in compliance with all Environmental Laws and that the Premises will not become contaminated by any Hazardous Substance. You will take all actions necessary to investigate, clean up, and eliminate any contamination of the Premises by any Hazardous Substance and to prevent any additional contamination of the Premises. For purposes of this Lease, "Environmental Law" means any past, present, or future federal, state, or local ordinance, rule, regulation, or order that regulates or is intended to protect public health or the environment or that establishes liability for the investigation, removal, clean up of, or damage caused by, any environmental contamination, including any law, ordinance, rule, regulation, or order that regulates the disposition, transportation, or management of waste materials or toxic substances. For purposes of this Lease, "Hazardous Substance" means anything that is now or later becomes regulated by or subject to any Environmental Law.
24. Waiver. Even if we fail to insist that you obey the terms and conditions of this Lease, it does not mean that you may continue to violate the terms and conditions of this Lease, and we will be free to assert our rights at any time.
25. Condemnation. If all or part of the Premises are taken by condemnation or power of eminent domain and you are not reasonably able to continue to operate your business in the Premises, this Lease will end on the day of the taking and rent will be payable only until that day. All damages awarded for any taking will be our property including any compensation for your leasehold interest in the Premises, and you assign to us all of your rights to such compensation. However, we will not be entitled to any separate award made to you for loss of business or moving expenses.
26. Quiet Enjoyment. If you perform all of your obligations under this Lease, you will have peaceable and quiet enjoyment and possession of the Premises.
27. Attorney Fees. If either of us begins any action or proceeding or asserts any counterclaim against the other relating to the provisions of this Lease or any default under this Lease, the unsuccessful party in the action or proceeding will reimburse the successful party for the reasonable attorney fees, costs, expenses, and disbursements incurred by the successful party before, during, and after trial and on appeal.
28. Waiver of Trial by Jury. To the extent permitted by applicable law, you and we both waive all right to trial by jury in any claim, action, proceeding, or counterclaim by either of us against the other on any matter arising out of or in any way connected with this Lease, or your use or occupancy of the Premises.

29. Liability Limits. We will not be liable for any injury to persons or damage to your property except to the extent that the injury or damage results from our negligence or is covered by our insurance. We will not be liable for any injury or damage resulting from (a) any acts, omissions, or negligence of other tenants or occupants of the Building; (b) any acts, omissions, or negligence of adjacent property owners, including the construction of a building or other improvement adjacent to the building;; (d) any loss of memory suffered by any computer or other office machines or equipment. . If we sell or transfer our interest in the Building, we will be released from all liability and obligations under this Lease, provided however, that the purchaser will assume all our liability and obligations under this Lease.
30. Notices. Any notice or consent required to be given under this Lease will be in writing and will be deemed given when delivered personally or mailed by registered or certified mail, return receipt requested, addressed to you at the Premises or addressed to us at the address set forth above. An alternative or additional address for notices may be specified in a written notice given as required under this paragraph.
31. Successor and Assigns. This Lease will be binding on and inure to the benefit of our successors and assigns and your heirs, personal representatives, successors, and assigns. However, no assignment by you in violation of Paragraph 14 above will be valid or effective.
32. Entire Agreement. This Lease sets forth all of the terms and conditions between you and us concerning the Premises and there are no promises, agreements or understandings, either oral or written, between you and us other than as set forth in this Lease. No subsequent amendment, change, or addition to this Lease will be binding on you or us unless in writing and signed by both you and us. You agree that we have made no representations or promises concerning the Premises or the Building except as set forth in this Lease.
33. Deadline for Signature. If we have already signed below, this Lease will not become valid or effective unless you sign and return it to us on or before June 15, 2010. If we have not signed below, this Lease will not become valid and effective until we do sign, and our delivery of the unsigned Lease to you does not constitute a binding offer or commitment to lease.
34. Credit and Reference Approval Contingency. Our legal counsel will contact you within three business days following our receipt of this properly executed Lease to identify the credit and reference information which they require from you. You will supply that information within five business days following our attorney's request and our attorney will either approve or disapprove of the credit information by providing you with facsimile notice within three business days of his receipt of your information. If we approve the credit and reference information, the Lease will stand as written. If you do not supply the necessary credit and reference information or if we disapprove the credit and reference information, you will not be in breach of this Lease but this Lease will be null and void and neither you nor we will have any further obligation to the other party and any deposit supplied by you will be refunded.

35. Non-Smoking Policy. You will not, nor will you allow your officers, partners, employees, agents, guests, invitees, licensees or contractors to smoke in the Common Areas of the building or in the Premises.
36. Improvements. Any additional work beyond that identified, if requested by you, will be at your cost.
37. CONTINGENT LEASE. THIS IS A CONTINGENT LEASE. THIS LEASE SHALL TAKE EFFECT UPON THE GRANTING OF ALL FINAL APPROVALS NECESSARY PURSUANT 2009 MICHIGAN PUBLIC ACT 205 ("ACT 205") FOR THE MICHIGAN VIRTUAL CHARTER SCHOOL TO OPERATE AND BE FUNDED AS A CYBER SCHOOL OF EXCELLENCE IN THE STATE OF MICHIGAN FOR THE 2010-11 THROUGH 2014-15 SCHOOL YEARS. IF THE MICHIGAN VIRTUAL CHARTER SCHOOL IS NOT GRANTED ALL FINAL APPROVALS NECESSARY TO OPERATE AND BE FUNDED AS A CYBER SCHOOL OF EXCELLENCE FOR THE 2010-11 TO 2014-15 SCHOOL YEARS AS DEFINED BY ACT 205, THIS LEASE SHALL BE NULL AND VOID.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

The date of this agreement is listed on the first page.

Witnessed By:

Jeff Karger

Riverview Center (Landlord)

By: [Signature], Manager

Witnessed By:

Stephano Byn

K12 Virtual Schools LLC (Tenant)

By: [Signature]
Ronald J. Packard, CEO

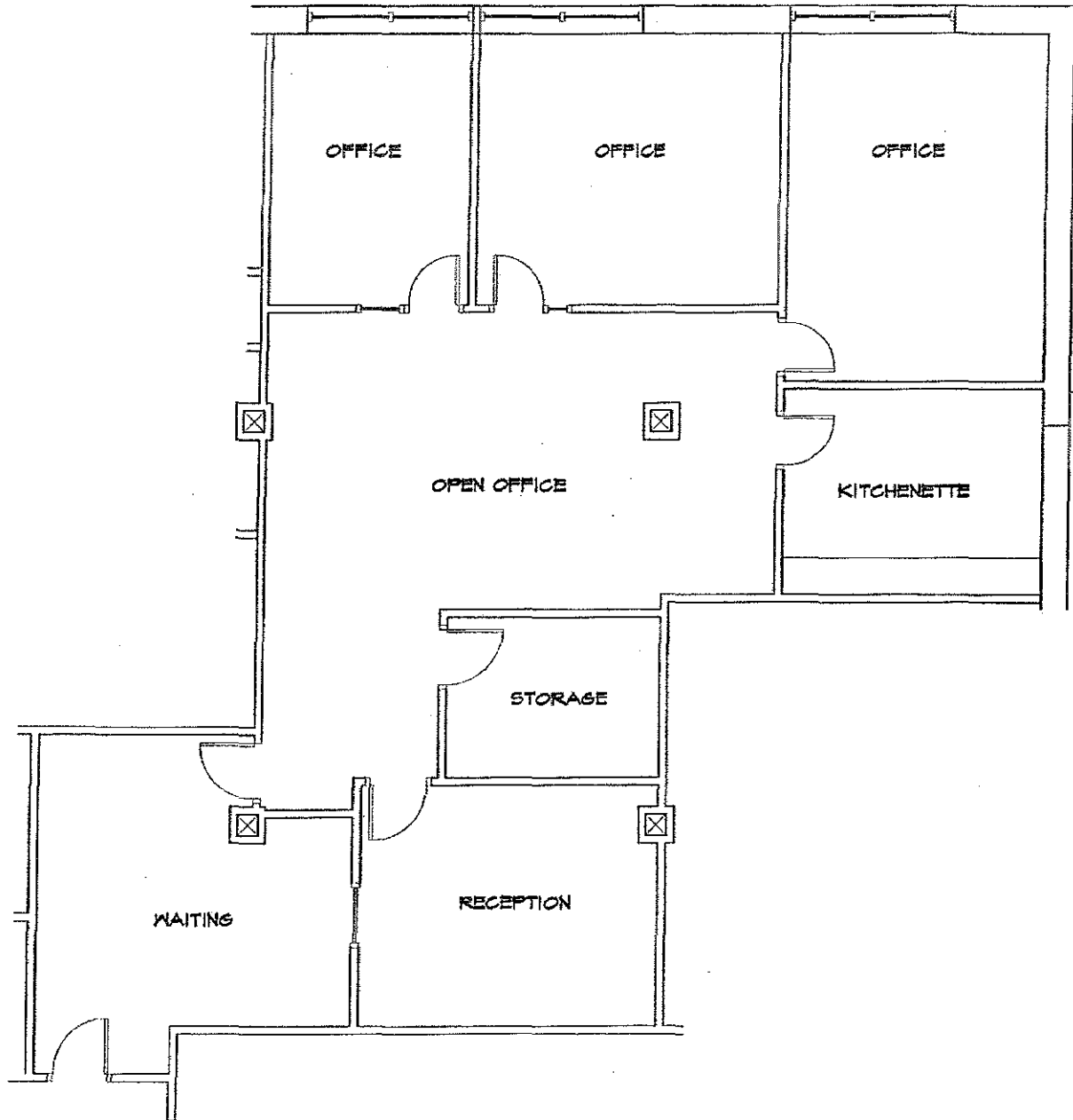
EXHIBIT A
RULES AND REGULATIONS

1. You will not build, use or operate any equipment or machinery in the Premises, or anywhere else in or around the Building, which produces music, sound or noise that may be heard beyond the Premises or which would affect other equipment or persons beyond the Premises.
2. No bicycles, mopeds, or other vehicles are allowed into the lobby or elevator of the Building or into the Premises.
3. All deliveries to the Building will be made to the entrance designated by us.
4. The Common Areas will not be blocked with trash or other items. No boots, boot trays, mats, or carpet will be placed outside the Premises without our prior approval. You will pay for all damage to the Building or elevators caused by the moving or carrying of articles to and from the Premises and the Building.
5. No sign, lettering, advertisement, or notice will be marked, painted or attached to or on the outside of the Premises or the Building by you or any occupants of the Premises, except when approved by us and located to our specifications. All sign painting or lettering will be done at your expense by painters approved by us.
6. The glass in the doors and partitions opening into the halls and other parts of the Building will not be blocked in any way except following our prior written approval.
7. No electric or other wires will be brought into the Premises, nor will the location of wires be changed in the Premises, without our approval. In all cases, wire must be plenum rated.
8. Toilets and other water fixtures will be used only for the intended purposes. You will pay for any damage resulting from your misuse of the fixtures. No person will waste water by interfering or otherwise tampering with faucets or valves.
9. No animals except those specially trained to assist the physically impaired will be allowed in the offices, halls, corridors, elevators, or elsewhere in the Building.
10. No safes or other heavy articles will be allowed in the Premises without our prior written approval. We will in all cases have the right to specify the proper position of any safe or other heavy article. You will pay for any damage done to the Building by any safe or other heavy article or by overloading the floor in any way. You will also pay for repairs required due to damage or defacement to the Building in any way by you or your officers, partners, employees, agents, guests, invitees, licensees or contractors.

EXHIBIT A – Page 2.

11. No additional locking device will be placed by you on any door in the Building without our prior written approval. A reasonable number of keys will be supplied by us at your cost. You or your agents will not be allowed to have any of your keys duplicated. At the end of the term of this Lease, you will give us all keys to the Premises and the Building, and will give us combinations to all locks on vault doors in the Premises, if any.
12. You will not install any Venetian blinds, window shades, curtains or drapes in the Premises without our written approval.
13. You will not install any steam or gas engine or boiler in the Premises, or carry on any mechanical business on the Premises, or use flammable or volatile fluids for heating, warming, or lighting, or for any purposes.
14. Intoxicating beverages, vending machines, food and food preparation is permitted only so long as it does not create an undue safety risk or a disturbance to the Building or other Tenants and so long as it is cleanly and does not create a pest or rodent problem. If a pest or rodent problem results from your actions, you will pay to remediate the problem.
15. You will not disturb or interfere with the electric light equipment in the Premises. All work done to the lighting equipment will be done only by qualified persons authorized by us. Fluorescent or bright lights will be used only for illuminating the Premises and shall not be directed out of the Premises.
16. We reserve the right to refuse entry to the building by any person who may violate any of these rules or regulations.
17. You will not smoke, nor will you allow your officers, partners, employees, agents, guests, invitees, licensees or contractors to smoke in the Common Areas of the building or in your premises.
18. We reserve the right to make and publish any other reasonable rules and regulations, which, in our judgment, are necessary or desirable for the safe and prudent operation of the Premises and the Building.

EXHIBIT B-1

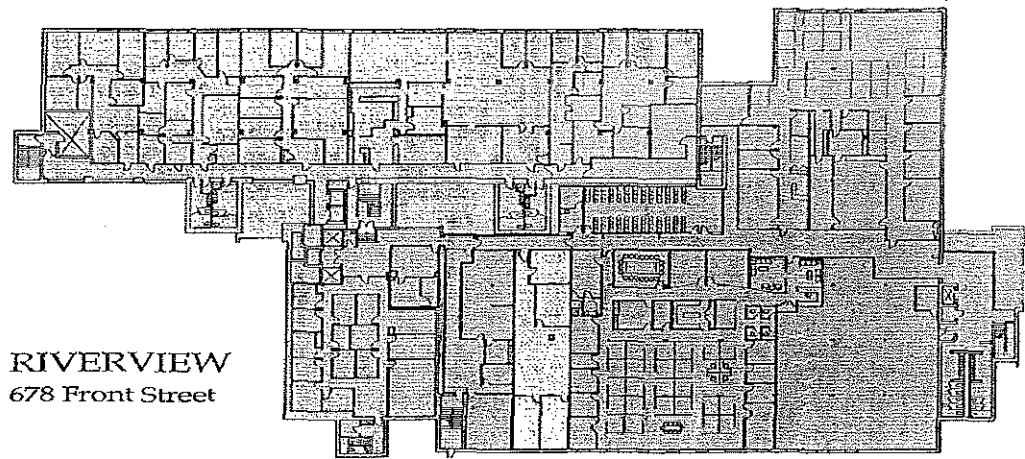


SUITE 265

scale: 1/8" = 1'-0"
1,990 square feet



EXHIBIT B-2



RIVERVIEW
678 Front Street

SECOND FLOOR 

Exhibit C

Legal Description

Lots 5 through 20, inclusive, Wm. T. Power's Subdivision as recorded in Liber 6 of Plats, Page 44. Also a parcel in Government Lot 3, Section 24, Town 7 North, Range 12 West, described as: That part of Government Lot 3, lying between the North and South boundary lines of said Lots 5 to 20, inclusive, extended Easterly to river face of the West dock line wall of Grand River.
Except therefrom the following parcels:

That part of Government Lot 3 in Section 24, Town 7 North, Range 12 West, City of Grand Rapids, Kent County, Michigan, described as: Commencing at the intersection of the Easterly right-of-way line of Front Avenue (75 feet wide) and the Southerly right-of-way line of Sixth Street (66 feet wide); thence North 90 degrees 00 minutes East 197.50 feet along the Southerly line of Sixth Street to its intersection with the East edge of the West dock line wall of Grand River; thence South 1 degree 11 minutes East 404.79 feet along said East edge of said dock line to the Place of Beginning of this description; thence South 1 degree 11 minutes East 335.32 feet along said East edge of said dock line; thence South 25 degrees 37 minutes West 44.35 feet; thence South 90 degrees 00 minutes West 11.09 feet along the extension to the East of the South line of Lot 5, Wm. T. Powers' Subdivision as recorded in Liber 6 of Plats, Page 44; thence North 25 degrees 37 minutes East 46.77 feet; thence North 1 degree 11 minutes West 333.14 feet to the South line of an existing building; thence North 90 degrees 00 minutes East 10.0 feet along said South building line and its extension thereof to the Place of Beginning.

AND that part of Government Lot 3 in Section 24, Town 7 North, Range 12 West, City of Grand Rapids, Kent County, Michigan, described as: Commencing at the intersection of the Easterly right-of-way line of Front Ave. (75 feet wide) and the Southerly right-of-way line of Sixth Street (66 feet wide); thence North 90 degrees 00 minutes East 197.50 feet along said Southerly line of Sixth Street to its intersection with the East edge of the West dock line wall of the Grand River; thence South 1 degree 11 minutes East 331.37 feet along the East edge of said dock line to the Place of Beginning of this description; thence South 1 degree 11 minutes East 73.42 feet along the East edge of said dock line; thence South 90 degrees 00 minutes West 9.21 feet to the Southeast corner of a concrete block building; thence North 0 degrees 00 minutes West 73.40 feet to the Northeast corner of said building; thence North 90 degrees 00 minutes East 7.70 feet to the Place of Beginning.

And that part of Government Lot 3 in Section 24, Town 7 North, Range 12 West, City of Grand Rapids, Kent County, Michigan, described as: Commencing at the intersection of the Easterly right-of-way line of Front Ave. (75 feet wide) and the Southerly right-of-way line of Sixth Street (66 feet wide); thence North 90 degrees 00 minutes East 197.50 feet along said Southerly line of Sixth Street to its intersection with the East edge of the West dock line wall of the Grand River; thence South 1 degree 11 minutes East 298.46 feet along said East edge of said dock line to the Place of Beginning of this description; thence South 1 degree 11 minutes East 32.91 feet along said East edge of said dock line; thence South 90 degrees 00 minutes West 7.70 feet to the Northeast corner of an existing building; thence North 0 degrees 00 minutes West 32.90 feet along the extension of the East line of said building; thence North 90 degrees 00 minutes East 7.02 feet to the Place of Beginning.

AND that part of Government Lot 3 in Section 24, Town 7 North, Range 12 West, City of Grand Rapids, Kent County, Michigan, described as: Commencing at the intersection of the Easterly right-of-way line of Front Ave. (75 feet wide) and the Southerly right-of-way line of Sixth Street (66 feet wide); thence North 90 degrees 00 minutes East 197.50 feet along the Southerly line of Sixth Street to its intersection with the East edge of the West dock line wall of the Grand River; thence South 1 degree 11 minutes East 12.20 feet along said East edge of said dock line to the Place of Beginning of this description; thence South 1 degree 11 minutes East 286.26 feet along said East edge of said dock line; thence South 90 degrees 00 minutes West 17.20 feet to the Southeast corner of an existing building; thence North 0 degrees 00 minutes West 286.20 feet to the Northeast corner of said building; thence North 90 degrees 00 minutes East 11.29 feet to the Place of Beginning.

AND that part of Government Lot 3 in Section 24, Town 7 North, Range 12 West, City of Grand Rapids, Kent County, Michigan, described as: Commencing at the intersection of the Easterly right-of-way line of Front Ave. (75 feet wide) and the Southerly right-of-way line of Sixth Street (66 feet wide); thence North 90 degrees 00 minutes East 197.50 feet along said Southerly line of Sixth Street to its intersection with the East edge of the West dock line wall of the Grand River, and the Place of Beginning of this description; thence South 1 degree 11 minutes East 12.20 feet along said East edge of said dock line; thence South 90 degrees 00 minutes West 11.29 feet to the Northeast corner of an existing building; thence North 0 degrees 00 minutes West 12.20 feet along the extension of the East line of said building; thence North 90 degrees 00 minutes East 11.04 feet along the South line of Sixth Street to the Place of Beginning.

Exhibit C (Continued)

Legal Description

Excepting from Parcel 3 above Parcel A as follows:

Part of the Southeast 1/4 of Section 24, Town 6 North, Range 10 West, City of Grand Rapids, Kent County, Michigan, described as: Commencing at the South 1/4 corner of said Section 24; thence North 05 degrees 24 minutes 52 seconds West 1458.76 feet along the North-South 1/4 line of said Section; thence North 84 degrees 35 minutes 08 seconds East 445.91 feet to the Southwest corner of Lot 5, Wm. T. Power's Subdivision as recorded in Liber 6 of Plats, Page 44, Kent County Records and the Point of Beginning; thence North 00 degrees 01 minutes 56 seconds West 276.15 feet along the East line of Front Avenue; thence North 89 degrees 58 minutes 04 seconds East 197.81 feet; thence South 01 degree 09 minutes 58 seconds East 235.08 feet; thence South 25 degrees 42 minutes 19 seconds West 45.63 feet to the extension of the South line of said Lot 5; thence South 89 degrees 57 minutes 52 seconds West 182.65 feet along said extension to the Southwest corner of said Lot 5 and the Place of Beginning.

The insured portion of Parcel 3 is more particularly described as follows:

Part of the Southeast 1/4 of Section 24, Town 6 North, Range 10 West, City of Grand Rapids, Kent County, Michigan described as: Commencing at the South 1/4 corner of said Section 24; thence North 05 degrees 24 minutes 52 seconds West 1458.76 feet along the North-South 1/4 line of said Section; thence North 84 degrees 35 minutes 08 seconds East 445.91 feet to the Southwest corner of Lot 5, Wm. T. Power's Subdivision as recorded in Liber 6 of Plats, Page 44, Kent County Records; thence North 00 degrees 01 minute 56 seconds West 276.15 feet along the East line of Front Avenue to the Point of Beginning; thence North 00 degrees 01 minute 56 seconds West 503.73 feet to the South line of Sixth Street; thence North 89 degrees 57 minutes 34 seconds East 186.25 feet along said South line; thence South 00 degrees 04 minutes 23 seconds East 298.43 feet; thence North 89 degrees 58 minutes 04 seconds East 10.18 feet; thence South 00 degrees 01 minute 56 seconds East 106.30 feet; thence South 89 degrees 58 minutes 04 seconds West 0.79 feet; thence South 01 degree 09 minutes 58 seconds East 99.05 feet; thence South 89 degrees 58 minutes 04 seconds West 197.81 feet to the Place of Beginning.

The Certificate(s) of Use and Occupancy shall be inserted here upon issuance and receipt.

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Grand River

New Class A
Plante Moran
Building

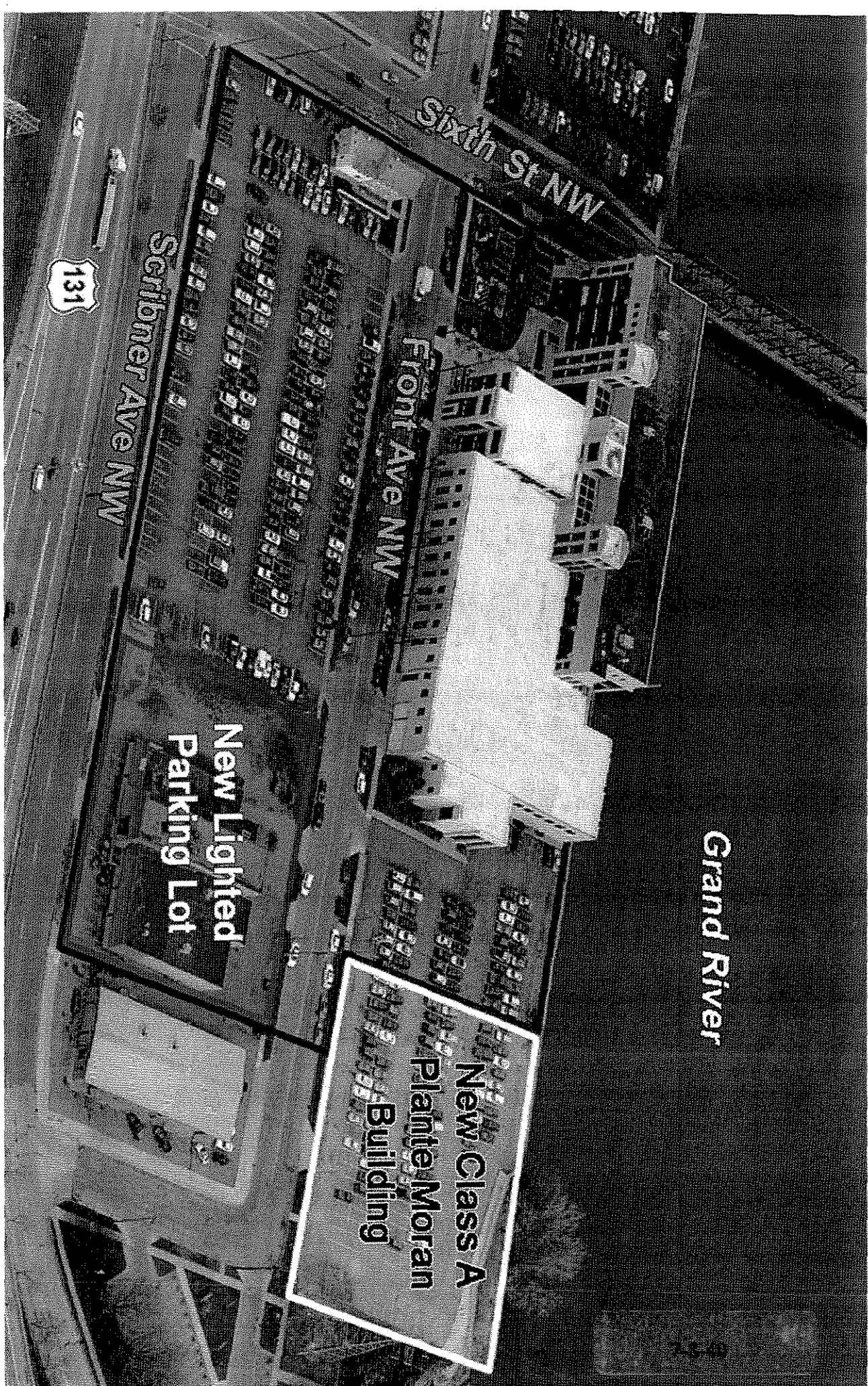
New Lighted
Parking Lot

Scribner Ave NW

131

Front Ave NW

Sixth St NW



SIXTH ST. BRIDGE

SIXTH STREET NW

GRAND RIVER

FISH
LADDER

RELOCATED
HISTORIC
BUILDING

EXISTING
RIVERVIEW BLDG.

EXISTING
PLANTE MORAN
BLDG.

9 SPACES

FRONT AVENUE NW

EX. 10' GAS

PROPOSED

NEW BLDG.
25,200/ FL-GROSS

EXISTING
BUILDING

249 SPACES

SCRIBNER AVENUE NW

SITE PLAN
RIVERVIEW CAMPUS

7-8-41

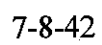
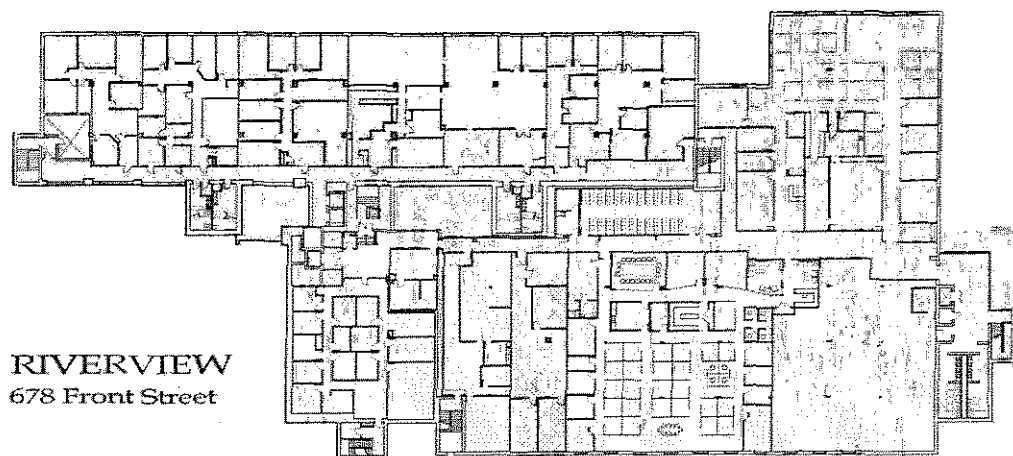


EXHIBIT B



RIVERVIEW
678 Front Street

SECOND FLOOR



CONSENT TO BUSINESS PROPERTY SUBLEASE

This Consent to Business Property Sublease ("Consent") is made and entered into this _____ day of August, 2010, by RIVERVIEW CENTER, LLC, a Michigan limited liability company, whose mailing address is 161 Ottawa, NW, Suite 104, Grand Rapids, Michigan 49503 ("Landlord"); K12 VIRTUAL SCHOOLS LLC, a Virginia limited liability company, ("Tenant"); and MICHIGAN VIRTUAL CHARTER ACADEMY, a Michigan nonprofit corporation ("Subtenant").

RECITALS:

- A. Landlord is the owner of the real property commonly known as 678 Front Avenue, NW, Grand Rapids, Michigan and is the landlord under that certain Lease dated June 30, 2010, between Landlord and Tenant (the "Lease") concerning Suites 265 and 215 in the building constructed on such real property. Such Lease is referred to herein as the "Prime Lease".
- B. Tenant desires to sublease to Subtenant the Premises described in the Lease, pursuant to the Sublease in the form attached as Exhibit "A" ("Sublease").
- C. Tenant has requested Landlord's consent to the Sublease and, subject to the terms and provisions of this Consent, Landlord has agreed to provide such consent in accordance with Section 14 of the Prime Lease.

AGREEMENT

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and adequacy of which is acknowledged, the parties agree as follows:

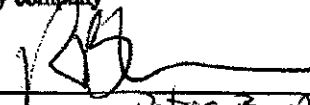
- 1. Landlord consents to the subletting of the Subleased Space, as defined in the Sublease, by Tenant to Subtenant, pursuant to the terms and provisions of the Sublease.
- 2. Nothing contained in this Consent shall be construed to modify, waive or affect (i) any of the provisions, covenants or conditions of the Prime Lease; (ii) any of Tenant's obligations under the Prime Lease; or (iii) any rights or remedies of Landlord under the Prime Lease; or to enlarge or increase Landlord's obligations or Tenant's rights under the Prime Lease.
- 3. This Consent is not assignable.
- 4. Neither the Sublease nor this Consent shall release or discharge Tenant from any liability under the Prime Lease and Tenant shall remain liable and responsible for the full performance and observation of all of the provisions, covenants and conditions set forth in the Prime Lease on the part of the Tenant to be performed and observed until the date the Prime Lease expires. Any breach or violation of any provision of the Prime Lease by Subtenant shall be a default by Tenant.

5. Subtenant agrees to provide, during the term of the Sublease, insurance with respect to the Premises naming the Landlord and Sublandlord as additional insureds in accordance with the requirements of the Sublease.
6. Subtenant's rights under the Sublease are subject to the Prime Lease and to all the terms and provisions of the Prime Lease.
7. Subtenant acknowledges that Landlord shall have all rights of access to the Premises in the same manner as provided for in the Prime Lease.
8. This Consent shall be governed and construed in accordance with the laws of the State of Michigan.

This Consent has been signed and delivered as of the date first written above.

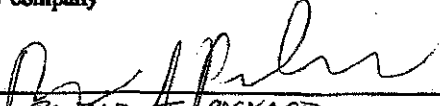
LANDLORD:

RIVERVIEW CENTER, LLC, a Michigan limited liability company

By: 
Name: Peter B. Mason
Title: Manager
Date: 8/5/10

TENANT:

K12 VIRTUAL SCHOOLS LLC, a Virginia limited liability company

By: 
Name: RONALD J. PACKARD
Title: CEO
Date: 8/6/10

SUBTENANT:

MICHIGAN VIRTUAL CHARTER ACADEMY, a Michigan nonprofit corporation

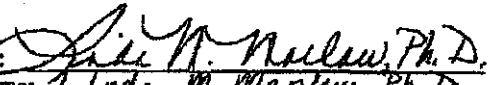
By: 
Name: Linda M. Marlow, Ph.D.
Title: Board President
Date: 8/5/10

Exhibit "A": Sublease

BUSINESS PROPERTY SUBLEASE

1. **Parties:** This Sublease, dated Aug 5, 2010, is made between **K12, Inc.**, ("Sublessor"), and **Michigan Virtual Charter Academy** ("Sublessee").
2. **Lease:** Sublessor is the lessee under a written lease dated _____ (the "Lease"), attached hereto as Exhibit A, wherein **Riverview Center, LLC** ("Lessor") leased to Sublessor the real property located in the City of Grand Rapids, County of Kent, State of Michigan, described as: Suites 215 and 265 of the Riverview Center, located at 678 Front Avenue N.W., Grand Rapids, Michigan 49504, consisting of approximately 4,479 square feet of rentable space and 3,990 square feet of usable space ("Premises").
3. **Premises:** Sublessor hereby subleases to Sublessee on the terms and conditions set forth in this Sublease, the Premises, as defined in the Lease (the "Subleased Space").
4. **Warranty By Lessor:** Sublessor warrants and represents to Sublessee that the Lease has not been amended or modified except as expressly set forth herein, that Sublessor is not now and as of the commencement of the Term hereof will not be, in default or breach of any of the provisions of the Lease, and that Sublessor has no knowledge of any claim by Lessor that Sublessor is in default or breach of any of the provisions of the Lease.
5. **Term:** The Term of this Sublease shall commence on July 1, 2010, ("Commencement Date") and end on June 30, 2015 ("Termination Date"), unless otherwise sooner terminated in accordance with the provisions of this Sublease. Possession of the Subleased Space ("Possession") shall be delivered to Sublessee on the Commencement Date. If, for any reason, Sublessor does not deliver Possession to Sublessee on the Commencement Date, Sublessor shall not be subject to any liability for such failure; the Termination Date shall not be extended by the delay, and the validity of this Sublease shall not be impaired, but rent shall abate until delivery of Possession. Notwithstanding the foregoing, if Sublessor has not delivered Possession to Sublessee on or before the Commencement Date, then at any time thereafter and before delivery of Possession, Sublessee may give written notice to Sublessor of Sublessee's intention to cancel this Sublease. Said notice shall set forth an effective date for such cancellation which shall be at least ten (10) days after delivery of said notice to Sublessor. If Sublessor fails to deliver Possession to Sublessee on or before such effective date, this Sublease shall be canceled, in which case all consideration previously paid by Sublessee to Sublessor on account of this Sublease shall be returned to Sublessee, if any, and this Sublease shall thereafter be of no further force or effect, and Sublessor shall have no further liability to Sublessee on account of such delay or cancellation. If Sublessor permits Sublessee to take Possession prior to the commencement of the Term, such early Possession shall not advance the Termination Date and shall be subject to the provisions of this Sublease, including without limitation, the payment of rent.
6. **Rent:** Sublessee shall pay to Sublessor a minimum rent, without deduction, setoff, notice, or demand, at 2300 Corporate Park, Herndon, VA 20171, or at such other place as

Sublessor shall designate from time to time by notice to Sublessee, in advance on the first day of each month, the sum of

Three Thousand Six Hundred and Ninety-Six (\$3,696.00) Dollars per month for the first year of the Term (July 1, 2010 – June 30, 2011);

Three Thousand Eight Hundred and Seven (\$3,807.00) Dollars per month for the second year of the Term (July 1, 2011 – June 30, 2012);

Three Thousand Nine Hundred and Twenty-One (\$3,921.00) Dollars per month for the third year of the Term (July 1, 2012 – June 30, 2013);

Four Thousand and Thirty-Nine (\$4,039.00) Dollars per month for the fourth year of the Term (July 1, 2013 – June 30, 2014); and

Four Thousand One Hundred and Sixty (\$4,160.00) Dollars per month for the fifth year of the Term (July 1, 2014 – June 30, 2015).

If the Term begins or ends on a day other than the first or last day of a month, the rent of the partial months shall be prorated on a per diem basis.

7. Security Deposit: There shall be no security deposit required by Sublessee to Sublessor.

8. Use Of Premises: The Subleased Space shall be used and occupied only for educational and general office purposes.

9. Assignment And Subletting: Sublessee shall not assign this Sublease or further sublet all or any part of the Subleased Space without the prior written consent of Sublessor, which shall not be unreasonably withheld.

10. Other Provisions Of Sublease: All applicable terms and conditions of the Lease are incorporated into and made a part of this Sublease as if Sublessor were the Lessor thereunder, Sublessee the lessee thereunder, and the Subleased Space the Premises thereunder. Sublessee assumes and agrees to perform the lessee's obligations under the Lease during the Term, except that the obligation to pay rent to Lessor under the Lease shall be considered performed by Sublessee to the extent and in the amount rent is paid to Sublessor in accordance with Section 6 of this Sublease. Sublessee shall not commit or suffer any act or omission that will violate any of the provisions of the Lease. If the Lease terminates, this Sublease shall terminate and the parties shall be relieved of any further liability or obligation under this Sublease, provided however, that if the Lease terminated as a result of a default or breach by Sublessor or Sublessee under this Sublease and/or the Lease, then the defaulting party shall be liable to the nondefaulting party for the damage suffered as a result of such termination.

11. Attorneys Fees: If Sublessor or Sublessee shall commence an action against the other arising out of or in connection with this Sublease, the prevailing party shall be entitled to recover its costs of suit and reasonable attorneys' fees.

12. Notices: All notices and demands which may or are to be required or permitted to be given by either party on the other hereunder shall be in writing. All notices and demands by the Sublessor to Sublessee shall be sent by United States Mail, postage prepaid, addressed to the Sublessee at the address set forth below, or to such other place on Sublessee may from time to time designate in a notice to the Sublessor. All notices and demands by the Sublessee to Sublessor shall be sent by United States Mail, postage prepaid, addressed to the Sublessor at the address set forth below, and to such other person or place as the Sublessor may from time to time designate in a notice to the Sublessee.

To Sublessor: K12, Inc.
2300 Corporate Park
Herndon, VA 20171

To Sublessee: Michigan Virtual Charter Academy
678 Front Avenue N.W., Suite 265
Grand Rapids, Michigan 49504

with a copy to: Clark Hill PLC
Attention; James Crowley, Esq.
151 South Old Woodward Avenue, Suite 200
Birmingham, Michigan 48009

13. Miscellaneous:

a. FINAL APPROVALS. THIS IS A CONTINGENT SUBLEASE. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SUBLEASE, THIS SUBLEASE SHALL TAKE EFFECT UPON THE GRANTING OF ALL FINAL APPROVALS NECESSARY PURSUANT MICHIGAN PUBLIC ACT 205 of 2009 ("ACT 205") FOR THE MICHIGAN VIRTUAL CHARTER ACADEMY TO OPERATE AND BE FUNDED AS A CYBER SCHOOL OF EXCELLENCE IN THE STATE OF MICHIGAN FOR THE 2010-11 THROUGH 2014-15 SCHOOL YEARS. IF THE MICHIGAN VIRTUAL CHARTER SCHOOL IS NOT GRANTED ALL FINAL APPROVALS NECESSARY TO OPERATE AND BE FUNDED AS A CYBER SCHOOL OF EXCELLENCE FOR THE 2010-11 TO 2014-15 SCHOOL YEARS AS DEFINED BY ACT 205, THIS LEASE SHALL BE NULL AND VOID.

b. Charter Contract. Furthermore, Sublessee's obligations and rights under this Sublease are contingent on execution of a charter contract between Sublessee and its Authorizing Body. Once executed, if for any reason whatsoever the Charter Contract is terminated, or is not renewed or extended, prior to the expiration of the Term hereof, then this Sublease shall terminate simultaneously with such termination, non-renewal or non-extension, as the case may be, and neither party shall have any right or cause of action against the other by reason of such

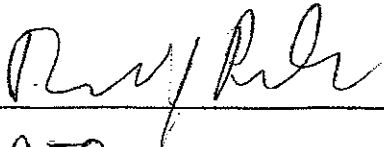
termination. Notwithstanding the foregoing, in the event of a termination of the Charter Contract for reasons other than cause, Sublessee shall be permitted to attempt to secure another charter for a limited period of time (if, and only if, the Charter Contract is terminated at the end of a school year), which charter will permit Sublessee to operate a charter school in the same manner as chartered under the Charter Contract, and in the event Sublessee should procure such a charter timely, enabling it to continue full operations at the beginning of the following school year, this Sublease shall be automatically revived and reinstituted.

c. No Liability of Board of Directors. Sublessor hereby acknowledges that Sublessee is a non-profit corporation and the members of its Board of Directors are unpaid volunteers and such members shall not be personally liable for the obligations of the Sublessee under this Sublease.

d. No Liability of the State of Michigan or Authorizing Body. Sublessor acknowledges that Sublessee is a public school academy and that this Sublease does not impose any liability on the State of Michigan, any agency of the State of Michigan or the Authorizing Body of the Sublessee for any debt or obligation incurred by Sublessee hereunder. Sublessor and Sublessee acknowledge and agree that Sublessee has no authority to extend the faith and credit of Sublessee's Board of Directors or to enter into any contractual arrangement that would financially obligate the Authorizing Body.

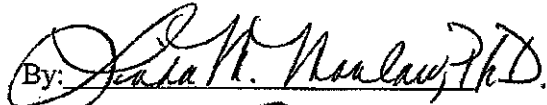
Sublessor: K12, Inc.

Sublessee: Michigan Virtual Charter Academy

By: 

Its: CEO

Date: 8/6/10

By: 

Its: Board President

Date: 8/5/10

EXHIBIT A - LEASE

6452471.1 0000/00000

RIVERVIEW CENTER

LEASE AGREEMENT

This Lease Agreement is made as of **June 30, 2010**, by and between **Riverview Center, LLC**, a Michigan limited liability company, with principal offices at 161 Ottawa, NW, Suite 104, Grand Rapids, Michigan 49503, as Landlord, and **K12 Virtual Schools LLC**, having it's principal place of business at 2300 Corporate Park, Herndon, VA 20171, as Tenant.

Our goal in operating Riverview Center is to contribute to the success of our tenants through attention to details of design, function and personal service in the work environment we provide. We expect to treat our tenants with the courtesy and respect due to a personal guest in our "business home." With this in mind, we have attempted to write this Lease in "plain English." The terms "you" and "your" are used in this Lease in place of the term "Tenant" and the terms "we", "us", and "our" are used in this Lease in place of the term "Landlord".

1. Premises. We will lease to you the premises located in **Suite 265** of Riverview Center (the "Building"), located at 678 Front Avenue N.W., Grand Rapids, Michigan 49504, as shown on the floor plan attached as **Exhibit B-1**. You and we both agree that the area of the Suite 265 is approximately 2,229 "Rentable" square feet based on 1,990 "Usable" square feet. Usable square feet is measured in accordance with the Building Owners and Managers Association's measurement standards. Rentable square feet is calculated as the usable square feet plus an agreed upon arbitrarily selected 12% core factor (i.e., usable sq. ft. x 1.12 = rentable sq. ft.). The Premises consists of the space within the walls, floor, and underside of the dropped ceiling. We reserve the right to use, control and alter all exterior walls, windows, service corridor walls, and the roof of the Building. We also reserve the right to install, maintain, repair, and replace pipes, duct work, support columns, conduits, utility lines, wires and the like through, under, or above the Premises as reasonably necessary to serve the Premises or other portions of the building.

We will also lease to you the premises located in **Suite 215** of Riverview Center (the "Building"), located at 678 Front Avenue N.W., Grand Rapids, Michigan 49504, as shown on the floor plan attached as **Exhibit B-2**. You and we both agree that the area of the Suite 215 is approximately 2,250 "Rentable" square feet based on 2,000 "Usable" square feet. Usable square feet is measured in accordance with the Building Owners and Managers Association's measurement standards. Rentable square feet is calculated as the usable square feet plus an agreed upon arbitrarily selected 12% core factor (i.e., usable sq. ft. x 1.12 = rentable sq. ft.). The Premises consists of the space within the walls, floor, and underside of the dropped ceiling. We

reserve the right to use, control and alter all exterior walls, windows, service corridor walls, and the roof of the Building. We also reserve the right to install, maintain, repair, and replace pipes, duct work, support columns, conduits, utility lines, wires and the like through, under, or above the Premises as reasonably necessary to serve the Premises or other portions of the building.

Suite 265 and Suite 215, as shown in Exhibits B and C, together constitute the "Premises."

2. Basic Terms of the Lease.

a) Term. The term of this Lease will begin on **July 1, 2010** and will continue **60 months**, ending at midnight on **June 30, 2015**.

b) Use of Premises and Compliance with Laws. You will use the Premises for general office purposes only, and will not use the Premises for any other purpose without our prior written consent. You agree to continuously occupy and operate your business in the Premises throughout the Lease term. You will not disturb other tenants or persons in the Building, cause a nuisance or damage to the Building, or increase the risk of fire to the Building beyond the usual risk for the operation of a business office. You will not use the Premises in a way that would result in a floor load exceeding that which the Premises were designed to carry. You will comply with all present and future laws, ordinances, orders, rules, regulations, and requirements of all governmental authorities related to the design, safety, occupancy, or use of the Premises, including the Americans With Disabilities Act. Your obligations will apply regardless of whether or not any law, ordinance, order, rule, regulation, or requirement is foreseen or unforeseen, ordinary or extraordinary, shall necessitate alternations or improvements to the Premises, or shall interfere with your use and enjoyment of the Premises.

c) Improvements. We will install new carpet within the suite of a grade and color that is mutually acceptable to both of us. At your option, we will also provide the services of our interior designer, Debbie Hersman, to help you make a selection for carpet.

d) Your Option to Renew. So long as you are not in default according to the terms of this Lease, you will have the option to renew this Lease for one (1) two (2) year terms. This option may be exercised by you by providing written notice to us by certified mail with return receipt requested. You will provide the notice so that we will receive it not later than 180 days in advance of the expiration of the original lease term. Timing is of the essence. In the event written notice is not provided to us according to the terms of this provision, this Option to Renew will be null and void. If you do renew the Lease in accordance with the terms in this paragraph, your exercise of the renewal option will be irrevocable. All of the terms of this lease will continue to apply during the renewal

3. Rent and Escalation.

a) Amount. You will pay us monthly rent in advance on the 1st day of every calendar month during the term of this Lease as based on the computations below:

Rentable Sq/ft	2,229	
		\$ Per Rentable Sq/ft
Base Rent	8.00	
Electric	1.00	
Janitorial	1.00	
TI Amort. (see below)	0.85	
Total Rent Per Sq/ft	10.85	
Rent per month	2,016	
Tenant Improvements		Estimated Costs Per sq/ft
New Carpet	7,802	3.50
Amort of these costs over term of lease at 7% interest per year	\$1,903	7%
Per Rentable Sq/ft	0.85	

Rentable Sq/ft	2,240	
		\$ Per Rentable Sq/ft
Base Rent	7.00	
Electric	1.00	
Janitorial	1.00	
Total Rent Per Sq/ft	9.00	
Rent per month	1,680	

a) listed below are the monthly base rent amounts per year for Suite 265 and Suite 215 respectively with the rents increasing 3% annually:

July 1, 2010 — June 30, 2011	\$2,016 Per Month
	\$1680 Per Month
July 1, 2010 — June 30, 2012	\$2,077 Per Month

	\$1,730 per Month
July 1, 2010 – June 30, 2013	\$2,139 Per Month
	\$1,782 Per Month
July 1, 2010 – June 30, 2014	\$2,203 Per Month
	\$1,836 Per Month
July 1, 2010 – June 30, 2015	\$2,269 Per Month
	\$1,891 Per Month

b) Late Payments. If you do not pay the Base Rent or any other payment due under this Lease within 10 days after the date due, you will pay a late fee equal to 5% of the amount past due, which will be treated as additional rent. You will also pay interest on the amount past due at the rate of 12% per year from the due date.

c) Taxes and Special Assessments. We will pay all real property taxes and Special Assessments levied on Riverview Center by any governmental authority. You will pay all personal property taxes levied on your property located in the Premises.

d) Payments. You will make all payments to Riverview Center, 161 Ottawa NW, Suite 104, Grand Rapids, Michigan 49503, unless we notify you of a change in the address for payments.

e) Security Deposit. At the time you sign this Lease, you will give us a deposit equal to one month's rent. We will hold this deposit as security to assure us that you will fulfill your obligations under this Lease. We may apply the deposit to any rent or other payment due under this Lease, and if we do so you will pay us on demand the amount applied so that the deposit will be restored to its original amount. If we ever sell the Building, the deposit will be turned over to the new owner, we will be released from any liability for the deposit, and you will look solely to the new owner for the return of the deposit. The deposit will not bear interest and may be commingled with our other funds.

5. Common Areas. Subject to our rights under this paragraph, we grant to you and your officers, partners, employees, agents, guests, and invitees during the Lease term, the nonexclusive use for pedestrian traffic, of the Common Areas within Riverview Center. For purposes of this Lease "Common Areas" means all sidewalks, walkways, public restrooms, entrances, hallways, lobbies, stairways, elevators, free unsecured parking lots and other areas and facilities within Riverview Center that are available for use in common by tenants and guests of Riverview Center. We may grant others rights to use the Common Areas, and you will be subject to any reasonable rules and regulations that we may adopt from time to time governing the use of Common Areas. We will have full control, management, and direction of the Common Areas, including the right to use parts of the Common Areas, to change the layout of the

Common Areas, to add to or subtract from the shape and size of the Common Area, or to alter the location of the Common Areas. We will have the right to close the Common Areas to whatever extent we may deem necessary to prevent a dedication of the Common Areas or to prevent granting any rights in the Common areas to third parties or the public. We will also have the right to close temporarily, if necessary, any part of the Common Areas to permit alterations to the building and other improvements, including underground parking facilities.

6. Services and Items to be Supplied by Us. We will provide and pay for the following services to the Premises, unless you are in default under this Lease.

a) In Suite Electric. We will provide and pay for your electrical service within your suite. However, the removing/adding of any lighting fixtures or outlets will be at your expense.

b) Janitorial Service. We will provide janitorial services of a frequency and quality typically provided in competitive office buildings, including periodic washing of any exterior windows. However, the janitorial service will not include cleaning of any storage or similar areas in the Premises. Trash removal will be five days per week, national holidays excepted, for a typical daily quantity of regular office refuse. You may be charged for excessive quantities and will be responsible for and/or pay for removal of any items deemed hazardous waste or for which any rules or regulations apply, even if the hazardous waste or other regulated refuse may be considered regular office refuse.

c) Heating, Ventilation, and Air-Conditioning Service. We will provide and pay for all electricity and natural gas needed to heat and cool the Premises during regular business hours of 8:00 A.M. to 5:00 P.M. Monday through Friday, national holidays excepted (extended hours may be arranged at additional charge). We will maintain all heating, ventilation, and air conditioning equipment which now serves the Premises. If additional air conditioning capacity is ever needed because of your addition of heat producing equipment or due to a change in your use of the Premises, you will reimburse us for the cost of increasing the air conditioning capacity and/or changing the controls for the equipment which serves the Premises.

d) Common Area Maintenance. We will maintain the Common Areas in good condition and repair. We will provide lighting, janitorial service and restroom supplies. We will keep the sidewalks and parking lots reasonably clear of snow and ice.

e) Conditions. We will not be responsible for failing to provide any of the services mentioned as a result of unavoidable delays. We reserve the right to stop any services temporarily, if necessary, because of any accident or emergency or to make repairs, alterations, replacements, or improvements to the Building or Common Areas. If we exercise this right, this will not constitute an actual or constructive eviction or relieve you from any of your obligations under this Lease or impose any liability on us because of any

inconvenience to you or interruption of your business. However, if any interruption of services renders the Premises untenable for a period of 2 business days, the Base Rent will abate for each day that the interruption continues beyond such 2 business day period. We agree to restore as quickly as reasonably possible any service that may be interrupted. We are not responsible for any restriction imposed by any governmental authority on the supply of heat, light, air-conditioning, or any other services or items to be supplied by us.

7. Services and Items to be Supplied by You. You will provide and pay for the following services to the Premises:
 - a) Telephone and Internet Services. You will supply all your own telephone and Internet services, including an area within the Premises for the location of telephone switching equipment serving the Premises. All telephone and other cabling installed by you will be plenum rated.
8. Our Maintenance Obligations. We will keep the Building and Premises in good condition and repair, except for your maintenance obligations under paragraphs 2(b) and 9 and repairs required because of your actions, or the actions of your officers, partners, employees, agents, invitees, licensees, or contractors. You will give us written notice of any parts of the Building or Premises that are in need of repair and we will not be liable for our failure to make a repair unless you have requested the repair in such a notice and we have failed to make the repair within a reasonable time.
9. Your Maintenance Obligations. You will keep all of the trade fixtures, furniture, furnishings, equipment, carpeting, floor coverings, wall coverings, and other items of personal property located in the Premises in good condition and repair. You will replace light bulbs and tubes in the light fixtures located in the Premises. You will also maintain any alterations or additions that you make in the Premises after the commencement of the Lease term.
10. Riverview Center Reference Guide. You will receive a copy of Riverview Center Reference guide and you agree to review the Guide and inform all present and future occupants of the Premises of the emergency procedures contained in the guide.
11. Building Rules and Regulations. There are general building rules and regulations, which we feel are necessary to safely and prudently operate the Building. The current rules and regulations are stated in Exhibit A to this Lease. We have right to change the rules and regulations or make any further rules and regulations, which we feel are necessary to safely and prudently operate the Building. You agree that these rules and regulations will be obeyed by you, your officers, partners, employees, agents, guests, invitees, licensees and contractors, unless waived in writing by us.
12. Alterations and Additions. You will not make any alterations, additions, or physical changes to the Premises without our prior written approval. You will not attach any curtains, blinds, shades, or other materials to the interior or exterior of any window without our prior written approval. You will not

attach or display any signs or advertising material on the Premises or the Building without our prior written approval. Any alterations and improvements made to the Premises with our consent shall, unless otherwise agreed in writing, become our property upon termination of this Lease. Any items attached to the Premises and which are not readily movable, such as carpeting, built-in credenzas or shelves, shall be considered fixtures and shall become a part of the real estate unless otherwise agreed to in writing by us.

13. Surrender of Premises. At the end of the Lease term, you will surrender and return the Premises to us in as good a condition as when you accepted them, except for reasonable wear and tear. All items of construction, lighting fixtures, heating, ventilation and air conditioning equipment, shelving and furniture which is screwed in or otherwise attached to the Premises, window blinds or curtains and all alterations, additions and other leasehold improvements made by you will become our property and may not be removed from the Premises. All furniture, trade fixtures, equipment, and personal property brought into the Premises by you will remain your property and may be removed at the end of the Lease term. However, any items attached to the Premises may be removed only if you repair any damage caused by the removal. If you fail to remove any items from the Premises at the end of the Lease term, those items will become our property, unless we elect to require their removal, in which case you will promptly remove the items and restore the Premises to their prior condition. If you fail to remove any items, we will have the right to remove and dispose of them at your expense and/or sell them to pay for the cost of removal and we will have no obligations to pay you for any excess. If you stay in the Premises after the end of the Lease term without our written permission, you will be in default and we will have all of the rights and remedies described in Paragraph 22 below, and will also have the right to receive rent for the time that you remain in possession at a rate equal to 200% of the Base Rent in effect during the last month of the Lease term. If you stay in the Premises after the end of the term with our written permission, then your tenancy will be from month-to-month, and your rent will increase to 150% of the Base Rent in effect during the last month of the Lease term. You will continue to be bound by all of the other terms and conditions of this Lease.
14. Assignment and Subletting. You will not assign this Lease or sublease any portion of the Premises without our prior written approval, which we cannot unreasonably withhold. Any transfer of this Lease from you by merger, consolidation, liquidation, or by operation of law will be deemed to constitute an assignment for the purpose of this paragraph. You will not permit any third party to operate a business in the Premises as a concessionaire or licensee. If you are a corporation or a partnership, and if at any time during the term of this Lease, the persons owning a majority of your stock or ownership rights on the date of this Lease cease to own a majority of such stock or ownership rights, whether due to sale, assignment, operation of law, or other disposition (unless due to transfer by gift or inheritance or transfer of stock of a publicly traded corporation on a recognized securities exchange),

you will notify us and we will have the right, at our option, to terminate this Lease by giving notice to you within 30 days. Waters Realty & Development, Inc. will also serve as listing broker if so requested by you. If you assign this Lease or sublease any portion of the Premises with or without our approval you will, nevertheless remain fully and primarily liable under this Lease. If you assign this Lease or sublease any portion of the Premises without our approval, we may, nevertheless collect from the assignee or sublessee any rent payable by you under this Lease, but our election to do so and/or our receipt of a commission will not be deemed to constitute an acceptance of the assignee or sublessee nor a release of your obligations under this Lease.

15. Moving Liability. When you are moving into, out of, or within the Building, you and your mover will be responsible for any damage to the Premises or to the Common Areas. You will reimburse us for the cost of repairing any damage. We are not skilled or trained to handle your moves, and we do not carry insurance to cover any damage, which might occur when we handle your moves. However, if you request our assistance and we have the available personnel, we will help you move your possessions. You will be charged an hourly fee for this service, and we will not be responsible for any damage resulting from the move, no matter what the cost or cause.
16. Subordination. Your rights under this Lease shall be expressly subordinate to the lien of any and all mortgages currently or in the future in effect against the property that includes the Premises. This subordination shall be self-operative and no additional documentation shall be needed to make the subordination effective. In the event of a foreclosure of the property that includes the Premises or any other acquisition of the property in lieu of a foreclosure, you shall, upon request of such foreclosing or acquiring party (the "New Owner"), nonetheless attorn to and respect the New Owner as the then owner of the property and thereby entitled to all rights of the landlord under this Lease, including, without limitation, the right to all rental payments. Notwithstanding the foregoing, it is further expressly agreed and understood that the New Owner shall not assume or be deemed to assume any liabilities of the landlord under this Lease or otherwise solely by virtue of the New Owner's acceptance of title to all or a portion of the property that includes the Premises, acceptance of rental or otherwise. Neither the holder of any mortgage on the property that includes the Premises nor the New Owner shall disturb your possession of the Premises in the event of a foreclosure as long as you are not in default under this Lease.
17. Estoppel Certificates. At our request you will sign and deliver a statement in writing certifying any factual information about this Lease that we may reasonably request, including the following information:
 - a) That this Lease has not been modified and is in full force and effect (or if there have been modifications, stating that this Lease is in full force and effect as modified and stating the modifications);
 - b) The date to which the monthly rent has been paid, and the amount of any security deposit that we hold; and

c) That you have accepted possession and are occupying the Premises and know of no defaults or offsets against the enforcement of this Lease (or if you know of any default or offset, stating the circumstance giving rise to the default or offset).

18. Access and Repairs. We have the right to enter for inspection or to use the Premises to make necessary repairs, to change the location of or to enlarge or install air-conditioning, electrical, plumbing, or other utility systems or equipment. If you are deprived of any floor space over 10 square feet then you will only be required to pay rent for the amount of space remaining available on a prorata basis. During the last 6 months of the term of this Lease if it should have a fixed expiration date, or at all times with a month-to-month Lease, we will have access to the Premises with twenty four (24) hours notice for the purpose of showing the Premises to prospective tenants or occupants. Any entry by us will be taken in a manner that will cause as little inconvenience as is reasonably possible, but we will not be required to limit our entry to non business hours or to employ personnel or contractors at overtime or premium rates. The exercise of our right of access will not be deemed an actual or constructive eviction or relieve you from any of your obligations under this Lease or impose any liability on us because of any inconvenience to you or interruption of your business.

19. Substitute Premises. At any time during this Lease, we may request in writing that you move to substitute premises within Riverview Center containing between 90% and 125% of the square footage of the Premises. You will have 15 days from the date of our request to accept or reject the substitute premises. If you accept, we will remodel the substitute premises, at our expense, to be as similar to the Premises in function and finish as reasonably possible. After the remodeling, you will vacate the Premises and move into the substitute premises. All reasonable direct costs shall be our expense including changing addresses on stationery and business cards, moving company expenses and computer and telephone relocation expenses, but excluding any lost revenues or other consequential costs. All provisions of this Lease will remain the same, except for the change in the description of the Premises and a change in the monthly Base Rent if the substitute premises is between 90% and 99% of the square footage of the Premises. In that case, your monthly Base Rent will be multiplied by a ratio, the numerator of which is the square footage of the substitute premises and the denominator of which is the square footage of the Premises. Monthly Base Rent will not be increased beyond that already called for by this Lease if the substitute premises is between 100% and 125% of the square footage of the Premises. If you reject the substitute premises or fail to reply to our request within 15 days, this Lease will terminate when you vacate the Premises, or 4 months after the date of our request to you, whichever occurs first.

20. Insurance and Indemnity.

a) To be Carried by Us. We will insure the Building under a policy or policies of fire and extended coverage insurance.

b) To be Carried by You.

(i) You will insure your furniture, fixtures, equipment, and other personal property located in the Premises against loss, damage, or destruction caused by fire or other risks covered by an extended coverage endorsement in an amount not less than the full replacement value of your personal property. You will release and discharge us from any liability related to any loss, damage, or destruction to your personal property, no matter what the cost or cause and including any deductible portion of your insurance policy which will be paid solely by you.

(ii) You will carry general liability insurance coverage protecting against injury to persons or damage to property of others, occurring in or around the Premises or the Building, with a combined single limit of at least \$500,000.

(iii) You will carry fire legal liability insurance coverage protecting against fire injury to property of others, occurring in or around the Premises or the Building, with a limit of at least \$500,000.

(iv) You will carry workers' compensation insurance to the extent required by law.

(v) Upon request, you will give us certificates showing that the insurance is in effect, with the premiums paid, and naming us as additional insured. The certificates will require that we will receive notice upon change or cancellation.

c) Waiver of Claims. You and we both waive all rights of recovery that either might otherwise have against the other for any damage to their property which is covered by a policy of insurance or required by the terms of this Lease to be so covered to the extent of such coverage. This waiver will apply regardless of whether the damage results from the negligence or fault of one of us. Any deductible amount provided for under an insurance policy will be treated as though it were recoverable under the policy.

d) Waiver of Subrogation. You and we both will obtain from our insurance companies endorsements under which the companies agree to waive all rights of subrogation with respect to claims against us in the event of a loss. You and we will provide each other with proof that you and we have obtained these waivers of subrogation.

e) Indemnification. You will indemnify us and hold us harmless from and against all claims, actions, liens, demands, expenses, and judgments for loss, damage, or injury to property or persons related to your use or occupancy of the Premises, unless caused by our negligence or intentional act. If we are made a party to any litigation commenced by or against you, you will indemnify and hold us harmless from and against all costs, expenses, and reasonable attorney fees incurred by us in connection with the litigation, unless the litigation arised from our negligence or intentional act.

21. Repairs in Event of Damage

- a) If the Building is damaged by fire or other casualty, to the extent that the cost of repair would exceed 50% of the replacement cost of the Building, we will have the right to terminate this Lease as of the date of the casualty by giving written notice to you within 30 days after the date of the casualty.
- b) If we determine that the Premises are so damaged by fire or other casualty that they cannot reasonably be restored for your normal use within 180 days, you and we both will have the right to terminate this Lease by giving written notice to the other within 30 days after the date of casualty.
- c) If, during the final full year of the Lease term, we determine that the Premises are damaged by fire or other casualty to the extent of 20% or more of the value of leasehold improvements in the Premises prior to such damage, you and we both will have the right to terminate this Lease by giving written notice to the other within 30 days after the date of casualty.
- d) If the Premises are damaged by fire or other casualty and this Lease is not terminated, we will repair the Premises as quickly as possible. Your rent will be abated during the time you are not able to occupy the Premises.

22. Default and Remedies.

a) Default. You will be in default under this Lease under any of the following circumstances:

- i. You fail to pay your rent when due under this Lease.
- ii. You vacate or abandon the Premises.
- iii. You assign this Lease or sublease any part of the Premises in violation of Paragraph 14 above.
- iv. Any of your assets are taken by an attachment, execution, or other judicial seizure.
- v. You file a petition in bankruptcy, are adjudicated as bankrupt, or file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief for yourself under any present or future federal, state, or other statute, law, or regulation.
- vi. You make an assignment of this Lease for the benefit of creditors or if a trustee, receiver, or liquidator is appointed in any action, suit, or proceeding by or against you and such proceeding is not dismissed within 30 days after such appointment.
- vii. With the exception of Items (i) through (vi) above, you fail to observe or perform any of the other terms or conditions of this Lease, and your failure continues for a period of 10 days after written notice from us.

b) Remedies. If you default under this Lease, in addition to our other legal and equitable rights, we may pursue any of the following remedies:

- i. We may terminate this Lease and reenter and take possession of the Premises and sue for all amounts for which you are in default, including damages to us by reason for the default, and your liability under this Lease will continue notwithstanding our termination or reentry.
- ii. We may take possession of the Premises by summary proceedings or otherwise, without terminating this Lease. If we do so, neither the commencement of an action against you, the execution of a judgment to recover possession of the Premises, nor the removal of your personal property from the Premises will be construed as an election to terminate this Lease or to release you from your obligations under this Lease. In any event, you will continue to be liable for the payment of rent and the performance of other terms and conditions of this Lease and will pay us all deficits in monthly installments after we are able to ascertain the amount of the deficits. However, we may at any time during the unexpired term of the Lease, terminate the Lease without further notice to you.
- iii. We may sue you to collect all amounts for which you are in default and all damages attributable to your default, or we may sue you for injunctive relief to specifically enforce the terms and conditions of this Lease.
- iv. We may make any payment that you have failed to make or perform any obligation that you have failed to perform, and all payments made or expenses incurred in performing any obligation, with interest at the rate of 12% per year from the date paid or incurred, will be deemed to be additional rent payable to us on demand.
- v. If we relet the Premises to any other party for an aggregate rent during that portion of the term of the new Lease which coexists with the term of this Lease which is less than the rent that you must pay under this Lease for the same period, we may immediately sue for and recover the difference between the aggregate rent provided for in the new Lease and the rent that you would pay under this Lease for the same period, together with any expenses that we may incur, including brokerage commissions, reasonable attorney fees, and renovation costs. If any new Lease is for a shorter term than the balance of the term of this Lease, any action that we may bring to collect the deficit for that period will not prevent us from suing you later for any loss accruing during the balance of the term of this Lease. In connection with any reletting of the Premises, we reserve the right to subdivide or expand the Premises or otherwise change the size or configuration of the Premises without affecting your liability. If we relet the Premises to another tenant of Riverview Center, thereby causing an interruption in the payment of rent accruing under the Lease for that tenant's previous location within the Building, you will be liable for the payment of any such rent as it

otherwise would have accrued, to the extent that such rent does not exceed the amount that you would otherwise be required to pay under this Lease. Nothing contained in this Lease will obligate us to attempt to relet the Premises under any circumstances during the term of this Lease.

23. Environmental Matters. You agree that the Premises, and all your operations and activities in the Premises, will remain in compliance with all Environmental Laws and that the Premises will not become contaminated by any Hazardous Substance. You will take all actions necessary to investigate, clean up, and eliminate any contamination of the Premises by any Hazardous Substance and to prevent any additional contamination of the Premises. For purposes of this Lease, "Environmental Law" means any past, present, or future federal, state, or local ordinance, rule, regulation, or order that regulates or is intended to protect public health or the environment or that establishes liability for the investigation, removal, clean up of, or damage caused by, any environmental contamination, including any law, ordinance, rule, regulation, or order that regulates the disposition, transportation, or management of waste materials or toxic substances. For purposes of this Lease, "Hazardous Substance" means anything that is now or later becomes regulated by or subject to any Environmental Law.
24. Waiver. Even if we fail to insist that you obey the terms and conditions of this Lease, it does not mean that you may continue to violate the terms and conditions of this Lease, and we will be free to assert our rights at any time.
25. Condemnation. If all or part of the Premises are taken by condemnation or power of eminent domain and you are not reasonably able to continue to operate your business in the Premises, this Lease will end on the day of the taking and rent will be payable only until that day. All damages awarded for any taking will be our property including any compensation for your leasehold interest in the Premises, and you assign to us all of your rights to such compensation. However, we will not be entitled to any separate award made to you for loss of business or moving expenses.
26. Quiet Enjoyment. If you perform all of your obligations under this Lease, you will have peaceable and quiet enjoyment and possession of the Premises.
27. Attorney Fees. If either of us begins any action or proceeding or asserts any counterclaim against the other relating to the provisions of this Lease or any default under this Lease, the unsuccessful party in the action or proceeding will reimburse the successful party for the reasonable attorney fees, costs, expenses, and disbursements incurred by the successful party before, during, and after trial and on appeal.
28. Waiver of Trial by Jury. To the extent permitted by applicable law, you and we both waive all right to trial by jury in any claim, action, proceeding, or counterclaim by either of us against the other on any matter arising out of or in any way connected with this Lease, or your use or occupancy of the Premises.

29. Liability Limits. We will not be liable for any injury to persons or damage to your property except to the extent that the injury or damage results from our negligence or is covered by our insurance. We will not be liable for any injury or damage resulting from (a) any acts, omissions, or negligence of other tenants or occupants of the Building; (b) any acts, omissions, or negligence of adjacent property owners, including the construction of a building or other improvement adjacent to the building;; (d) any loss of memory suffered by any computer or other office machines or equipment. . If we sell or transfer our interest in the Building, we will be released from all liability and obligations under this Lease, provided however, that the purchaser will assume all our liability and obligations under this Lease.
30. Notices. Any notice or consent required to be given under this Lease will be in writing and will be deemed given when delivered personally or mailed by registered or certified mail, return receipt requested, addressed to you at the Premises or addressed to us at the address set forth above. An alternative or additional address for notices may be specified in a written notice given as required under this paragraph.
31. Successor and Assigns. This Lease will be binding on and inure to the benefit of our successors and assigns and your heirs, personal representatives, successors, and assigns. However, no assignment by you in violation of Paragraph 14 above will be valid or effective.
32. Entire Agreement. This Lease sets forth all of the terms and conditions between you and us concerning the Premises and there are no promises, agreements or understandings, either oral or written, between you and us other than as set forth in this Lease. No subsequent amendment, change, or addition to this Lease will be binding on you or us unless in writing and signed by both you and us. You agree that we have made no representations or promises concerning the Premises or the Building except as set forth in this Lease.
33. Deadline for Signature. If we have already signed below, this Lease will not become valid or effective unless you sign and return it to us on or before **June 15, 2010**. If we have not signed below, this Lease will not become valid and effective until we do sign, and our delivery of the unsigned Lease to you does not constitute a binding offer or commitment to lease.
34. Credit and Reference Approval Contingency. Our legal counsel will contact you within three business days following our receipt of this properly executed Lease to identify the credit and reference information which they require from you. You will supply that information within five business days following our attorney's request and our attorney will either approve or disapprove of the credit information by providing you with facsimile notice within three business days of his receipt of your information. If we approve the credit and reference information, the Lease will stand as written. If you do not supply the necessary credit and reference information or if we disapprove the credit and reference information, you will not be in breach of this Lease but this Lease will be null and void and neither you nor we will have any further obligation to the other party and any deposit supplied by you will be refunded.

35. Non-Smoking Policy. You will not, nor will you allow your officers, partners, employees, agents, guests, invitees, licensees or contractors to smoke in the Common Areas of the building or in the Premises.
36. Improvements. Any additional work beyond that identified, if requested by you, will be at your cost.
37. CONTINGENT LEASE. THIS IS A CONTINGENT LEASE. THIS LEASE SHALL TAKE EFFECT UPON THE GRANTING OF ALL FINAL APPROVALS NECESSARY PURSUANT 2009 MICHIGAN PUBLIC ACT 205 ("ACT 205") FOR THE MICHIGAN VIRTUAL CHARTER SCHOOL TO OPERATE AND BE FUNDED AS A CYBER SCHOOL OF EXCELLENCE IN THE STATE OF MICHIGAN FOR THE 2010-11 THROUGH 2014-15 SCHOOL YEARS. IF THE MICHIGAN VIRTUAL CHARTER SCHOOL IS NOT GRANTED ALL FINAL APPROVALS NECESSARY TO OPERATE AND BE FUNDED AS A CYBER SCHOOL OF EXCELLENCE FOR THE 2010-11 TO 2014-15 SCHOOL YEARS AS DEFINED BY ACT 205, THIS LEASE SHALL BE NULL AND VOID.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

The date of this agreement is listed on the first page.

Witnessed By:

Jeff Karger

Riverview Center (Landlord)

By: [Signature], Manager

Witnessed By:

Stephan Byn

K12 Virtual Schools LLC (Tenant)

By: [Signature]
Ronald J. Packard, CEO

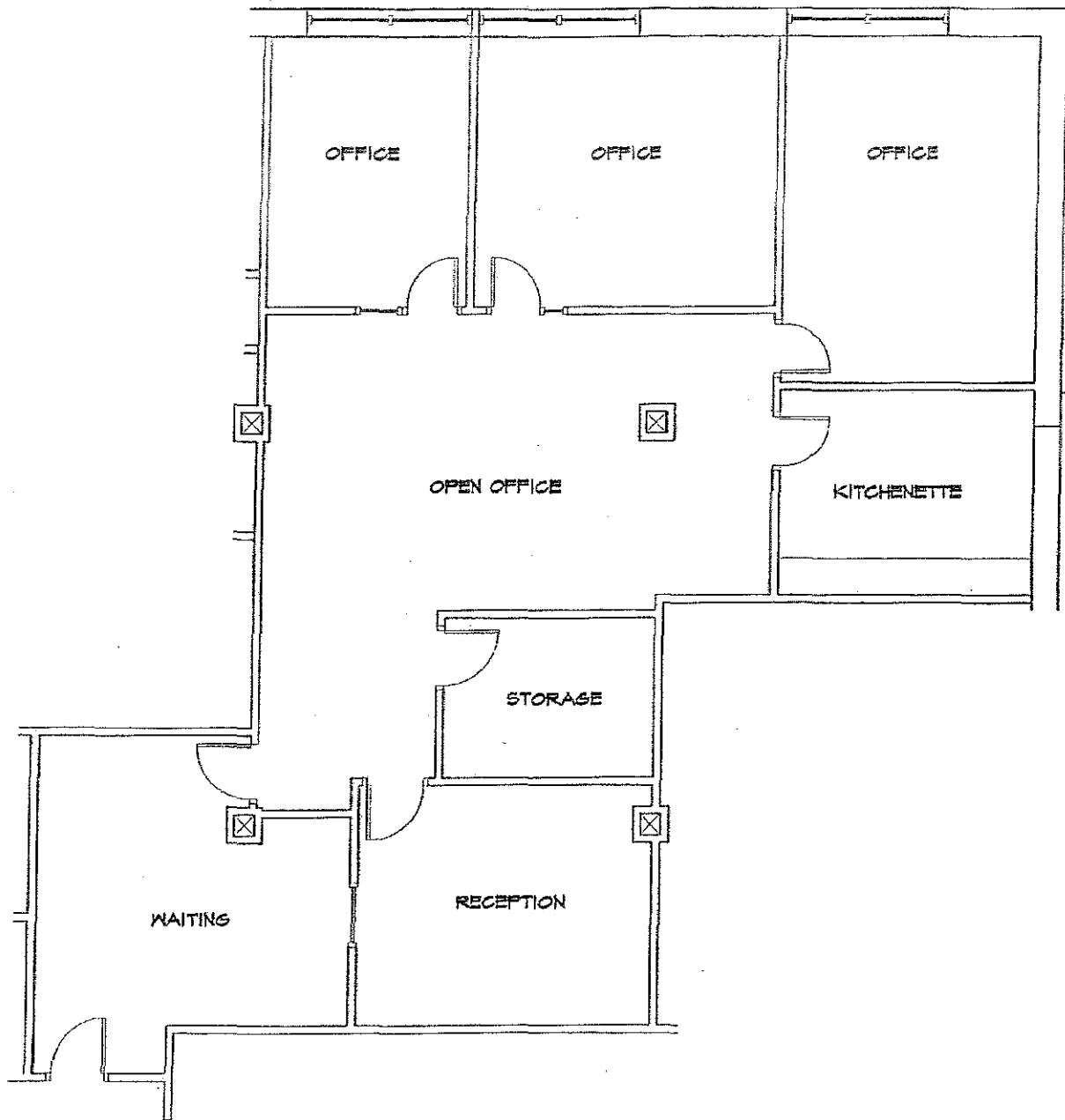
EXHIBIT A
RULES AND REGULATIONS

1. You will not build, use or operate any equipment or machinery in the Premises, or anywhere else in or around the Building, which produces music, sound or noise that may be heard beyond the Premises or which would affect other equipment or persons beyond the Premises.
2. No bicycles, mopeds, or other vehicles are allowed into the lobby or elevator of the Building or into the Premises.
3. All deliveries to the Building will be made to the entrance designated by us.
4. The Common Areas will not be blocked with trash or other items. No boots, boot trays, mats, or carpet will be placed outside the Premises without our prior approval. You will pay for all damage to the Building or elevators caused by the moving or carrying of articles to and from the Premises and the Building.
5. No sign, lettering, advertisement, or notice will be marked, painted or attached to or on the outside of the Premises or the Building by you or any occupants of the Premises, except when approved by us and located to our specifications. All sign painting or lettering will be done at your expense by painters approved by us.
6. The glass in the doors and partitions opening into the halls and other parts of the Building will not be blocked in any way except following our prior written approval.
7. No electric or other wires will be brought into the Premises, nor will the location of wires be changed in the Premises, without our approval. In all cases, wire must be plenum rated.
8. Toilets and other water fixtures will be used only for the intended purposes. You will pay for any damage resulting from your misuse of the fixtures. No person will waste water by interfering or otherwise tampering with faucets or valves.
9. No animals except those specially trained to assist the physically impaired will be allowed in the offices, halls, corridors, elevators, or elsewhere in the Building.
10. No safes or other heavy articles will be allowed in the Premises without our prior written approval. We will in all cases have the right to specify the proper position of any safe or other heavy article. You will pay for any damage done to the Building by any safe or other heavy article or by overloading the floor in any way. You will also pay for repairs required due to damage or defacement to the Building in any way by you or your officers, partners, employees, agents, guests, invitees, licensees or contractors.

EXHIBIT A – Page 2.

11. No additional locking device will be placed by you on any door in the Building without our prior written approval. A reasonable number of keys will be supplied by us at your cost. You or your agents will not be allowed to have any of your keys duplicated. At the end of the term of this Lease, you will give us all keys to the Premises and the Building, and will give us combinations to all locks on vault doors in the Premises, if any.
12. You will not install any Venetian blinds, window shades, curtains or drapes in the Premises without our written approval.
13. You will not install any steam or gas engine or boiler in the Premises, or carry on any mechanical business on the Premises, or use flammable or volatile fluids for heating, warming, or lighting, or for any purposes.
14. Intoxicating beverages, vending machines, food and food preparation is permitted only so long as it does not create an undue safety risk or a disturbance to the Building or other Tenants and so long as it is cleanly and does not create a pest or rodent problem. If a pest or rodent problem results from your actions, you will pay to remediate the problem.
15. You will not disturb or interfere with the electric light equipment in the Premises. All work done to the lighting equipment will be done only by qualified persons authorized by us. Fluorescent or bright lights will be used only for illuminating the Premises and shall not be directed out of the Premises.
16. We reserve the right to refuse entry to the building by any person who may violate any of these rules or regulations.
17. You will not smoke, nor will you allow your officers, partners, employees, agents, guests, invitees, licensees or contractors to smoke in the Common Areas of the building or in your premises.
18. We reserve the right to make and publish any other reasonable rules and regulations, which, in our judgment, are necessary or desirable for the safe and prudent operation of the Premises and the Building.

EXHIBIT B-1

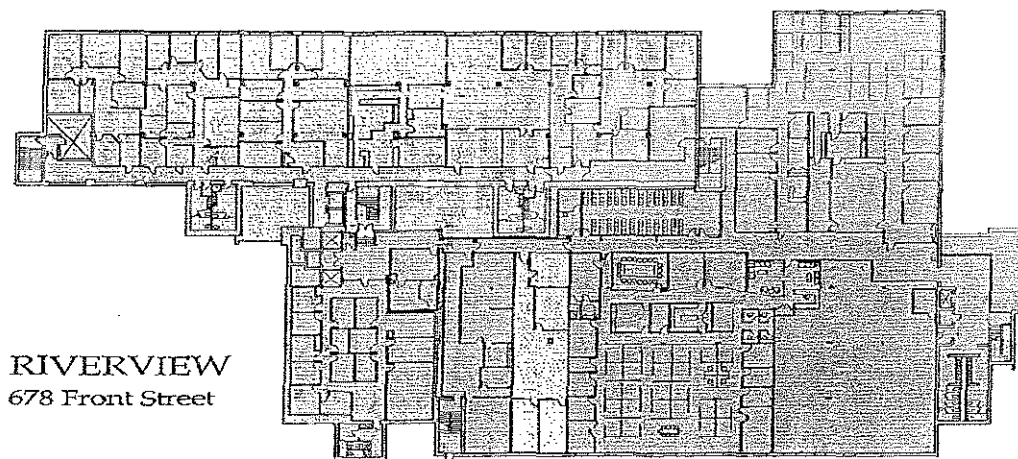


SUITE 265

Scale: 1/8" = 1'-0"
1,990 square feet



EXHIBIT B-2



RIVERVIEW
678 Front Street

SECOND FLOOR 

Exhibit C

Legal Description

Lots 5 through 20, inclusive, Wm. T. Power's Subdivision as recorded in Liber 5 of Plats, Page 44. Also a parcel in Government Lot 3, Section 24, Town 7 North, Range 12 West, described as: That part of Government Lot 3, lying between the North and South boundary lines of said Lots 5 to 20, inclusive, extended Easterly to river face of the West dock line wall of Grand River.
Except therefrom the following parcels:

That part of Government Lot 3 in Section 24, Town 7 North, Range 12 West, City of Grand Rapids, Kent County, Michigan, described as: Commencing at the intersection of the Easterly right-of-way line of Front Avenue (75 feet wide) and the Southerly right-of-way line of Sixth Street (66 feet wide); thence North 90 degrees 00 minutes East 197.50 feet along the Southerly line of Sixth Street to its intersection with the East edge of the West dock line wall of Grand River; thence South 1 degree 11 minutes East 404.79 feet along said East edge of said dock line to the Place of Beginning of this description; thence South 1 degree 11 minutes East 335.32 feet along said East edge of said dock line; thence South 25 degrees 37 minutes West 44.35 feet; thence South 90 degrees 00 minutes West 11.09 feet along the extension to the East of the South line of Lot 5, Wm. T. Powers' Subdivision as recorded in Liber 6 of Plats, Page 44; thence North 25 degrees 37 minutes East 46.77 feet; thence North 1 degree 11 minutes West 333.14 feet to the South line of an existing building; thence North 90 degrees 00 minutes East 10.0 feet along said South building line and its extension thereof to the Place of Beginning.

AND that part of Government Lot 3 in Section 24, Town 7 North, Range 12 West, City of Grand Rapids, Kent County, Michigan, described as: Commencing at the intersection of the Easterly right-of-way line of Front Ave. (75 feet wide) and the Southerly right-of-way line of Sixth Street (66 feet wide); thence North 90 degrees 00 minutes East 197.50 feet along said Southerly line of Sixth Street to its intersection with the East edge of the West dock line wall of the Grand River; thence South 1 degree 11 minutes East 331.37 feet along the East edge of said dock line to the Place of Beginning of this description; thence South 1 degree 11 minutes East 73.42 feet along the East edge of said dock line; thence South 90 degrees 00 minutes West 9.21 feet to the Southeast corner of a concrete block building; thence North 0 degrees 00 minutes West 73.40 feet to the Northeast corner of said building; thence North 90 degrees 00 minutes East 7.70 feet to the Place of Beginning.

And that part of Government Lot 3 in Section 24, Town 7 North, Range 12 West, City of Grand Rapids, Kent County, Michigan, described as: Commencing at the intersection of the Easterly right-of-way line of Front Ave. (75 feet wide) and the Southerly right-of-way line of Sixth Street (66 feet wide); thence North 90 degrees 00 minutes East 197.50 feet along said Southerly line of Sixth Street to its intersection with the East edge of the West dock line wall of the Grand River; thence South 1 degree 11 minutes East 288.46 feet along said East edge of said dock line to the Place of Beginning of this description; thence South 1 degree 11 minutes East 32.91 feet along said East edge of said dock line; thence South 90 degrees 00 minutes West 7.70 feet to the Northeast corner of an existing building; thence North 0 degrees 00 minutes West 32.90 feet along the extension of the East line of said building; thence North 90 degrees 00 minutes East 7.02 feet to the Place of Beginning.

AND that part of Government Lot 3 in Section 24, Town 7 North, Range 12 West, City of Grand Rapids, Kent County, Michigan, described as: Commencing at the intersection of the Easterly right-of-way line of Front Ave. (75 feet wide) and the Southerly right-of-way line of Sixth Street (66 feet wide); thence North 90 degrees 00 minutes East 197.50 feet along the Southerly line of Sixth Street to its intersection with the East edge of the West dock line wall of the Grand River; thence South 1 degree 11 minutes East 12.20 feet along said East edge of said dock line to the Place of Beginning of this description; thence South 1 degree 11 minutes East 286.26 feet along said East edge of said dock line; thence South 90 degrees 00 minutes West 17.20 feet to the Southeast corner of an existing building; thence North 0 degrees 00 minutes West 286.20 feet to the Northeast corner of said building; thence North 90 degrees 00 minutes East 11.29 feet to the Place of Beginning.

AND that part of Government Lot 3 in Section 24, Town 7 North, Range 12 West, City of Grand Rapids, Kent County, Michigan, described as: Commencing at the intersection of the Easterly right-of-way line of Front Ave. (75 feet wide) and the Southerly right-of-way line of Sixth Street (66 feet wide); thence North 90 degrees 00 minutes East 197.50 feet along said Southerly line of Sixth Street to its intersection with the East edge of the West dock line wall of the Grand River, and the Place of Beginning of this description; thence South 1 degree 11 minutes East 12.20 feet along said East edge of said dock line; thence South 90 degrees 00 minutes West 11.29 feet to the Northeast corner of an existing building; thence North 0 degrees 00 minutes West 12.20 feet along the extension of the East line of said building; thence North 90 degrees 00 minutes East 11.04 feet along the South line of Sixth Street to the Place of Beginning.

Exhibit C (Continued)

Legal Description

Excepting from Parcel 3 above Parcel A as follows:

Part of the Southeast 1/4 of Section 24, Town 6 North, Range 10 West, City of Grand Rapids, Kent County, Michigan, described as: Commencing at the South 1/4 corner of said Section 24; thence North 05 degrees 24 minutes 52 seconds West 1458.76 feet along the North-South 1/4 line of said Section; thence North 84 degrees 35 minutes 08 seconds East 445.91 feet to the Southwest corner of Lot 5, Wm. T. Power's Subdivision as recorded in Liber 6 of Plats, Page 44, Kent County Records and the Point of Beginning; thence North 00 degrees 01 minutes 56 seconds West 276.15 feet along the East line of Front Avenue; thence North 89 degrees 58 minutes 04 seconds East 197.81 feet; thence South 01 degree 09 minutes 58 seconds East 235.08 feet; thence South 25 degrees 42 minutes 19 seconds West 45.63 feet to the extension of the South line of said Lot 5; thence South 89 degrees 57 minutes 52 seconds West 182.65 feet along said extension to the Southwest corner of said Lot 5 and the Place of Beginning.

The insured portion of Parcel 3 is more particularly described as follows:

Part of the Southeast 1/4 of Section 24, Town 6 North, Range 10 West, City of Grand Rapids, Kent County, Michigan described as: Commencing at the South 1/4 corner of said Section 24; thence North 05 degrees 24 minutes 52 seconds West 1458.76 feet along the North-South 1/4 line of said Section; thence North 84 degrees 35 minutes 08 seconds East 445.91 feet to the Southwest corner of Lot 5, Wm. T. Power's Subdivision as recorded in Liber 6 of Plats, Page 44, Kent County Records; thence North 00 degrees 01 minute 56 seconds West 276.15 feet along the East line of Front Avenue to the Point of Beginning; thence North 00 degrees 01 minute 56 seconds West 503.73 feet to the South line of Sixth Street; thence North 89 degrees 57 minutes 34 seconds East 186.25 feet along said South line; thence South 00 degrees 04 minutes 23 seconds East 298.43 feet; thence North 89 degrees 58 minutes 04 seconds East 10.18 feet; thence South 00 degrees 01 minute 56 seconds East 106.30 feet; thence South 89 degrees 58 minutes 04 seconds West 0.79 feet; thence South 01 degree 09 minutes 58 seconds East 99.05 feet; thence South 89 degrees 58 minutes 04 seconds West 197.81 feet to the Place of Beginning.

The Certificate(s) of Use and Occupancy shall be inserted here upon issuance and receipt.