A

CONTRACT TO CHARTER A PUBLIC SCHOOL ACADEMY AND RELATED DOCUMENTS

ISSUED BY

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

ISSUED TO

LINCOLN-KING ADAMS-YOUNG ACADEMY
(A PUBLIC SCHOOL ACADEMY)

CONFIRMING THE STATUS OF

LINCOLN-KING ADAMS-YOUNG ACADEMY

AS A

PUBLIC SCHOOL ACADEMY

DATED:
JULY 1, 2026

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Contract to Charter a Public School Academy

Pursuant to Part 6a of the Revised School Code ("Code"), being Sections 380.501 to 380.507 of the Michigan Compiled Laws, the Grand Valley State University Board of Trustees ("University Board") issues a contract to Lincoln-King Adams-Young Academy (the "Academy"), to be effective July 1, 2026, confirming the Academy's status as a public school academy in this State. The Parties agree that the issuance of this Contract is subject to the following Terms and Conditions:

ARTICLE I

DEFINITIONS

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

a) **Academy** means the Michigan non-profit corporation authorized by this Contract.

b) **Academy Board** means the Board of Directors of the Academy authorized by this Contract. **Academy Board member** or **Academy Director** means an individual who is a member of the Academy Board, whether in the past, present or future.

c) **Applicable Law** means all state and federal law applicable to public school academies- including all rules, regulations, and orders promulgated thereunder.

d) **Applicant** means the person or entity that submitted the public school academy application to the University for the establishment of the Academy.

e) **Application** means the public school academy application and supporting documentation submitted to the University for the establishment of the Academy.

f) **Authorization Resolution** means the resolution adopted by the Grand Valley State University Board of Trustees approving the issuance of a Contract.

g) **Charter School** means public school academy.

h) **Code** means the Revised School Code, Act No. 451 of the Public Acts of 1976, as amended, being Sections 380.1 to 380.1853 of the Michigan Compiled Laws.

i) **Community District** means a community school district created under part 5B of the Code, MCL 380.381 et seq.

j) **Conservator** means an individual appointed by the University President in accordance with Section 10.9 of these Terms and Conditions.

k) **Contract** means, in addition to the definitions set forth in the Code, the Terms and Conditions and the Schedules.

l) **Educational Service Provider or "ESP"** means an educational management organization as defined under section 503c of the Code, MCL 380.503c, that has entered into a contract or agreement with the Academy Board for operation or management of the Academy, which contract has been submitted to the University Charter Schools Office Director for review as provided in Section 11.15 and has not been disapproved by the University Charter Schools Office Director, and is consistent with the Charter Schools Office Educational Service Provider Policies, as they may be amended from time to time, and Applicable Law.

m) **Educational Service Provider Policies or ESP Policies** means those policies adopted by the Charter Schools Office Director that apply to a Management Agreement. The Charter Schools Office Director may, at any time and at his or her sole discretion, amend the ESP Policies. Upon amendment, changes to the ESP Policies shall automatically be incorporated into this Contract and shall be exempt from the amendment procedures under Article IX of these Terms and Conditions.

n) **Fund Balance Deficit** means the Academy has more liabilities than assets at the end of any given school fiscal year, and includes any fiscal year where the Academy would have had a budget deficit but for a financial borrowing from, or monetary contribution by an Educational Service Provider or other person or entity to the Academy. If the Academy receives a gift or grant of money or financial support from an Educational Service Provider or other person or entity that does not require repayment by the Academy, and is not conditioned upon the actions or inactions of the Academy Board, then such gift or grant shall not constitute a financial borrowing or contribution for purposes of determining a Fund Balance Deficit.

o) **Management Agreement or ESP Agreement** means an agreement as defined under section 503c of the Code, MCL 380.503c that has been entered into between an ESP and the Academy Board for operation and/or management of the Academy, which has been submitted to the University Charter Schools Office Director for review as provided in Section 11.15 and has not been disapproved by the University Charter Schools Office Director, and is consistent with the CSO Educational Service Provider Policies as they may be amended from time to time, and Applicable Law.

p) **Master Calendar of Reporting Requirements (MCRR)** means the compliance certification duties required of the Academy by the University Board. The University Charter Schools Office may amend the MCRR each fiscal year or at other times as deemed appropriate by the University President. These changes shall be automatically incorporated into the Contract and shall be exempt from the Contract amendment procedures under Article IX of these Terms and Conditions.

q) **Method of Selection Resolution** means the resolution adopted by the University Board providing for the method of selection, length of term, number of members, qualification of Board Academy members and other pertinent provisions relating to the Academy Board.

r) **Resolution** means any resolution adopted by the Grand Valley State University Board of Trustees.

s) **Schedules** mean the schedules incorporated into and part of the Terms and Conditions.

t) **State Board** means the State Board of Education, established pursuant to Article 8, Section 3 of the 1963 Michigan Constitution and MCL 388.1001 et seq.

u) **State School Reform/Redesign Office** means the office created within the Michigan Department of Technology Management and Budget by Executive Reorganization Order 2015-02, codified at MCL 18.554, and transferred from the Michigan Department of Technology Management and Budget to the Michigan Department of Education by Executive Reorganization Order 2017-05 and codified at MCL 388.1282.

v) **Superintendent** means the Michigan Superintendent of Public Instruction.

w) **Terms and Conditions** means this document entitled Terms and Conditions of Contract issued by the Grand Valley State University Board of Trustees.

x) **University** means Grand Valley State University established pursuant to Article VIII, Sections 4 and 6 of the 1963 Michigan Constitution and MCL 390.841 *et seq.*

y) **University Board** means the Grand Valley State University Board of Trustees.

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

aa) **University Charter Schools Office** or **CSO** means the office the University Board, by issuance of this Contract, hereby designates as the point of contact

for public school academy applicants and public school academies authorized by the University Board. The University Charter Schools Office is also responsible for managing, implementing, and overseeing the University Board's responsibilities with respect to the Contract.

bb) **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.

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

Section 1.2. Captions. The captions and headings used in this Contract are for convenience only and shall not be used in construing the provisions of this Contract.

Section 1.3. Gender and Number. The use of any gender in this Contract shall be deemed to be or include the other genders, including neuter, and the use of the singular shall be deemed to include the plural (and vice versa) wherever applicable.

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

Section 1.5. Statutory Definitions. Statutory terms defined in the Code shall have the same meaning in this Contract.

Section 1.6. Application. The Application submitted to the University Board for the establishment of the Academy is incorporated into, and made part of, this Contract. In the event that there is an inconsistency or dispute between materials in the Application and the Contract, the language or provisions in the Contract shall control.

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

ARTICLE II

ROLE OF GRAND VALLEY STATE UNIVERSITY BOARD OF TRUSTEES AS AUTHORIZING BODY

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

Section 2.2. Independent Status of the Academy. The Academy is a body corporate and governmental entity authorized by the Code. The Academy is organized and shall operate as a public school academy and a nonprofit corporation. The Academy is not a division or part of the University. The relationship between the Academy and the University Board is based solely on the applicable provisions of the Code and the terms of this Contract or other agreements between the University Board and the Academy, if applicable.

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

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

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

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

a) In the event that the University President determines that the Academy's educational outcomes should be reviewed to help determine if the Academy is meeting the educational goals set forth in the Schedules, the University President, at his or her discretion, may require an objective evaluation of student performances by an educational consultant, acceptable to both the Academy and the University

President. The Academy shall pay for the expense of the evaluation. In addition, at any time, the University President may require an evaluation of student performance to be selected by and at the expense of the University. The Academy shall cooperate with the evaluation, including any student testing required.

b) Within ten (10) days of receipt, the Academy shall notify the University Charter Schools Office of correspondence received from the Department of Education or State Board of Education that requires a written or formal response.

c) Within ten (10) days of receipt, the Academy shall report to the University Charter Schools Office and the University Counsel Office any litigation or formal proceedings alleging violation of Applicable Law or contractual agreement against the Academy, its officers, employees, agents, and/or contractors.

d) The Academy shall permit review of the Academy's records and inspection of its premises at any time by representatives of the University. Normally, such inspections shall occur during the Academy's hours of operation and after advance notice to the Academy.

e) The Academy shall provide the Charter Schools Office with copies of reports and assessments concerning the educational outcomes achieved by pupils attending the Academy and shall provide necessary approvals for the Charter Schools Office to access electronic information received or stored by the State of Michigan including, but not limited to, the Department of Education or other agency authorized by the State to collect school data.

f) The Academy shall submit audited financial statements, including auditor's management letters and any exceptions noted by the auditors, to the University Charter Schools Office. The financial statements and auditor's management letters shall be submitted to the University Charter Schools Office within ninety (90) days after the end of the Academy's fiscal year.

g) The Academy shall provide the University Charter Schools Office with a copy of the approved annual budget for the upcoming fiscal year of the Academy no later than July 1st. The Academy Board is responsible for establishing, approving and amending the annual budget in accordance with the Uniform Budgeting and Accounting Act, MCL 141.421 *et seq.,* and for providing all amendments and revisions to the University Charter Schools Office following Academy Board approval.

h) The Academy shall provide to the University Charter Schools Office minutes of all Academy Board meetings no later than fourteen (14) days after such meeting.

Section 2.5. University Board Administrative Fee. During the term of this Contract, the Academy shall pay the University Board an administrative fee of 3% of the state school aid

payments received by the Academy. For purposes of this Contract, state school aid payments received by the Academy in July and August in any given year shall be deemed to have been received by the Academy during the Contract term. This fee shall be retained by the University Board from each state school aid payment received by the University Board for forwarding to the Academy. This fee shall compensate the University Board for issuing the Contract and overseeing the Academy's compliance with the Contract and all Applicable Law. This fee may also be used to fund college readiness work and scholarships for academies that are in compliance with this Contract.

Section 2.6. University Board as Fiscal Agent for the Academy. The University Board is the fiscal agent for the Academy. The University Board shall, within three (3) business days, forward to the Academy all state school aid funds or other public or private funds received by the University Board for the benefit of the Academy. The University Board shall retain any amount owed to the University Board by the Academy pursuant to this Contract. For purposes of this section, the responsibilities of the University Board, the State of Michigan, and the Academy are set forth in the Fiscal Agent Agreement incorporated herein as Schedule 4.

Section 2.7. Authorization of Employment. The Academy may employ or contract with personnel. If the Academy contracts for personnel with an Educational Service Provider, the Academy shall submit a draft of the proposed agreement to the University Charter Schools Office for review. The University Charter Schools Office may disapprove the proposed agreement if it contains provisions in violation of this Contract or Applicable Law. No ESP agreement shall be effective unless and until the agreement complies with Section 11.16 of these Terms and Conditions. With respect to Academy employees, the Academy shall have the power and responsibility to (i) select and engage employees; (ii) pay their wages; (iii) dismiss employees; and (iv) control the employees' conduct, including the method by which the employee carries out his or her work. An employee hired by the Academy shall be an employee of the Academy for all purposes and not an employee of the University for any purpose. The Academy Board shall prohibit any individual from being employed by the Academy, an ESP, or an employee leasing company involved in the operation of the Academy, in more than one (1) full-time position and simultaneously being compensated at a full-time rate for each of these positions. The Academy shall be responsible for carrying worker's compensation insurance and unemployment insurance for its employees.

Section 2.8. Financial Obligations of the Academy are Separate from the State of Michigan, University Board and the University. Any contract, mortgage, loan or other instrument of indebtedness entered into by the Academy and a third party shall not in any way constitute an obligation, either general, special, or moral, of the State of Michigan, the University Board, or the University. Neither the full faith and credit nor the taxing power of the State of Michigan or any agency of the State, nor the full faith and credit of the University Board or the University shall ever be assigned or pledged for the payment of any Academy contract, agreement, note, mortgage, loan or other instrument of indebtedness.

Section 2.9. Academy Has No Power to Obligate or Bind State of Michigan, University Board or the University. The Academy has no authority whatsoever to enter into any contract or

other agreement that would financially obligate the State of Michigan, University Board or the University, nor does the Academy have any authority whatsoever to make any representations to lenders or third parties, that the State of Michigan, University Board or the University in any way guarantee, are financially obligated, or are in any way responsible for any contract, agreement, note, mortgage, loan or other instrument of indebtedness entered into by the Academy.

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

Section 2.11. University Board Approval of Condemnation. In the event that the Academy desires to acquire property pursuant to the Uniform Condemnation Procedures Act or other applicable statutes, it shall obtain express written permission for such acquisition from the University Board. The Academy shall submit a written request to the Charter Schools Office Director describing the proposed acquisition and the purpose for which the Academy desires to acquire the property. The Charter Schools Office Director will generate a recommendation for consideration by the University Board with regard to the proposed acquisition. The request and the Charter Schools Office Director's recommendation will be submitted by the Charter Schools Office Director for the University Board's consideration in accordance with the University Board's generally applicable timelines and policies for the agendas of regularly-scheduled University Board committee meetings and formal sessions of the University Board. No acquisition may be made until the approval of the University Board is obtained by resolution adopted at a formal session of the University Board.

Section 2.12. Charter Schools Office Director Review of Certain Financing Transactions. If the Academy proposes to (i) finance the acquisition, by lease, purchase, or other means, of facilities or equipment, or renovation of facilities, in excess of $150,000, pursuant to arrangements calling for payments over a period greater than one (1) year, and which include a pledge, assignment or direction to one or more third parties of a portion of the funds to be received by the Academy from the State of Michigan pursuant to the State School Aid Act of 1979, as amended, being MCL 388.1601 et seq., or (ii) direct that a portion of its State School Aid Payments be

forwarded by the Fiscal Agent University Board to a third party account for the payment of Academy debts and liabilities, the Academy shall submit the transaction for prior review by the Charter Schools Office Director as designee of the University Board, in the manner provided herein. The Academy shall, not later than thirty (30) days prior to the proposed closing date of the transaction, submit a written request to the Charter Schools Office Director describing the proposed transaction and the facilities or equipment to be acquired with the proceeds thereof (if any), and in the case of a transaction described in subparagraph (ii) of this Section, (a) a copy of the Academy Board's resolution authorizing the direct intercept of State School Aid Payments; (b) a copy of a State School Aid Payment Agreement and Direction document that is in a form acceptable to the University Charter Schools Office; and (c) copies of such other documentation regarding the transaction which is the subject of the proposed direct intercept as the University Charter Schools Office may request. Unless the Charter Schools Office Director extends the review period, within thirty (30) days of receiving a written request in compliance with this Section, the Charter Schools Office Director shall notify the Academy if the proposed transaction is disapproved. The Charter Schools Office Director may disapprove the proposed transaction if the proposed transaction violates this Contract or applicable law. If the proposed transaction is disapproved, such disapproval may, but shall not be required to, state one or more conditions which, if complied with by the Academy and any lender, lessor, seller or other party, would cause such disapproval to be deemed withdrawn. No transaction described in this Section may be entered into that is disapproved by the Charter Schools Office Director. By not disapproving a proposed transaction, the Charter Schools Office Director is in no way giving approval of the proposed transaction, or any of the terms or conditions thereof.

ARTICLE III

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

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

Section 3.2. Other Permitted Activities. Nothing in this Contract shall prohibit the Academy from engaging in other lawful activities that are not in derogation of the Academy's status as a public school or that would not jeopardize the eligibility of the Academy for state school aid funds. Subject to Section 2.7 and Section 6.15 of the Terms and Conditions, the Academy may enter into agreements with other public schools, public school academies, governmental units, businesses, community and nonprofit organizations where such agreements contribute to the effectiveness of the Academy or advance education in this state.

Section 3.3. Academy Board Members Serve in their Individual Capacity. All Directors of the Academy Board shall serve in their individual capacity, and not as a representative or designee of any other person or entity. A person who does not serve in their individual capacity, or who serves as a representative or designee of another person or entity, shall be deemed ineligible

to continue to serve as a Director of the Academy Board. A Director who violates this Section shall be removed from office, in accordance with the removal provisions found in the Resolution or Schedule 2: Bylaws. As set forth in the Resolution, a Director serves at the pleasure of the University Board, and may be removed with or without cause by the University Board at any time.

ARTICLE IV

PURPOSE

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

ARTICLE V

CORPORATE STRUCTURE OF THE ACADEMY

Section 5.1. Nonprofit Corporation. The Academy shall be organized and operated as a public school academy corporation organized under the Michigan Nonprofit Corporation Act, as amended, Act No. 162 of the Public Acts of 1982, being Sections 450.2101 to 450.3192 of the Michigan Compiled Laws. Notwithstanding any provision of the Michigan Nonprofit Corporation Act, as amended, the Academy shall not take any action inconsistent with the provisions of Part 6A of the Code or other Applicable Law.

Section 5.2. Articles of Incorporation. Unless amended pursuant to Section 9.3 of Article IX herein, the Articles of Incorporation of the Academy, as set forth in Schedule 2, shall be the Articles of Incorporation of the Academy. The Academy Board represents to the University Board that Schedule 2 includes all amendments to the Academy's Articles of Incorporation as of the date set forth above.

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

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

ARTICLE VI

OPERATING REQUIREMENTS

Section 6.1. Governance Structure. The Academy shall be organized and administered under the direction of the Academy Board and pursuant to the governance structure as set forth in its Bylaws. The Academy's Board of Directors shall meet at least six times per fiscal year, unless another schedule is mutually agreed upon by the University President or Designee and the Academy.

Section 6.2. Contributions and Fund Raising. The Academy may solicit and receive contributions and donations as permitted by law. No solicitation shall indicate that a contribution to the Academy is for the benefit of the University. The University shall not be required to receive any contributions or donations for the benefit of the Academy. If the University receives contributions or donations for the benefit of the Academy, it shall forward such funds to the Academy within three (3) business days of receipt.

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

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

Section 6.5. Methods of Accountability and Pupil Assessment. In addition to those set forth in this Section 6.5, the Academy shall evaluate its pupils' work based on the assessment strategies identified in the Schedules. The Academy shall also assess pupil performance using all applicable testing that the Code or the Contract requires. The Academy shall provide the University Charter Schools Office with copies of reports, assessments, and test results concerning the following:

a) educational outcomes achieved by pupils attending the Academy and other reports reasonably requested by the University Charter Schools Office;

b) an assessment of the Academy's student performance at the end of each academic school year or at such other times as the University Board may reasonably request;

c) an annual education report in accordance with the Code;

d) an annually administered nationally recognized norm-referenced achievement test for the Academy's grade configuration or a program of testing approved by the University Charter Schools Office Director; and

e) all tests required under Applicable Law.

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

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

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

a) the Academy has made a reasonable effort to advertise its enrollment efforts to all pupils; and

b) the Academy's open enrollment period was for a duration of at least 2 weeks and permitted the enrollment of pupils by parents at times in the evening and on weekends.

Section 6.8. School Calendar/School Day Schedule. The Academy shall comply with all minimum standards governing the length of the school term, minimum number of days and hours of instruction required by Applicable Law. The Academy agrees to make available to the CSO Office a copy of the School Calendar/School Day Schedule for each academic school year no later than July 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 Kindergarten through Twelfth grade(s). The Academy may add additional grades and vocational programs in the future, pursuant to Section 9.2 of Article IX of the Terms and Conditions.

Section 6.10. Annual Financial Audit. The Academy shall conduct an annual financial audit prepared and reviewed by an independent certified public accountant in accordance with generally accepted governmental auditing principles. The Academy shall submit the annual

financial statement audit and auditor's management letter to the Charter Schools Office in accordance with the MCRR. The Academy Board shall provide to the Charter Schools Office a copy of any responses to the auditor's management letter in accordance with the MCRR.

Section 6.11. Address and Description of Proposed Site(s); Process for Expanding Academy's Site Operations. The proposed address and physical plant description of the Academy's proposed site or sites is set forth in Schedule 7-8. Following Academy Board and University Board approval, proposed changes to the address and description of any site or sites shall be incorporated into this Contract by amendment. With the approval of the University Board, the Academy Board may operate the same configuration of age or grade levels at more than one (1) site if each configuration of age or grade levels and each site identified in Schedule 7-8 are under the direction and control of the Academy Board.

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

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

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

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

Section 6.13. Placement of University Student Interns. The Academy may be a placement site for University students who are in education or other pre-professionals in training to serve in

public schools. Such placement shall be without charge to the University and subject to other terms and conditions as the Academy and the University agree.

Section 6.14. Disqualified Organizational or Contractual Affiliations. The Academy shall comply with all state and federal law applicable to public schools concerning church-state issues. To the extent disqualified under the state or federal constitutions, the Academy shall not be organized by a church or other religious organization and shall not have any organizational or contractual affiliation with or constitute a church or other religious organization. Nothing in this Section shall be deemed to diminish or enlarge the civil and political rights, privileges and capacities of any person on account of his or her religious belief.

Section 6.15 Matriculation Agreements. Before the Academy Board approves a matriculation agreement with another public school, the Academy shall provide a draft and final copy of the agreement to the University Charter Schools Office for review and retention.

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

Section 6.17. New Public School Academies Located within the Boundaries of a Community District. If the Academy is a new public school academy and either of the circumstances listed below in (a) or (b) apply to the Academy's proposed site(s), the Academy represents to the University Board, intending that the University Board rely on such representation as a precondition to issuing this Contract, that the Academy has a substantially different governance, leadership, and curriculum than the public school previously operating at that site(s):

a) The Academy's proposed site is the same location as a public school that (i) is currently on the list under Section 1280c(1), MCL 380.1280c(1) or Section 1280g(3), MCL 380.1280g(3), as applicable; or (ii) has been on the list under Section 1280c(1), MCL 380.1280c(1) or Section 1280g(3), MCL 380.1280g(3), as applicable, during the immediately preceding 3 school years.

b) The Academy's proposed site is the same location of another public school academy, urban high school academy, school of excellence or strict discipline academy whose contract was revoked or terminated by an authorizing body under the applicable part of section of the Code.

Section 6.18. Collective Bargaining Agreements. Collective bargaining agreements, if any, with employees of the Academy shall be the responsibility of the Academy.

ARTICLE VII

TUITION PROHIBITED

Section 7.1. Tuition Prohibited: Fees and Expenses. The Academy shall not charge tuition. The Academy may impose fees and require payment of expenses for activities of the Academy where such fees and payments are not prohibited by law.

ARTICLE VIII

COMPLIANCE WITH PART 6A OF THE CODE AND OTHER LAWS

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

Section 8.2. Compliance with State School Aid Act. In order to assure that funds are available for the education of pupils, the Academy shall comply with all applicable provisions of the State School Aid Act of 1979, as amended from time to time. The Academy may expend funds from the State School Aid Act for any purpose permitted by the State School Aid Act of 1979 and may enter into contracts and agreements determined by the Academy as consistent with the purposes for which the funds were appropriated.

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

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

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

Section 8.6. 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 8.7. Revised Municipal Finance Act of 2001. With respect to the Academy's borrowing money and issuance of bonds, the Academy shall comply with section 1351a of the Code and Part VI of the Revised Municipal Finance Act of 2001, Act No. 34 of the Public Acts of 2001, being MCL 141.2601 to 141.2613 of the Michigan Compiled Laws, except that the borrowing of money and issuance of bonds by the Academy is not subject to section 1351a(4) or section 1351(2) to (4) of the Code. Bonds issued by the Academy are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

Section 8.8. 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 8.9. Other State Laws. The Academy shall comply with other state laws which are applicable to public school academies. Nothing in this Contract shall be deemed to apply any other state law to the Academy.

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

ARTICLE IX

AMENDMENT

Section 9.1. Amendments. The University Board and the Academy acknowledge that the operation and administration of a public school academy and the improvement of educational outcomes over time will require amendment of this Contract. In order to assure a proper balance between the need for independent development of the Academy and the statutory responsibilities of the University Board as an authorizing body, the parties have established a flexible process for amending this Contract.

Section 9.2. Process for Amending the Contract. Either party may propose changes in this Contract or may propose a meeting to discuss potential revision of this Contract. Except as provided in Sections 2.3, 5.2 and 6.11, the University Board delegates to its University President the review and approval of changes or amendments to this Contract. The Academy Board may delegate the same authority to the Academy Board President. The Contract shall be amended upon agreement and approval of the respective authorized designees.

Section 9.3. Process for Amending Academy Articles of Incorporation. The Academy Board, or any authorized designee of the Academy Board, may propose changes to the Academy's Articles of Incorporation. The Academy shall be authorized to make such changes to its Articles

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

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

Section 9.5. Final Approval of Amendments. Amendments to this Contract take effect only after they have been approved by the Academy Board and by the University Board or the Charter Schools Office Director. If the proposed amendment conflicts with any of the University Board's general policies on public school academies, the proposed amendment shall take effect only after approval by the Academy and the University Board.

Section 9.6. Change in Existing Law. If, after the effective date of this Contract, there is a change in Applicable Law, which alters or amends the responsibilities and obligations of either the Academy or the University Board, this Contract shall be altered or amended to reflect the change in existing laws as of the effective date of such change. To the extent possible, the responsibilities and obligations of the Academy and the University Board shall conform to and be carried out in accordance with the change in Applicable Law.

Section 9.7. Emergency Action on Behalf of University Board. Notwithstanding any other provision of this Contract to the contrary, the contents of this Section shall govern in the event of an emergency situation that arises between meetings of the University Board. An emergency situation shall be deemed to occur if the University President, in his or her sole discretion, determines that the facts and circumstances warrant that emergency action take place before the next meeting of the University Board. Upon the determination that an emergency situation exists, the University President may temporarily take action on behalf of the University

Board with regard to the Academy or the Contract, so long as such action is in the best interest of the University Board and the University President consults with the University Board Chairperson prior to taking the intended actions. When acting during an emergency situation, the University President shall have the authority to act on behalf of the University Board, and such emergency action shall only be effective in the interim before the earlier of (a) rejection of the emergency action by the Chairperson of the University Board; or (b) the next meeting of the University Board. The University President shall immediately report such action to the University Board Chairperson for confirmation at the next meeting so that the emergency action continues or, upon confirmation by the University Board, becomes permanent.

ARTICLE X

TERMINATION, SUSPENSION AND REVOCATION

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

Section 10.2. Termination by University Board. The University Board, in its sole discretion, reserves the right to terminate this Contract (i) before the end of the Contract Term for any reason or for no reason provided that such termination shall not take place less than six (6) calendar months from the date of the University Board's resolution approving such termination; or (ii) if there is a change in Applicable Law that the University Board, in its sole discretion, determines impairs its rights and obligations under the Contract or requires the University Board to make changes in the Contract that are not in the best interest of the University Board or the University, then such termination shall take effect at the end of the current Academy fiscal year. Following University Board approval, the 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 sooner as set forth in this Article X. If this Contract is terminated pursuant to this Section 10.2, the revocation procedures in Section 10.6 shall not apply.

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

a) University President Action. If the University President determines, in his or her sole discretion, that conditions or circumstances exist that the Academy Board (i) has placed the health or safety of the staff and/or students at risk; (ii) is not properly exercising its

fiduciary obligations to protect and preserve the Academy's public funds and property; (iii) has lost its right to occupancy of the physical facilities described in Section 6.11, and cannot find another suitable physical facility for the Academy prior to the expiration or termination of its right to occupy its existing physical facilities; (iv) has failed to secure or has lost the necessary fire, health, and safety approvals as required by Schedule 6; or (v) has willfully or intentionally violated this Contract or Applicable Law, the University President may immediately suspend the Contract. If the conditions or circumstances involve an alleged violation of Sections 10.5(e) or (f), the University President is authorized to suspend the Contract immediately pending completion of the procedures set forth in Section 10.6. Unless otherwise specified in the suspension notice, the Academy shall cease operations on the date on which the suspension notice is issued. A copy of the suspension notice, setting forth the grounds for suspension, shall be sent to the Academy Board and to the Hearing Panel if applicable. If this subsection is implemented, the notice and hearing procedures set forth in Section 10.6 shall be expedited as much as possible.

b) Disposition of State School Aid Funds. Notwithstanding any other provision of the Contract, any state school aid funds received by the University Board after a decision by the University President to suspend the Contract may be retained by the University Board for the Academy until the Contract is reinstated, or shall be returned to the Michigan Department of Treasury.

c) Immediate Revocation Proceeding. If the Academy Board, after receiving a Suspension Notice from the University President continues to engage in conduct or activities that are covered by the suspension notice, the Hearing Panel may immediately convene a Revocation Hearing in accordance with the procedures set forth in Section 10.6(e) of the Terms and Conditions. The Hearing Panel has the authority to accelerate the time line for revoking the Contract, provided that notice of the revocation hearing shall be provided to the University Charter Schools Office and the Academy Board at least five (5) days before the hearing. If the Hearing Panel determines that the Academy Board has continued to engage in conduct or activities that are covered by the suspension notice, the Hearing Panel may recommend revocation of the Contract. The University Board shall proceed to consider the Hearing Panel's recommendation in accordance with Section 10.6(f) through (i).

Section 10.4 Statutory Grounds for Revocation. In addition to the grounds for an automatic revocation of the Contract as set forth in Section 10.7, this Contract may also be revoked by the University Board upon a determination by the University Board, pursuant to the procedures set forth in Section 10.6, that one or more of the following has occurred:

a) Failure of the Academy to demonstrate improved pupil academic achievement for all groups of pupils or meet the educational goals set forth in this Contract;

b) Failure of the Academy to comply with all Applicable Law;

c) Failure of the Academy to meet generally accepted public sector accounting principles and demonstrate sound fiscal stewardship; or

d) The existence of one or more other grounds for revocation as specified in this Contract.

Section 10.5. Other Grounds for University Board Revocation. In addition to the statutory grounds for revocation set forth in Section 10.4 and the grounds for an automatic revocation of the Contract set forth in Section 10.7, the University Board may revoke this Contract, pursuant to the procedures set forth in Section 10.6, upon a determination that one or more of the following has occurred:

a) The Academy is insolvent, has been adjudged bankrupt, or has operated for one or more school fiscal year(s) with a Fund Balance Deficit;

b) The Academy has insufficient enrollment to successfully operate the Academy, or the Academy has lost more than twenty-five percent (25%) of its student enrollment from the previous school year;

c) The Academy defaults in any of the terms, conditions, promises or representations contained in or incorporated into this Contract;

d) The Academy files amendments to its Articles of Incorporation with the Michigan Department of Licensing and Regulatory Affairs, Corporate Division, without first obtaining University President or Designee approval;

e) The University Board discovers grossly negligent, fraudulent or criminal conduct by the Applicant, the Academy's directors, officers, employees or agents in relation to their performance under this Contract;

f) The Applicant, the Academy's directors, officers or employees have provided false or misleading information or documentation to the University Board in connection with the University Board's approval of the Application, the issuance of this Contract, or the Academy's reporting requirements under this Contract or Applicable Law;

g) The Academy violates the site restrictions set forth in the Contract or the Academy operates at a site or sites without the prior written authorization of the University Board; or

h) The University Board, its trustees, officers, employees, agents or representatives are not included as third party beneficiaries under any educational management agreement entered into by the Academy for purposes of indemnifying such parties in accordance with Section 11.16 of the Terms and Conditions.

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

a) Notice of Intent to Revoke. The CSO Director, upon reasonable belief that such grounds for revocation of the Contract exist, shall notify the Academy Board of such grounds by issuing the Academy Board a Notice of Intent to Revoke for non-compliance with the Contract or Applicable Law. The Notice of Intent to Revoke shall be in writing and shall set forth in sufficient detail the alleged grounds for revocation.

b) Academy Board's Response. Within thirty (30) days of receipt of the Notice of Intent to Revoke, the Academy Board shall respond in writing to the alleged grounds for revocation. The Academy Board's response shall be addressed to the CSO Director, and shall either admit or deny the allegations of non-compliance. If the Academy's response includes admissions of non-compliance with the Contract or Applicable Law, the Academy Board's response must also contain a description of the Academy Board's plan and time line for correcting the non-compliance with the Contract or Applicable Law. If the Academy's response includes a denial of non-compliance with the Contract or Applicable Law, the Academy's response shall include sufficient documentation or other evidence to support a denial of non-compliance with the Contract or Applicable Law. A response not in compliance with this section shall be deemed to be non-responsive. As part of its response, the Academy Board may request that a meeting be scheduled with the CSO Director prior to a review of the Academy Board's response.

c) Plan of Correction. Within fifteen (15) days of receipt of the Academy Board's response or after a meeting with Academy Board representatives, whichever is sooner, the CSO Director shall review the Academy Board's response and determine whether a reasonable plan for correcting the deficiencies can be formulated. If the CSO Director determines that a reasonable plan for correcting the deficiencies set forth in the Notice of Intent to Revoke can be formulated, the CSO Director shall develop a plan for correcting the non-compliance ("Plan of Correction"). In developing a Plan of Correction, the CSO Director is permitted to adopt, modify or reject some or all of the Academy Board's response for correcting the deficiencies outlined in the Notice of Intent to Revoke. The Notice of Intent to Revoke shall be withdrawn if the CSO Director determines any of the following: (i) the Academy Board's denial of non-compliance is persuasive; (ii) the non-compliance set forth in the Notice of Intent to Revoke has been corrected by the Academy Board; or (iii) the Academy Board has successfully completed the Plan of Correction. In the event the Notice of Intent to Revoke is withdrawn, the CSO Director shall notify the Academy Board, in writing, of such withdrawal.

d) Plan of Correction May Include Conditions to Satisfy University Board's Contract Reconstitution Authority. As part of the Plan of Correction, the CSO Director may

reconstitute the Academy in an effort to improve student educational performance and to avoid interruption of the educational process. Reconstitution may include, but is not limited to, one of the following actions: (i) removal of 1 or more members of the Academy Board members; (ii) termination of at-will board appointments of 1 or more Academy Board members; (iii) withdrawing approval of a contract under Section 506 of the Code; (iv) the appointment of a new Academy Board of directors or a Conservator to take over operations of the Academy.; or (v) closure of an Academy site(s).

Reconstitution of the Academy does not prohibit the Department from issuing an order under section 507 of the Code, MCL 380.507, directing the automatic closure of the Academy's site(s).

e) Request for Revocation Hearing. The CSO Director may initiate a revocation hearing before the University Charter Schools Hearing Panel if the CSO Director determines that any of the following has occurred:

i) the Academy Board has failed to timely respond to the Notice of Intent to Revoke as set forth in Section 10.6(b);
ii) the Academy Board's response to the Notice of Intent to Revoke is non-responsive;
iii) the Academy Board's response admits violations of the Contract or Applicable Law which the CSO Director deems cannot be remedied or cannot be remedied in an appropriate period of time, or for which the CSO Director determines that a Plan of Correction cannot be formulated;
iv) the Academy Board's response contains denials that are not supported by sufficient documentation or other evidence showing compliance with the Contract or Applicable Law;
v) the Academy Board has not complied with part or all of a Plan of Correction established in Section 10.6(c);
vi) the Academy Board has engaged in actions that jeopardize the financial or educational integrity of the Academy; or
vii) the Academy Board has been issued multiple or repeated Notices of Intent to Revoke.

The CSO Director shall send a copy of the Request for Revocation Hearing to the Academy Board at the same time the request is sent to the Hearing Panel. The Request for Revocation Hearing shall identify the reasons for revoking the Contract.

f) Hearing before University Charter Schools Hearing Panel. Within thirty (30) days of the date of a Request for Revocation Hearing, the Hearing Panel shall convene a revocation hearing. The Hearing Panel shall provide a copy of the Notice of Hearing to the University Charter Schools Office and the Academy Board at least ten (10) days before the hearing. The purpose of the Hearing Panel is to gather facts surrounding the

CSO Director's request for Contract revocation, and to make a recommendation to the University Board on whether the Contract should be revoked. The revocation hearing shall be held at a location, date and time as determined by the CSO Director. The hearing shall be transcribed by a court reporter and the cost of the court reporter shall be divided equally between the University and the Academy. The CSO Director or his or her designee, and the Academy Board or its designee, shall each have equal time to make their presentation to the Hearing Panel. Although each party is permitted to submit affidavits and exhibits in support of their positions, the Hearing Panel will not hear testimony from any witnesses for either side. The Hearing Panel, may, however, question the CSO Director and one or more members of the Academy Board. Within thirty (30) days of the Revocation Hearing, the Hearing Panel shall make a recommendation to the University Board concerning the revocation of the Contract. In its discretion, the Hearing Panel may extend any time deadline set forth in this subsection. A copy of the Hearing Panel's recommendation shall be provided to the University Charter Schools Office and the Academy Board at the same time that the recommendation is sent to the University Board.

g) University Board Decision. If the Hearing Panel's recommendation is submitted to the University Board at least fourteen (14) days before the University Board's next regular meeting, the University Board shall consider the Hearing Panel's recommendation at its next regular meeting and vote on whether to revoke the Contract. The University Board reserves the right to modify, reject or approve all or any part of the Hearing Panel's recommendation. The University Board shall have available copies of the Hearing Panel's recommendation and the transcript of the hearing. The University Board may waive the fourteen (14) day submission requirement or hold a special board meeting to consider the Hearing Panel's recommendation. A copy of the University Board's decision shall be provided to the University Charter Schools Office, the Academy Board and the Department.

h) Effective Date of Revocation. If the University Board votes to revoke the Contract, the revocation shall be effective on the date of the University Board's act of revocation, or at a later date as determined by the University Board.

i) Disposition of State School Aid Funds. Notwithstanding any other provision of the Contract, any state school aid funds received by the University Board after a recommendation is made by the Hearing Panel to revoke the Contract, or a decision by the University Board to revoke the Contract, may be held by the University Board and returned to the Michigan Department of Treasury.

j) Disposition of District Code Number. Notwithstanding any other provision of the Contract, after a recommendation is made by the Hearing Panel to revoke the Contract, or a decision by the University Board to revoke the Contract, the district code number shall remain under the direction and control of the State Board of Education and/or its designated representative.

Section 10.7. Automatic Amendment of Contract; Automatic Termination of Contract if All Academy Sites Closed; Economic Hardship Termination. Except as otherwise noted in this Section, if the University Board is notified by the Department that an Academy site is subject to closure under section 507 of the Code, MCL 380.507 ("State's Automatic Closure Notice"), then this Contract shall automatically be amended to eliminate the Academy's authority to operate certain age and grade levels at the site or sites identified in the State's Automatic Closure Notice. If the State's Automatic Closure Notice includes all of the Academy's existing sites, then this Contract shall automatically be terminated at the end of the current school year in which the State's Automatic Closure Notice is received without any further action of the University Board or the Academy.

Following receipt of the State's Automatic Closure Notice the University Charter Schools Office Director shall forward a copy of the notice to the Academy Board and request a meeting with Academy Board representatives to discuss the Academy's plans and procedures for the elimination of certain age or grade levels at the identified site or sites, or if all of the Academy's existing sites are included in the notice, then wind-up and dissolution of the Academy corporation at the end of the current school year. All Academy inquiries and requests for reconsideration of the State's Automatic Revocation Notice, including the granting of any hardship exemption by the Department rescinding the State's Automatic Closure Notice ("Pupil Hardship Exemption"), shall be directed to the Department, in a form and manner determined by the Department.

If the Department rescinds the State's Automatic Closure Notice for an Academy site or sites by granting a Pupil Hardship Exemption, the Academy is not required to close the identified site(s), but shall present to the CSO the proposed Contract amendments incorporating the Department's school improvement plan, if applicable, for the identified site(s).

If the Department elects not to issue a Pupil Hardship Exemption and the CSO Director determines, in his or her discretion, that the closure of one or more sites as directed by the Department creates a significant economic hardship for the Academy as a going concern or the possibility of a mid-year school closure, then the CSO Director may recommend to the University Board that the Contract be terminated at the end of the current school year (hereinafter "Economic Hardship Termination"). If the University Board approves the Economic Hardship Termination recommendation, then this Contract shall terminate at the end of the current school year without any further action of the parties.

The University Board's revocation procedures set forth in Section 10.6 do not apply to an automatic termination initiated by the State's Automatic Closure Notice or an Economic Hardship Termination under this Section 10.7.

Section 10.8. Venue; Jurisdiction. The parties agree that all actions or proceedings arising in connection with this Contract will be tried and litigated only in the Circuit Court of Ottawa County, Michigan, the Michigan Court of Claims or the Federal District Court for the Western District of Michigan. The parties hereby irrevocably accept for themselves and in respect

of their property, generally and unconditionally, the jurisdiction of such courts. The parties irrevocably consent to the service of process out of any such courts in any such action or proceedings by the mailing of copies thereof by registered or certified mail, postage prepaid, to each such party, at its address set forth for notices in this Contract, such service to become effective ten (10) days after such mailing. The parties irrevocably waive any right they may have to assert the doctrine of forum non conveniens or to object to venue to the extent any proceedings is brought in accordance with this Section 10.8. This Section 10.8 shall not in any way be interpreted as an exception to the Academy's covenant not to sue contained in Section 11.8 of these Terms and Conditions.

Section 10.9. Conservator; Appointment by University President. Notwithstanding any other provision of the Contract, in the event that the health, safety, and welfare of the Academy students, property, or funds are at risk, the University President, after consulting with the University Board Chairperson, may appoint a person to serve as the Conservator of the Academy. Upon appointment, the Conservator shall have all the powers of a Board of Directors of a Public School Academy and act in the place and stead of the Academy Board. The University President shall appoint the conservator for a definite term which may be extended in writing. During the appointment, the Academy Board members are suspended and all powers of the Academy Board are suspended. All appointments made under this provision must be presented to the University Board for final determination at its next regularly scheduled meeting. During their appointment, the Conservator shall have the following powers:

a) take into his or her possession all Academy property and records, including financial, board, employment and student records;

b) institute and defend board actions by or on behalf of the Academy;

c) continue the business of the Academy including entering into contracts, borrowing money, and pledging, mortgaging, or otherwise encumbering the property of the Academy as security for the repayment of loans. However, the power shall be subject to any provisions and restrictions in any existing credit documents;

d) hire, fire, and discipline employees of the Academy;

e) settle or compromise with any debtor or creditor of the Academy, including any taxing authority;

f) review all outstanding agreements to which the Academy is a party and to take those actions which the Academy Board may have exercised to pay, extend, rescind, renegotiate, or settle such agreements as needed; and

g) perform all acts necessary and appropriate to fulfill the Academy's purposes as set forth under the Code or this Contract.

ARTICLE XI

PROVISIONS RELATING TO PUBLIC SCHOOL ACADEMIES

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

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

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

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

a) Property insurance covering all of the Academy's Real and Personal property, whether owned or leased;

b) Commercial General Liability with a minimum of one million dollars ($1,000,000) per occurrence and two million dollars ($2,000,000) aggregate (Occurrence Form). Coverage must include Sexual Abuse and Molestation and Corporal Punishment coverage. Policies may be written on either an occurrence or claims made basis. If the coverage is claims made, the retroactive date must be the same or before the date of the original contract, and in the event that the Academy goes out of business, the Academy must purchase the longest-available tail coverage;

c) Auto Liability (Owned and Non-Owned) with a minimum of one million dollars ($1,000,000) Combined Single Limit covering Hired and Non-Owned Autos, as well as Owned Autos if applicable;

d) Workers' Compensation or Worker' Compensation without employees (this is considered minimum premium, "if any" insurance) (statutory limits) and Employers' Liability insurance with a minimum limit of one million dollars ($1,000,000) for each coverage part;

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 and third party coverage insuring cash, securities, and property, with a minimum of five hundred thousand dollars ($500,000); and

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

h) Umbrella with a minimum $4,000,000 limit each occurrence and aggregate. Alternatively, an Umbrella policy with an unlimited aggregate is acceptable at a $2,000,000 per occurrence limit.

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

The Academy shall list the University Board and the University on the insurance policies coverage listed in (b), (c), (e), (g), and (h) above, as Additional Insured on a primary and noncontributory basis. 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 with copies of all insurance certificates and endorsements required by this Contract. Upon request, and within 10 days of the request, the Academy shall also provide to the University Charter Schools Office an entire copy of the insurance policies. Failure of the University to request or collect the policies does not affect the obligations of the Academy under the terms of this contract. The Academy may expend funds for payment of the cost of participation in an accident or medical insurance program to insure protection for pupils while attending school or participating in a school program or activity. Other insurance policies and higher minimum may be required depending upon academic offerings and program requirements.

The Academy understands that the University's insurance carrier periodically reviews the types and amounts of insurance coverage that the Academy must secure in order for the University to maintain insurance coverage for authorization and oversight of the Academy. In the event that the University's insurance carrier requests additional changes in coverage identified in this Section 11.4, the Academy agrees to comply with any additional changes in the types and amounts of coverage requested by the University's insurance carrier within thirty (30) days after notice of the insurance coverage change.

Section 11.5. The Academy Budget; Transmittal of Budgetary Assumptions; Budget Deficit; Enhanced Deficit Elimination Plan. The Academy agrees to comply with all of the following:

a) The Academy Board is responsible for establishing, approving, and amending an annual budget in accordance with the Uniform Budgeting and Accounting Act, MCL 141.421 et seq.

b) Within ten (10) days after adoption by the Academy Board (but not later than July 1st) each year, the Academy Board shall submit to the Charter Schools Office a copy of its annual budget for the upcoming fiscal year. The budget must detail budgeted expenditures at the object level as described in the Michigan Department of Education's Michigan School Accounting Manual. In addition, the Academy Board is responsible for approving all revisions and amendments to the annual budget. Within 10 days after Academy Board approval, revisions or amendments to the Academy's budget shall be submitted to the Charter Schools Office.

c) Unless exempted from transmitting under section 1219 of the Code, MCL 380.1219, the Academy, on or before July 7th of each school fiscal year, shall transmit to the Center for Educational Performance and Information ("CEPI") the budgetary assumptions used when adopting its annual budget pursuant to the Uniform Budgeting and Accounting Act, MCL 141.421 et seq.

d) The Academy shall not adopt or operate under a deficit budget, or incur an operating deficit in a fund during any fiscal year. At any time during the term of this Contract, the Academy shall not have an existing deficit fund balance, incur a deficit fund balance, or adopt a current year budget that projects a deficit fund balance. If the Academy has an existing deficit fund balance, incurs a deficit fund balance in the most recently completed school fiscal year, or adopts a current year budget that projects a deficit fund balance, all of the following apply:

   (i) The Academy shall notify the Superintendent and the State Treasurer immediately upon the occurrence of the circumstance, and provide a copy of the notice to the Charter Schools Office.

   (ii) Within 30 days after making notification under subdivision (d)(i), the Academy shall submit to the Superintendent in the form and manner prescribed by the Department an amended budget for the current school fiscal year and a deficit elimination plan approved by the Academy Board, with a copy to the State Treasurer. The Academy shall transmit a copy of the amended budget and the deficit elimination plan to the Charter Schools Office.

   (iii) After the Superintendent approves the Academy's deficit elimination plan, the Academy shall post the deficit elimination plan on the Academy's website.

(e) If the Academy is required by the State Treasurer to submit an enhanced deficit elimination plan under section 1220 of the Code, MCL 380.1220, the Academy shall do all of the following:

(i) The enhanced deficit elimination plan shall be approved by the Academy Board before submission.

(ii) After the State Treasurer approves an enhanced deficit elimination plan for the Academy, the Academy shall post the enhanced deficit elimination plan on the Academy's website.

(iii) Submit to the Superintendent and State Treasurer an enhanced monthly monitoring reports in a form and manner prescribed by the State Treasurer and post such monthly reports on the Academy's website.

Section 11.6. Transportation. The Academy Board may enter into contract with other school districts or other persons, including municipal and county governments, for the transportation of the Academy students to and from school and for field trips. In addition, the Academy Board may use funds received from state school aid payments to pay for student transportation. In the event that the Academy Board contracts for transportation services, the Academy Board shall ensure that the company providing the transportation services is properly licensed in accordance with Applicable Law, and that the company conducts criminal background and history checks on its drivers and other personnel who have direct contact with pupils in accordance with the Code.

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

Section 11.8. Legal Liabilities and Covenants Not to Sue. The Academy and Academy Board members acknowledge and agree that they have no authority to extend the faith and credit of the University or to enter into a contract that would bind the University. The Academy also is limited in its authority to contract by the amount of funds obtained from the state school aid fund, as provided hereunder, or from other independent sources. The Academy and Academy Board members hereby agrees and covenants not to sue the University Board, the University or any of its trustees, officers, employees, agents or representatives for any matters that arise under this Contract or otherwise. The University does not assume any obligation with respect to any Academy Director, employee, agent, parent, guardian, or independent contractor of the Academy, and no such person shall have the right or standing to bring suit against the University Board, the University or any of its Trustees, employees, agents, or independent contractors as a result of the issuing, termination or revocation of this Contract.

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

Any lease agreement entered into by the Academy shall include a termination provision permitting the Academy to terminate the lease, without cost or penalty to the Academy, in the event that the Academy is required to close an Academy site covered by the lease (i) pursuant to a notice issued by the Department under Section 507 of the Code, MCL 380.507; or (ii) pursuant to a reconstitution by the University pursuant to Section 507 of the Code, MCL 380.507 and these Contract Terms and Conditions. The provision shall also provide that the lessor/landlord shall have no recourse against the Academy or the University Board for implementing the site closure or reconstitution. Nothing in this paragraph shall prevent the lessor/landlord from receiving lease payments owned prior to site closure or reconstitution, or relieve the Academy from paying any costs or expenses owed under the lease prior to site closure or reconstitution.

Section 11.10. Occupancy and Safety Certificates. The Academy Board shall: (i) ensure that all physical facilities comply with all fire, health and safety standards applicable to schools; and (ii) possess the necessary occupancy and safety certificates. The Academy Board shall not conduct classes at any site until the Academy has complied with this Section 11.10. Copies of these certificates shall be incorporated into the Schedules.

Section 11.11. Criminal Background and History Checks; Disclosure of Unprofessional Conduct. The Academy shall comply with the Code concerning criminal background and criminal history checks for its teachers, school administrator(s), and for any other position requiring State Board approval. In addition, the Academy shall comply with the Code concerning the disclosure of unprofessional conduct by persons applying for Academy employment. This Section 11.11 shall apply to such persons irrespective of whether they are employed by the Academy or employed by an educational service provider contracting with the Academy.

Section 11.12. Special Education. Pursuant to Section 1701a of the Code, the Academy shall comply with Article III, Part 29 of the Code, MCL 380.1701 et seq., concerning the provision of special education programs and services at the Academy. Upon receipt, the Academy shall notify the Charter Schools Office of any due process or state complaint filed against the Academy.

Section 11.13. Deposit of Public Funds by the Academy. The Academy Board agrees to comply with Section 1221 of the Revised School Code, being MCL 380.1221, regarding the deposit of all public or private funds received by the Academy. Such deposit shall be made within three (3) business days after receipt of the funds by the Academy.

Section 11.14. Nonessential Elective Courses. If the Academy Board elects to provide nonessential elective courses to part-time pupils at a nonpublic school building, the Academy shall comply with Section 1766b of the State School Aid Act of 1979, as amended, MCL 388.1766b. Prior to providing instruction, the Academy Board shall ensure that the Academy

has sufficient documentation to qualify for part-time pupil funding under the State School Aid Act. The provision of nonessential elective courses by the Academy shall be incorporated into this Contract as an amendment pursuant to Article IX of these Terms and Conditions.

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

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

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

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

State University and its Board of Trustee members, officers, employees, agents or representatives may commence legal action against either party to enforce its rights as set forth in this Agreement."

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

"Compliance with Academy's Contract. The ESP agrees to perform its duties and responsibilities under this Agreement in a manner that is consistent with the Academy's obligations under the Academy's Contract issued by Grand Valley State University Board of Trustees. The provisions of the Academy's Contract shall supersede any competing or conflicting provisions contained in this Agreement."

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

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

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

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

1. Roles and responsibilities of the parties
2. Services and resources provided by the ESP

3. Fee or expense payment structure
4. Financial control, oversight, and disclosure
5. Renewal and termination of the agreement

Section 11.18. Incompatible Public Offices and Conflicts of Interest Statutes. The Academy shall comply with the Incompatible Public Offices statute, Act No. 566 of the Public Acts of 1978, being MCL 15.181 to 15.185 of the Michigan Compiled Laws, and the Contracts of Public Servants with Public Entities statute, Act No. 317 of the Public Acts of 1968, being MCL 15.321 to 15.330 of the Michigan Compiled Laws. The Academy Board shall ensure compliance with Applicable Law relating to conflicts of interest. Notwithstanding any other provision of this Contract, the following shall be deemed a prohibited conflict of interest for purposes of this Contract:

(a) An individual simultaneously serving as an Academy Board member and an owner, officer, director, employee or consultant of an educational service provider or an employee leasing company that has an ESP agreement with the Academy;

(b) An individual simultaneously serving as an Academy Board member and an Academy employee;

(c) An individual simultaneously serving as an Academy Board member and an independent contractor to the Academy;

(d) An individual simultaneously serving as an Academy Board member and as a member of the governing board of another public school; and

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

Section 11.19. Certain Familial Relationships Prohibited. The Academy Board shall prohibit specifically identified family relationships pursuant to applicable law and the Terms and Conditions of this contract. Notwithstanding any other provision of this Contract, the following shall be deemed prohibited familial relationships for the purposes of this Contract:

(a) No person shall be appointed or reappointed to serve as an Academy Board member if the person's mother, mother-in-law, father, father-in-law, son, son-in-law, daughter, daughter-in-law, sister, sister-in-law, brother, brother-in-law, spouse or same-sex domestic partner:

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

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

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

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

Section 11.23. Information Available to the Public and University.

(a) Information to be provided by the Academy. In accordance with Applicable Law, the Academy shall make information concerning its operation and management, including without limitation information in Schedule 6, available to the public and University in the same manner and to the same extent as is required for public schools and school districts.

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

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

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

Section 11.26. Student Privacy. In order to protect the privacy of students enrolled at the Academy, the Academy board, subject to Section 11.29, shall not:

a) Sell or otherwise provide to a for-profit business entity any personally identifiable information that is part of a pupil's education records. This does not prohibit the Academy Board from:

   i. for students enrolled in the Academy, providing such information to an educational management organization that has a contract with the Academy and whose contract has not been disapproved by the University;

   ii. providing the information to a person or entity as necessary for standardized testing that measures a student's academic progress and achievement; or

   iii. providing the information as necessary to a person that is providing educational support services to the student under a contract with either the Academy or an educational management organization that has a contract with the Academy and whose contract has not been disapproved by the University.

b) The terms "education records" and "personally identifiable information" shall have the same meaning as defined in 34 CFR 99.3.

Section 11.27. Disclosure of Information to Parents and Legal Guardians, Subject to Section 11.29.

a) Within thirty (30) days after receiving a written request from a student's parent or legal guardian, the Academy shall disclose without charge to the student's parent or legal guardian any personally identifiable information concerning the student that is collected or created by the Academy as part of the student's education records.

b) Except as otherwise provided in this subsection (b) and within thirty (30) days after receiving a written request from a student's parent or legal guardian, the Academy shall disclose to a student's parent or legal guardian without charge any personally identifiable information provided to any person, agency, or organization. The Academy's disclosure shall include the specific information that was disclosed, the name and contact information of each person, agency, or organization to which the information has been disclosed; and the legitimate reason that the person, agency, or organization had in obtaining the information. The parental disclosure requirement does not apply to information that is provided:

   i. to the Department or CEPI;
   ii. to the student's parent or legal guardian;
   iii. by the Academy to the University or to the educational management organization that has an educational service provider agreement that has not been disapproved by the University;

iv. by the Academy to the Academy's intermediate school district or another intermediate school district providing services to the Academy or the Academy's students pursuant to a written agreement;
v. to the Academy by the Academy's intermediate school district or another intermediate school district providing services to pupils enrolled in the Academy pursuant to a written agreement;
vi. to the Academy by the University;
vii. to a person, agency, or organization with written consent from the student's, parent or legal guardian, or from the student if the student is at least 18 years of age;
viii. to a person, agency, or organization seeking or receiving records in accordance with an order, subpoena, or ex parte order issued by a court of competent jurisdiction;
ix. as necessary for standardized testing that measures a student's academic progress and achievement; or
x. in the absence of, or in compliance with, a properly executed opt-out form, as adopted by the Academy in compliance with section 1136(6) of the Code, pertaining to uses for which the Academy commonly would disclose a pupil's "directory information."

c) If the Academy considers it necessary to make redacted copies of all or part of a student's education records in order to protect personally identifiable information of another student, the Academy shall not charge the parent or legal guardian for the cost of those redacted copies.

d) The terms "education records," "personally identifiable information," and "directory information" shall have the same meaning as defined in MCL 380.1136(8)(g) and 34 CFR 99.3.

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

a) Subject to Section 11.29, the Academy shall do all of the following:

i. Develop a list of uses (the "Uses") for which the Academy commonly would disclose a student's directory information.
ii. Develop an opt-out form that lists all of the Uses and allows a student's parent or guardian to elect not to have the student's directory information disclosed for 1 or more of the Uses.
iii. Present the opt-out form to each student's parent or guardian within the first thirty (30) days of the school year and at other times upon request.
iv. If an opt-out form is signed and submitted to the Academy by a student's parent or guardian, then the Academy shall not include the student's

directory information in any of the Uses that have been opted out of in the opt-out form.

b) The terms "directory information" shall have the same meaning as defined in 34 CFR 99.3.

Section 11.29. Confidential Address Restrictions.

a) The Academy shall not disclose the confidential address of a student if the student or the student's parent or legal guardian has obtained a participation card issued by the department of the attorney general under the address confidentiality program act and the parent or legal guardian provides notice of the issuance of the participation card in a form and manner prescribed by the Michigan Department of Education.

b) The term "confidential address" shall have the same meaning as defined in MCL 380.1136.

Section 11.30. Partnership Agreement. If the Department and State Reform Office imposes a partnership agreement on the Academy, the Academy shall work collaboratively with the Department, the State Reform Office, and other partners to implement the partnership agreement. In the event that a provision in the partnership agreement is inconsistent with a provision in this Contract, this Contract shall control.

Section 11.31. Statewide Safety Information Policy. The Academy shall adopt and adhere to the statewide school safety information policy required under Section 1308 of the Code, MCL 380.1308. The statewide school safety information policy may also address Academy procedures for reporting incidents involving possession of a dangerous weapon as required under Section 1313 of the Code, MCL 380.1313.

Section 11.32. Criminal Incident Reporting Obligation. Within twenty-four (24) hours after an incident occurs, the Academy shall provide a report to the Michigan State Police, in a form and manner prescribed by State Police, after either of the following: (i) an incident involving a crime that must be reported under Section 1310a(2) of the Code, MCL 380.1310a(2); or (ii) an incident, if known to the Academy, involving the attempted commission of a crime that must be reported under Section 1310a(2) of the Code, MCL 380.1310a(2). Failure to comply may result in the Academy being ineligible to receive any school safety grants from the Michigan State Police for the fiscal year in which the noncompliance is discovered by State Police.

Section 11.33. Academy Emergency Operations Plan.

a) Beginning in the 2019-2020 school year, and at least biennially thereafter, the Academy shall, in conjunction with at least 1 law enforcement agency having jurisdiction over the Academy, conduct either (i) a review of the Academy's emergency operations plan, including a review of the vulnerability assessment; or (ii) a review of the Academy's statewide school safety information policy, as applicable.

b) Not later than January 1, 2020, the Academy shall either (i) develop an emergency operations plan for each school building, including recreational structure or athletic field, operated by the Academy with input from the public; or (ii) adopt a statewide school safety information policy under Section 1308 of the Code, MCL 380.1308. The emergency operations plan or statewide school safety information policy shall comply with Section 1308b(3) of the Code, MCL 380.1308b(3). Within thirty (30) days, the Academy shall provide to the Department, in a form and manner determined by the Department, notice of the adoption of an emergency plan or the completion of an emergency operations plan review, as applicable.

Section 11.34. School Safety Liaison. The Academy Board shall designate a liaison to work with the School Safety Commission created under Section 5 of the Comprehensive School Safety Plan Act created under Public Act 548 of 2018, MCL 28.805 and the Office of School Safety created under MCL 28.681. The Liaison shall be an individual employed or assigned to regularly and continuously work under contract in the school operated by the Academy. The Liaison shall work with the School Safety Commission and the Office of School Safety to identify mode practices for determining school safety measures.

Section 11.35. New Building Construction or Renovations. The Academy shall not commence construction on a new school building or the major renovation of an existing school building unless the Academy consults on the plans of the construction or major renovation regarding school safety issues with the law enforcement agency that is or will be the first responder for that school building. School building includes either a building intended to be used to provide pupil instruction or a recreational or athletic structure or field used by pupils.

Section 11.36. Annual Expulsion Report and Website Report on Criminal Incidents. On an annual basis, the Academy Board shall do the following:

(i) prepare and submit to the Superintendent, in a form and manner prescribed by the Superintendent, a report stating the number of pupils expelled from the Academy during the immediately preceding school year, with a brief description of the incident causing each expulsion;

(ii) post on its website, in a form and manner prescribed by the Superintendent, a report on the incidents of crime occurring at schools operated by the Academy. Each school building shall collect and keep current on a weekly basis the information required for the website report, and must provide that information, within seven (7) days upon request; and

(iii) make a copy of the report on the incidents of crime, disaggregated by school building, available to the parent or legal guardian of each pupil enrolled in the Academy.

Section 11.37. K to 3 Reading. If the Academy offers Kindergarten through Third grade, the Academy shall comply with Section 1280f of the Code, MCL 380.1280f. The Academy shall ensure that all required actions, notices, and filings required under Section 1280f, MCL 380.1280f, are timely completed.

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: Lincoln-King Adams-Young Academy
Attn: Board President
13130 Grove Street
Detroit, MI 48235

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

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

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

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

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

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

Section 12.7. Indemnification. As a condition to receiving a grant of authority from the University Board to operate a public school pursuant to the terms and conditions of this Contract, the Academy agrees to indemnify and hold the University Board, the University and its Board of Trustees members, officers, employees, agents or representatives harmless from all claims, demands, or liability, including attorney fees, and related expenses, on account of injury, loss or damage, including, without limitation, claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage or any other losses of any kind whatsoever and not caused by the sole negligence of the University, which arise out of or are in any manner connected with the University Board's receipt, consideration or approval of the Application, the University Board's approval of the Method of Selection Resolution or the Authorizing Resolution, legal challenges to the validity of Part 6a of the Code or actions taken by the University Board as an authorizing body under Part 6a of the Code, the University Board's consideration of or issuance of a Contract, the Academy's preparation for and operation of a public school, or which are incurred as a result of the reliance of the University Board, the University and its Board of Trustees members, officers, employees, agents or representatives upon information supplied by the Academy, or which arise out of the failure of the Academy to perform its obligations under this Contract. The foregoing provision shall not be deemed a relinquishment or waiver of any kind of Section 7 of the Governmental Liability for Negligence Act, being Act No. 170, Public Acts of Michigan, 1964.

Section 12.8. Construction. This Contract shall be construed fairly as to both parties and not in favor of or against either party, regardless of which party prepared the Contract.

Section 12.9. Force Majeure. If any circumstances occur which are beyond the control of the parties, which delay or render impossible the obligations of one or both of the parties, the parties' obligations to perform such services shall be postponed for an equivalent period of time or shall be canceled, if such performance has been rendered impossible by such circumstances.

Section 12.10. No Third Party Rights. This Contract is made for the sole benefit of the Academy and the University Board and no other person or entity, including without limitation, the ESP. Except as otherwise provided, nothing in this Contract shall create or be deemed to create a relationship between the parties hereto, or either of them, and any third person, including a relationship in the nature of a third party beneficiary or fiduciary.

Section 12.11. Non-agency. It is understood that the Academy is not the agent of the University.

Section 12.12. Governing Law. This Contract shall be governed and controlled by the laws of the State of Michigan as to interpretation, enforcement, validity, construction, and effect, and in all other respects.

Section 12.13. Counterparts. This Contract may be executed in any number of counterparts. Each counterpart so executed shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

Section 12.14. Term of Contract. This Contract shall commence on July 1, 2026, and shall remain in full force and effect for three (3) years until June 30, 2029, unless sooner revoked or terminated according to the terms hereof.

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

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

Section 12.17. Disposition of Academy Assets Upon Termination or Revocation of Contract. Following termination or revocation of the Contract, the Academy shall follow the applicable wind-up and dissolution provisions set forth in the Academy's articles of incorporation, Part 6A of the Code, and Applicable Law.

Section 12.18. University Board or CSO General Policies on Public School Academies Shall Apply. Notwithstanding any provision of this Contract to the contrary, and with the exception of existing University Board or CSO policies regarding public school academies which shall apply immediately, University Board or CSO general policies clarifying procedure and requirements applicable to public school academies under this Contract, as from time to time adopted or amended, will automatically apply to the Academy, provided they are not inconsistent with provisions of this Contract. Before issuing general policies under this Section, the University Board or the CSO shall provide a draft of the proposed policies to the Academy Board. The Academy Board shall have at least thirty (30) days to provide comment to the CSO on the proposed policies before such policies shall become effective.

[INTENTIONALLY LEFT BLANK]

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

GRAND VALLEY STATE UNIVERSITY
BOARD OF TRUSTEES

By: _____
University President or his/her designee

As the authorized representative of the Academy, I hereby certify that the Academy is able to comply with the Contract and all Applicable Law, and that the Academy, through its governing board, has approved and agreed to comply with and be bound by the terms and conditions of this Contract.

LINCOLN-KING ADAMS-YOUNG ACADEMY

By: _____
Academy Board President