NORTHERN MICHIGAN UNIVERSITY BOARD OF TRUSTEES

A CONTRACT TO CHARTER A PUBLIC SCHOOL ACADEMY AND RELATED DOCUMENTS

ISSUED BY

NORTHERN MICHIGAN UNIVERSITY BOARD OF TRUSTEES
(AUTHORIZING BODY)

TO

WALTON CHARTER ACADEMY
(A PUBLIC SCHOOL ACADEMY)

July 1, 2011
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NORTHERN MICHIGAN UNIVERSITY BOARD OF TRUSTEES
PUBLIC SCHOOL ACADEMY AUTHORIZING BODY

WHEREAS, the Northern Michigan University Board of Trustees (the “University Board”), as the governing body of a state public university, is an authorizing body empowered to authorize and issue contracts to operate Public School Academies and Schools of Excellence, and to establish the method of selection, length of term, and number of members of a School of Excellence’s Board of Directors; and

WHEREAS, the University Board previously approved Walton Charter Academy’s (the “Academy”) Application to Charter a Public School Academy and authorized the issuance of a Contract to Charter a Public School Academy; and

WHEREAS, the Michigan Legislature has provided for the establishment of Schools of Excellence by enacting Part 6e of the Revised School Code setting forth the criteria that an existing public school academy must meet to be considered for conversion to a School of Excellence; and

WHEREAS, the Academy’s Contract to Charter a Public School Academy will expire on June 30, 2011 and the Academy has applied to the University Board seeking to convert the Academy to a School of Excellence and requested that the University Board issue a Contract to Charter a School of Excellence (“Charter Contract”) under Part 6e of the Revised School Code, MCL 380.551, et seq., for a term of five years; and

WHEREAS, the University Charter Schools Office has completed its evaluation and assessment of the Academy’s operation and performance and reviewed the Academy’s application for the issuance of the Charter Contract and determined that the Academy satisfies the criteria set forth by the University Board and applicable law and, therefore, recommends to the University Board that the University Board should issue the Charter Contract for a term not to exceed five years.

NOW, THEREFORE, BE IT RESOLVED, the University Board approves and authorizes the execution of a Contract to Charter a School of Excellence to the Academy for a term of not more than five years and authorizes the Charter Schools Office Director to execute a Contract to Charter as a School of Excellence and related documents between the Academy and the Northern Michigan University Board of Trustees, provided that, before executing the Charter Contract, the University Charter School Office Director affirms that all Charter Contract terms have been agreed upon and the Academy is able to comply with the terms and conditions of the Charter Contract and applicable law.

BE IT FURTHER RESOLVED:

1. The University Board establishes the method of selection, length of term, and number of members of the Academy’s Board of Directors, as follows:

   a. Method of Selection. The University Board shall prescribe the methods of appointment for members of the Academy Board. The University’s Director of Charter Schools is authorized to develop and administer an academy board selection and appointment
process that includes a Public School Academy Board Member Questionnaire and is in accord with these policies:

i. The University Board shall appoint the initial and subsequent Academy Board of Directors by formal resolution. The University’s Director of Charter Schools shall recommend nominees to the University Board based upon a review of the Public School Academy Board Member Questionnaire and each nominee’s resume. Each nominee shall be available for interview by the University Board or its designee. The University Board may reject any and all Academy Board nominees.

ii. The Academy Board, by resolution and majority vote, shall nominate its subsequent members, except as provided herein. Nominees shall submit the Public School Academy Board Member Questionnaire for review by the University’s Charter Schools Office. The University Board shall appoint subsequent members of the public school academy board of directors by resolution, except as prescribed by subparagraph (4) of this provision. If the University Board elects not to appoint any of the Academy Board’s nominees for a vacant position on the Academy Board, it may nominate and appoint an Academy Board member of its own choosing for that vacant position, or it may request additional nominees from the Academy Board.

iii. An individual appointed to fill a vacancy created other than by expiration of the term shall be appointed for the unexpired term of that vacant position.

iv. Under exigent conditions, and with the approval of the University Board’s Chair, the University’s Director of Charter Schools may appoint a qualified individual to the Academy Board. All appointments made under this provision must be presented to the University Board for final determination at its next regularly scheduled meeting. The University Board reserves the right to review, rescind, modify, ratify, or approve any appointments made under the exigent conditions provision.

b. **Length of Term.** The term of each member of the Academy’s Board of Directors shall be for a period of three (3) years, except that the members first appointed, approximately one-third shall be appointed for a term of three (3) years, approximately one-third shall be appointed for two (2) years, and approximately one-third shall be appointed for one (1) year. At its organizational meeting, the Academy Board shall designate a term for each of the initial board members appointed by the University Board. All subsequent appointments shall be for a three (3) year staggered terms. The terms for each position shall begin on July 1st and end on June 30th of the pertinent year, except the terms of the initial positions, which shall begin upon appointment and end on June 30th of the pertinent year.

c. **Number of Directors.** The initial number of board member positions on the Academy’s Board of Directors shall be five (5). The number of board member positions shall never be fewer than five (5) nor more than nine (9), as determined from time to time by the University Board. If the Academy Board fails to attain or maintain its full membership
by making appropriate and timely nominations, the University Board, or its designee, may deem that failure an exigent condition.

d. **Qualifications of Members.** The members of the Academy’s Board of Directors shall include (1) a parent or guardian of a child attending the school; and (2) one professional educator, preferably a person with school administrative experience. The members of the Academy’s Board of Directors shall not include (1) any member appointed or controlled by another profit or non-profit corporation; (2) employees of the Academy; (3) any director, officer, or employee of a management company that contracts with the Academy; and (4) University officials or employees. A vacancy may be left on the initial board for a parent or guardian representative.

e. **Oath.** All members of the Academy’s Board of Directors shall take and sign the constitutional oath of office, and shall cause a copy of such oath of office to be filed with the University Board designee. No appointment shall be effective prior to the taking and signing of the oath of office.

f. **Removal of Members.** Any Academy board member may be removed with or without cause by the University Board at any time, or with cause by a two-thirds (2/3) vote of the Board of Directors of the Academy.

g. **Tenure.** Each Academy board member shall hold office until the Director’s replacement, death, resignation, removal or until the expiration of the term, whichever occurs first.

h. **Resignation.** Any Academy board member may resign at any time by providing written notice to the Academy. Notice of resignation will be effective upon receipt or at a subsequent time designated in the notice. Any Academy board member who fails to attend three (3) consecutive Academy board meetings without prior notification to the Academy Board President, may, at the option of the Academy Board, the University Board, or its designee, be deemed to have resigned, effective at a time designated in a written notice sent to the resigning Academy board member. A successor shall be appointed as provided by the method of selection adopted by the University Board.

i. **Board Vacancies.** An Academy board vacancy shall occur because of death, resignation, removal, failure to maintain residency in the State of Michigan, disqualification, enlargement of the Academy Board, or as specified in the Code. Any vacancy shall be filled as provided by the method of selection adopted by the University Board.

j. **Compensation.** An Academy Board member shall serve as a volunteer director. By resolution of the Academy Board, the Academy Board members may be reimbursed for their reasonable expenses incidental to their duties as public school academy board members.
k. **Initial Members of the Board of Directors.** The University Board conditionally appoints the following persons to serve as the initial members of the Academy’s Board of Directors, subject to the University Board’s receipt of a satisfactory criminal background report on each Academy Board Member:

Maria Carl  
5754 Woodhall Street  
Detroit, MI 48224

Kim Champion  
19352 Strathmoor  
Detroit, MI 48235

Anthony Colbert  
2625 Konrad Ct.  
Auburn Hills, MI 48326

Sherry Harper  
16759 Highland Lane  
Northville, MI 48168

Gordon May  
1830 Jason Circle  
Rochester Hills, MI 48306

2. The University Board authorizes the initial members of the Academy’s Board of Directors to incorporate the public school academy corporation, hold its organizational meeting and hold such other meetings as deemed necessary by the Academy Board.

3. The Academy shall cease to operate as a public school academy under Part 6A of the Revised School Code and the Contract to Charter a Public School Academy shall terminate upon the execution of the Charter Contract or at such other time as determined by the University President or designee.

I, the undersigned, as Secretary of the Northern Michigan University Board of Trustees, do hereby certify the foregoing Resolution was adopted by the Northern Michigan University Board of Trustees at a public meeting held on the 29th day of April, 2011, with a vote of _6_ for, _1_ opposed, and _0_ abstaining.

Theresa Ncase, Secretary, Board of Trustees
CONTRACT TERMS
AND CONDITIONS
TERMS AND CONDITIONS
OF CONTRACT

DATED: JULY 1, 2011

ISSUED BY
NORTHERN MICHIGAN UNIVERSITY BOARD OF TRUSTEES

TO
WALTON CHARTER ACADEMY
(A SCHOOL OF EXCELLENCE)

CONFIRMING THE STATUS OF
WALTON CHARTER ACADEMY

AS A
SCHOOL OF EXCELLENCE
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WHEREAS, the People of Michigan through their Constitution have provided that schools and the means of education shall forever be encouraged and have authorized the Legislature to maintain and support a system of free public elementary and secondary schools; and

WHEREAS, all public schools are subject to the leadership and general supervision of the State Board of Education; and

WHEREAS, the Legislature has authorized an alternative form of public school designated a "school of excellence" to be created to serve the educational needs of pupils and has provided that pupils attending these schools shall be eligible for support from the State School Aid Fund; and

WHEREAS, the Legislature has delegated to the governing boards of state public universities, community college boards, including tribally controlled community college boards, intermediate school district boards and local school district boards, the responsibility for authorizing the establishment of public school academies; and

WHEREAS, the University Board has considered the authorization of the Academy and has approved the issuance of a contract to the Academy;

NOW, THEREFORE, pursuant to the Code, the University Board grants a contract conferring certain rights, franchises, privileges, and obligations of a school of excellence and confirms the status of a school of excellence in this state to the Academy. In addition, the parties agree that the granting 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 initially capitalized, shall have the meaning set forth in this Section:

(a) "Academy" means the Michigan nonprofit corporation named Walton Academy which is established as a school of excellence pursuant to this Contract.

(b) "Academy Board" means the Board of Directors of the Academy.

(c) "Applicable Law" means all state and federal law applicable to public school academies.

(d) "Application" means the school of excellence application and supporting documentation submitted to the University Board for the establishment of the Academy.
(e) "Charter Schools Office" or "CSO" means the office designated by the University Board as the initial point of contact for school of excellence applicants and public school academies authorized by the University Board. The Charter Schools Office is also responsible for administering the University Board’s responsibilities with respect to the Contract.

(f) "Charter Schools Officer" or "CSO Officer" means the person designated by the University Board to administer the operations of the Charter Schools Office.

(g) "Code" means the Revised School Code, Act No. 451 of the Public Acts of 1976, as amended, being Sections 380.1 to 380.1852 of the Michigan Compiled Laws.

(h) "Cyber School" mean a cyber school as defined in Part 6e of the Code

(i) "Educational Management Organization" means a person or entity that meets the definition of an Educational Management Organization in Part 6e of the Code, including the entity that has entered, or entities that may in the future enter, into an agreement with the Academy.

(j) "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 Management Organization or other person or entity to the Academy. If the Academy receives a gift or grant of money or financial support from an Educational Management Company or other person or entity that does not require repayment by the Academy, and is not conditioned upon the actions or inactions of the Academy Board, then such gift or grant shall not constitute a financial borrowing or contribution for purposes of determining a Fund Balance Deficit.

(k) "University" means Northern Michigan University, a state public university, established pursuant to Article VIII, Sections 4 and 6 of the Michigan Constitution of 1963 and MCL 390.551 et seq.

(l) "University Board" means the Northern Michigan University Board of Trustees, an authorizing body as designated under Section 501 of the Code, MCL 380.501.

(m) "University Board Chairperson" means the Chairperson of the Northern Michigan University Board of Trustees or his or her designee. In Section 1.1(l) below, "University Board Chairperson" means the Board Chairperson of the Northern Michigan University Board of Trustees.

(n) "University Charter Schools Hearing Panel" or "Hearing Panel" means such person(s) as designated by the University Board Chairperson.
(o) "Contract” means, in addition to the definition set forth in the Code, these Terms and Conditions, the Resolution, the Schedules, and the Application.

(p) "Director” means a person who is a member of the Academy Board of Directors.

(q) "Master Calendar” means the Master Calendar of Reporting Requirements developed and administered by the Charter Schools Office setting forth a reporting time line for certain financial, administrative, facility, Academy Board and educational information relating to the Academy.

(r) "Resolution” means the resolution adopted by the University Board on April 29, 2011, approving the issuance of a Contract to the Academy and establishing the standard method of selection, length of term and number of members format for public school academies issued a Contract by the University Board, as amended from time to time.

(s) "Schedules” means the following Contract documents of the Academy: Schedule 1: Articles of Incorporation, Schedule 2: Bylaws, Schedule 3: Fiscal Agent Agreement, Schedule 4: Oversight Agreement, Schedule 5: Description of Staff Responsibilities, Schedule 6: Physical Plant Description, and Schedule 7: Required Information for School of excellence.

(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) “Terms and Conditions” means this document entitled "Terms and Conditions of Contract, Dated July 1, 2011, Issued by the Northern Michigan University Board of Trustees to Walton Academy Confirming the Status of Walton Academy as a School of excellence.”

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. Statutory Definitions. Statutory terms defined in Part 6e of the Code shall have the same meaning in this Contract.

Section 1.5. Schedules. All Schedules to this Contract are incorporated into, and made part of, this Contract.

Section 1.6. Application. The Application submitted to the University Board for the establishment of the Academy is incorporated into, and made part of, this Contract. Portions of
the Applicant’s Application have been incorporated into 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 language contained in the provisions of this Contract, the Contract shall be interpreted as follows: (i) the Resolution shall control over any other conflicting language in the Contract; (ii) the Terms and Conditions shall control over any other conflicting language in the Contract with the exception of language in the Resolution; and (iii) the Articles of Incorporation shall control over any other conflicting language in the Contract with the exception of language in the Resolution and these Terms and Conditions.

ARTICLE II

RELATIONSHIP BETWEEN
THE ACADEMY AND THE UNIVERSITY BOARD

Section 2.1. Constitutional Status of Northern Michigan University. The University is a constitutionally established body corporate operating as a state public university. In approving this Contract, the University Board voluntarily exercises additional powers given to the University Board under the Code. Nothing in this Contract shall be deemed to be any waiver of the University Board’s autonomy or powers and the Academy shall not be deemed to be a part of the University.

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 school of excellence 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.

Section 2.3. Financial Obligations of the Academy Are Separate From the State of Michigan, University Board and the University. Any contract, mortgage, loan or other instrument of indebtedness entered into by the Academy and a third party shall not in any way constitute an obligation, either general, special, or moral, of the State of Michigan, the University Board, or the University. Neither the full faith and credit nor the taxing power of the State of Michigan or any agency of the State, nor the full faith and credit of the University Board or the University shall ever be assigned or pledged for the payment of any Academy contract, agreement, note, mortgage, loan or other instrument of indebtedness.

Section 2.4. Academy Has No Power To Obligate or Bind State of Michigan, University Board or the University. The Academy has no authority whatsoever to enter into any contract or other agreement that would financially obligate the State of Michigan, University Board or the University, nor does the Academy have any authority whatsoever to make any representations to lenders or third parties, that the State of Michigan, University Board or the University in any way guarantee, are financially obligated, or are in any way responsible for any contract, agreement, note, mortgage, loan or other instrument of indebtedness entered into by the Academy.
ARTICLE III

ROLE OF THE UNIVERSITY BOARD AS AUTHORIZING BODY

Section 3.1. University Board Resolutions. The University Board has adopted the Resolution providing for the method of selection, length of term, number of Directors and the qualification of Directors. The University Board has adopted the Resolution which approves the issuance of this Contract. The Resolution is hereby incorporated into this Contract as Exhibit A. At anytime and at its sole discretion, the University Board may amend the Resolution. Upon University Board approval, changes to the Resolution shall automatically be incorporated into this Contract and shall be exempt from the amendment procedures under Article IX of the Terms and Conditions.

Section 3.2. University Board as Fiscal Agent for the Academy. The University Board is the fiscal agent for the Academy. As fiscal agent, the University Board assumes no responsibility for the financial condition of the Academy. The University Board is not liable for any debt or liability incurred by or on behalf of the Academy Board, or for any expenditure approved by or on behalf of the Academy Board. Except as provided in the Oversight Agreement and Article X of these Terms and Conditions, the University Board shall promptly, within three (3) business days of receipt, forward to the Academy all state school aid funds or other public or private funds received by the University Board for the benefit of the Academy. The responsibilities of the University Board, the State of Michigan, and the Academy are set forth in the Fiscal Agent Agreement incorporated herein as Schedule 3.

Section 3.3. Oversight Responsibilities of the University Board. The University Board has the responsibility to oversee the Academy’s compliance with the Contract and all Applicable Law. The responsibilities of the Academy and the University Board are set forth in the Oversight Agreement executed by the parties and incorporated herein as Schedule 4.

Section 3.4. Reimbursement of University Board Expenses. The Academy shall pay the University Board an administrative fee to reimburse the University Board for the expenses associated with the execution of its oversight responsibilities. The terms and conditions of the administrative fee are set forth in Schedule 4.

Section 3.5. University Board Approval of Condemnation. In the event that the Academy desires to acquire property pursuant to the Uniform Condemnation Procedures Act or other applicable statutes, it shall obtain express written permission for such acquisition from the University Board. The Academy shall submit a written request to the University Board describing the proposed acquisition and the purpose for which the Academy desires to acquire the property. Provided the Academy Board submits the written request at least sixty (60) days before the University Board’s next regular meeting, the University Board shall vote on whether to give express written permission for the acquisition at its next regular meeting.

Section 3.6. Authorization of Employment. The University Board authorizes the Academy to employ or contract directly with personnel according to the position information outlined in Schedule 5. An employee hired by the Academy shall be an employee of the
Academy for all purposes and not an employee of the University for any purpose. With respect to Academy employees, the Academy shall have the power and responsibility to (i) 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. The Academy Board shall be responsible for carrying workers’ compensation insurance and unemployment insurance for its employees. The Academy may contract with an educational service provider to provide persons to perform work at the Academy so long as it first complies with the Charter Schools Office Educational Service Provider Policies, if any. A copy of the agreement between the Academy and the educational service provider shall be included as a part of Schedule 5.

Section 3.7. University Board Approval of Certain Financing Transactions. In the event that the Academy desires to finance the acquisition, by lease, purchase, or other means, of facilities or equipment, pursuant to arrangements calling for payments over a period greater than one (1) year, and which include a pledge 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., the Academy shall obtain prior written permission for such financing from the University Board. The Academy shall submit a written request to the University Board describing the proposed financing transaction, and the facilities or equipment to be acquired with the proceeds thereof. Provided the Academy submits the written request at least sixty (60) days before the University Board’s next regular meeting, the University Board shall vote whether to give written permission for the financing transaction at the next meeting. If given, such permission may be conditioned upon compliance by the Academy and any lender, lessor, seller or other party with such terms as the University Board deems appropriate under the circumstances. However, all financing should be reported to the University Board before financing occurs.

Section 3.8. Method for Monitoring Academy’s Compliance with Applicable Law and Performance of its Targeted Educational Outcomes. The University Board has the responsibility to oversee the Academy’s compliance with the Contract and all Applicable Law. The Academy shall perform the compliance certification duties required by the University Board as outlined in the Contract and MCRR incorporated into this Contract as Schedule 5. Additionally, the Academy shall be responsible for the following:

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

(b) In the event that the Charter Schools office 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 Charter Schools office, at his or her discretion, may require an objective evaluation of student performances by an educational consultant, acceptable to both the Academy and the Charter Schools office.
Academy shall pay for the expense of the evaluation. In addition, at any
time, the Chart Schools office may require an evaluation of student
performance to be selected by and at the expense of the University. The
Academy shall cooperate with the evaluation, including any student
testing required.

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

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

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

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

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

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

REQUIREMENT THAT THE ACADEMY
ACT SOLELY AS GOVERNMENTAL ENTITY

Section 4.1. Limitation on Actions in Performance of Governmental Functions. The Academy shall act exclusively as a governmental entity and shall not undertake any action inconsistent with its status as a body corporate authorized to receive state school aid funds pursuant to Section 11 of Article IX of the State Constitution of 1963.

Section 4.2. Other Permitted Activities. 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. With the exception of educational service provider agreements entered into by the Academy which require the prior review of the Charter Schools Office, the Academy may enter into agreements with other public schools, governmental units, businesses, community and nonprofit organizations where such agreements contribute to the effectiveness of the Academy or advance education in this state.

Section 4.3. Academy Board Members Serve In Their Individual Capacity. All Directors of the Academy Board shall serve in their individual capacity, and not as a representative or designee of any other person or entity. A person who does not serve in their individual capacity, or who serves as a representative or designee of another person or entity, shall be deemed ineligible to continue to serve as a Director of the Academy Board. A Director who violates this Section shall be removed from office, in accordance with the removal provisions found in the Resolution or Contract 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 V

CORPORATE STRUCTURE OF THE ACADEMY

Section 5.1. Nonprofit Corporation. The Academy shall be organized and operated as a school of excellence 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 6e of the Code or other Applicable Law.

Section 5.2. Articles of Incorporation. The Articles of Incorporation of the Academy, as set forth in Schedule 1, shall be the Articles of Incorporation of the Academy. By August 1, 2006, the Academy Board shall approve and file the Restated Articles of Incorporation set forth in Schedule 1. Upon filing, the Restated Articles of Incorporation shall automatically be incorporated into this Contract.
Section 5.3. Bylaws. The Bylaws of the Academy, as set forth in Schedule 2, shall be the Bylaws of the Academy. Upon approval, the Amended Bylaws shall automatically be incorporated into this Contract.

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 Board members identified in Schedule 7a.

ARTICLE VI

OPERATING REQUIREMENTS

Section 6.1. Governance Structure. The Academy shall be organized and administered under the direction of the Academy Board and pursuant to the Governance Structure as set forth in Schedule 7a. The Academy shall have four officers: President, Vice-President, Secretary and Treasurer. The officer positions shall be filled by persons who are members of the Academy Board. A description of their duties is included in Schedule 2.

Section 6.2. Educational Goals. The Academy shall pursue the educational goals identified in Schedule 7b.

Section 6.3. Educational Programs. The Academy shall deliver the educational programs identified in Schedule 7c.

Section 6.4. Curriculum. The Academy shall implement and follow the curriculum identified in Schedule 7d.

Section 6.5. Methods of Accountability. In addition to those set forth in this Section 6.5, the Academy shall evaluate its pupils’ work based on the assessment strategies identified in the Schedules. The Academy shall provide the 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 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; and

(d) an annually administered nationally recognized norm-referenced achievement test to each grade or grouping level.

(e) all tests required under Applicable Law.
The University Board may use such reports, assessments and test results in making its decision to suspend, terminate, not issue a new contract at the end of the Contract or revoke the Contract.

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

Section 6.6. Application and Enrollment of Students. The Academy shall comply with the application and enrollment policies identified in Schedule 7f.

Section 6.7. School Calendar and School Day Schedule. The Academy shall comply with the school calendar and school day schedule guidelines as set forth in Schedule 7g.

Section 6.8. Age or Grade Range of Pupils. The Academy shall comply with the age and grade ranges as stated in Schedule 7h.

Section 6.9. Collective Bargaining Agreements. Collective bargaining agreements, if any, with employees of the Academy shall be the responsibility of the Academy.

Section 6.10. Accounting Standards. The Academy shall at all times comply with generally accepted public sector accounting principles and accounting system requirements that comply with the State School Aid Act of 1979, as amended, and applicable State Board of Education and Department of Education rules.

Section 6.11. Annual Financial Statement Audit. The Academy shall conduct an annual financial statement audit prepared and reviewed by an independent certified public accountant. By October 1st of each year, the Academy shall submit one (1) copy of the annual financial statement audit and auditor’s management letters to the Charter Schools Office. By November 30th of each year, the Academy Board shall provide to the Charter Schools Office a copy of any responses to auditor’s management letters.

Section 6.12. Address and Description of Physical Plant. The address and description of the physical plant for the Academy is set forth in Schedule 6.

Section 6.13. Contributions and Fund Raising. The Academy may solicit and receive contributions and donations as permitted by law. No solicitation shall indicate that a contribution to the Academy is for the benefit of the University or the University Board.

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

Section 6.15. Method for Monitoring Academy’s Compliance with Applicable Law and Performance of its Targeted Educational Outcomes. The Academy shall perform the compliance certification duties required by the University Board and outlined in the Oversight Agreement set
forth as Schedule 4. In addition to the University Board’s oversight responsibilities and other reporting requirements set forth in this Contract, the Academy’s compliance certification duties shall serve as the method for monitoring the Academy’s compliance with Applicable Law and its performance in meeting its educational goals.

Section 6.16. Matriculation Agreements. Before the Academy Board approves a matriculation agreement with another public school, the Academy shall provide a draft copy of the agreement to the University Charter Schools Office for review. Any matriculation agreement entered into by the Academy shall be added to the Schedules through a contract amendment approved in accordance with the Contract. Until the matriculation agreement is incorporated into the Contract, the Academy is prohibited from granting an enrollment priority to any student pursuant to that matriculation agreement.

ARTICLE VII

TUITION PROHIBITED

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

ARTICLE VIII

COMPLIANCE WITH PART 6E OF THE CODE AND OTHER LAWS

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

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

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

Section 8.4. Freedom of Information Act. The records of the Academy shall be records subject to the provisions of the Michigan Freedom of Information Act (“FOIA”), Act No. 442 of the Public Acts of 1976, as amended, being Sections 15.231 to 15.246 of the Michigan Compiled Laws. The Academy Board shall designate a freedom of information coordinator to assure compliance with FOIA and other applicable law providing for public disclosure or for protection of privacy.
Section 8.5. Public Employees Relation Act. The Academy shall comply with Act No. 336 of the Public Acts of 1947, being Sections 423.201 to 423.217 of the Michigan Compiled Laws. Organizational efforts and collective bargaining agreements, if any, with employees of the Academy shall be the responsibility of the Academy.

Section 8.6. Prevailing Wage on State Contracts. The Academy shall comply with the Prevailing Wage on State Contracts statute, Act No. 166 of the Public Acts of 165, being Sections 408.551 to 408.558 of the Michigan Compiled Laws.

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


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

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

Section 8.11. Federal Laws. The Academy shall comply with federal laws which are applicable to Schools of Excellence. Nothing in this Contract shall be deemed to apply any other federal law to the Academy.

ARTICLE IX

AMENDMENT

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

Section 9.2. Process for Amendment Initiated by the Academy. The Academy, by a majority vote of its Board of Directors, may, at any time, propose specific changes in this Contract or may propose a meeting to discuss potential revision of this Contract. The proposal
will be made to the University Board through its designee. The University Board delegates to the Charter Schools Officer the review and approval of changes or amendments to this Contract. In the event that a proposed change is not accepted by the Charter Schools Officer, the University Board shall consider and vote upon a change proposed by the Academy following an opportunity for a presentation to the University Board by the Academy.

Section 9.3. Process for Amendment Initiated by the University Board. The University Board, or an authorized designee, may, at any time, propose specific changes in this Contract or may propose a meeting to discuss potential revision of this Contract. The University Board delegates to the Charter Schools Officer the review and approval of changes or amendments to this Contract. The Academy Board may delegate to an officer of the Academy the review and negotiation of changes or amendments to this Contract. The Contract shall be amended as requested by the University Board upon a majority vote of the Academy Board.

Section 9.4. Final Approval of Amendments. Amendments to this Contract take effect only after they have been approved by the Academy Board and by the University Board or the Charter Schools Officer. 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 9.5. Change in Existing Law. If, after the effective date of this Contract, there is a change in Applicable Law which alters or amends the responsibilities and obligations of either the Academy or the University Board, this Contract shall be altered or amended to reflect the change in existing law as of the effective date of such change. To the extent possible, the responsibilities and obligations of the Academy and the University Board shall conform to and be carried out in accordance with the change in Applicable Law.

Section 9.6. Emergency Action on Behalf of University Board. Notwithstanding any other provision of this Contract to the contrary, the contents of this Section shall govern in the event of an emergency situation that arises between meetings of the University Board. An emergency situation shall be deemed to occur if the Charter Schools Officer, in its 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 Charter Schools Officer 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. When acting during an emergency situation, the Charter Schools Officer shall have the authority to act in place of the University Board, and such emergency action shall only be effective in the interim before the earlier of (a) rejection of the emergency action by the Chairperson of the University Board; or (b) the next meeting of the University Board. The Charter Schools Officer shall immediately report such action to the University Board for confirmation at the next meeting so that the emergency action continues or, upon confirmation by the University Board, becomes permanent.
ARTICLE X

CONTRACT REVOCATION, SUSPENSION, AND TERMINATION

Section 10.1. Termination by the Academy. At any time, for any reason, the Academy Board may terminate this Contract by presenting to the University Board a certified resolution requesting termination. Unless otherwise agreed to by the University Board and the Academy Board, this Contract shall terminate at the end of the school year in which the Contract termination is requested.

Section 10.2. Termination by the University Board. At any time, for any reason, the University Board may terminate this Contract by presenting to the Academy Board a certified resolution requesting termination. Unless otherwise agreed to by the University Board and the Academy Board, this Contract shall terminate at the end of the school year in which the Contract termination is requested.

Section 10.3. Statutory Grounds for Revocation. This Contract may be revoked by the University Board upon a determination by the University Board, pursuant to the procedures set forth in Section 10.5, that one or more of the following has occurred:

(a) Failure of the Academy to abide by and meet the educational goals set forth in this Contract;

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

(c) Failure of the Academy to meet generally accepted public sector accounting principles; or

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

Section 10.4. Other Grounds for Revocation. In addition to the statutory grounds for revocation set forth in Section 10.3, the University Board may revoke this Contract, pursuant to the procedures set forth in Section 10.5, 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 two or more school fiscal years with a fund balance deficit;

(b) The Academy has insufficient enrollment to successfully operate a school of excellence, or the Academy has lost more than fifty percent (50%) of its student enrollment from the previous school year;

(c) The Academy defaults in any of the terms, conditions, promises or representations contained in or incorporated into this Contract;
(d) The Academy files amendments to its Articles of Incorporation with the Michigan Department of Labor and Economic Growth, Bureau of Commercial Services without first obtaining the CSO’s approval;

(e) The Charter Schools Officer discovers grossly negligent, fraudulent or criminal conduct by the Academy’s applicant(s), directors, officers, employees or agents in relation to their performance under this Contract; or

(f) The Academy’s applicant(s), directors, officers, employees or agents have provided false or misleading information or documentation to the CSO in connection with the University Board’s approval of the Application, the issuance of this Contract, or the Academy’s reporting requirements under this Contract or Applicable Law.

(g) The Academy fails to work toward operating all of grades 9 to 12 within 6 years after issuance of this Contract, and has not entered into a matriculation agreement with another public school that provides grades 9 to 12;

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

(i) The University Board, its trustees, officers, employees, agents or representatives are not included as third party beneficiaries under any educational management agreement entered into by the Academy for purposes of indemnifying such parties in accordance with Section 11.11 of the Terms and Conditions.

Section 10.5. University Board Procedures for Revoking Contract. The University Board’s process for revoking the Contract is as follows:

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

(b) Academy Board’s Response. Within thirty (30) days of receipt of the Notice of Intent to Revoke, the Academy Board shall respond in writing to the alleged grounds for revocation. The Academy Board’s response shall be addressed to the CSO Officer, 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 Officer prior to a review of the Academy Board’s response.

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

(d) **Plan of Correction Shall Include Conditions to Satisfy University Board’s Contract Reconstitution Obligation.** As part of the Plan of Correction, the CSO Director shall reconstitute the Academy in an effort to improve student educational performance and to avoid interruption of the educational process. An attempt to improve student educational performance may include, but is not limited to, one of the following actions: (i) cancellation of a contract with an Educational Management Organization; (ii) removal of 1 or more members of the Academy Board members; (ii) termination of at-will board appointments of 1 or more Academy Board members; (iii) withdrawal of Academy’s authorization to contract with an Educational Management Company; or (iv) the appointment of a new Academy Board of Directors or a conservator/trustee to take over operations of the Academy.

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

(i) the Academy Board has failed to respond to the Notice of Intent to Revoke as set forth in Section 10.5(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 Officer deems cannot be remedied or cannot be remedied in an appropriate period of time, or for which the CSO Officer 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 10.5(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 Officer shall send a copy of the request for revocation hearing to the Academy Board at the same time the request is sent to the Hearing Panel. The request for revocation shall identify the reasons for revoking the Contract.

(f) **Hearing before University Charter Schools Hearing Panel.** Within thirty (30) days of receipt of a request for revocation hearing, the Hearing Panel shall convene a revocation hearing. The Hearing Panel shall provide a copy of the notice of hearing to the 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 Officer’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 Officer and shall not last more than three hours. 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 Officer 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 Officer and the Academy Board. Within thirty (30) days of the revocation hearing, the Hearing Panel shall make a recommendation to the University Board concerning the revocation of the Contract. For good cause, the Hearing Panel may extend any time deadline set forth in this subsection.
A copy of the Hearing Panel’s recommendation shall be provided to the 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 to it copies of the Hearing Panel’s recommendation and the transcript from the hearing. The University Board may waive the fourteen (14) day submission requirement or hold a special board meeting to consider the Hearing Panel’s recommendation. A copy of the University Board’s decision shall be provided to the Charter Schools Office, the Academy Board and the Michigan Department of Education.

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

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

Section 10.6. Contract Suspension. The University Board’s process for suspending the Contract is as follows:

(a) Charter Schools Officer Action. If the CSO Officer determines that probable cause exists to believe that the Academy Board (i) has placed staff or students at risk; (ii) is not properly exercising its fiduciary obligations to protect and preserve the Academy’s public funds and property; (iii) has lost its right to occupancy of the physical facilities described in Schedule 6, and cannot find another suitable physical facility for the Academy prior to the expiration or termination of its right to occupy its existing physical facilities; (iv) has failed to secure or has lost the necessary fire, health, and safety approvals as required by Schedule 6; (v) has willfully or intentionally violated this Contract or Applicable Law; or (vi) has violated Section 10.4(e) or (f), the CSO Officer may immediately suspend the Contract, pending completion of the procedures set forth in Section 10.5. A copy of the suspension notice, setting forth the grounds for suspension, shall be sent to the Academy Board and to the
Hearing Panel. If this subsection is implemented, the notice and hearing procedures set forth in Section 10.5 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 CSO Officer to suspend the Contract, shall be retained by the University Board for the Academy until the Contract is reinstated, or shall be returned to the Michigan Department of Treasury upon request.

(c) Immediate Revocation Proceeding. If the Academy Board, after receiving a notice of Contract suspension from the Charter Schools Officer, 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 10.5(e) of this Contract. 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 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 10.5(f) through (h).

Section 10.7. 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 Marquette County, Michigan, the Michigan Court of Claims or the Federal District Court for the Western District of Michigan – Marquette. 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 10.7. This Section 10.7 shall not in any way be interpreted as an exception to the Academy’s covenant not to sue contained in Section 11.3 of these Terms and Conditions.

Section 10.8. Automatic Revocation by State of Michigan. If the University Board is notified by the Superintendent of Public Instruction that the Academy is subject to closure under Part 6e of the Code (“State’s Automatic Closure Notice”), then this Contract shall automatically be revoked at the end of the current school year in which the notice is received without any further action of the University Board or the Academy. The University Board’s revocation procedures set forth in Section 10.6 do not apply to an automatic revocation initiated by the State. Following receipt of the State’s Automatic Closure Notice, the University Charter Schools Office
shall forward a copy of the State’s Automatic Closure Notice to the Academy Board and request a meeting with Academy Board representatives to discuss the Academy’s plans and procedures for wind-up and dissolution of the Academy corporation at the end of the current school year. All Academy inquiries and requests for reconsideration of the State’s Automatic Revocation Notice shall be directed to the Superintendent of Public Instruction, in a form and manner determined by that office or the Michigan Department of Education.

Section 10.9. Material Breach of Contract. The issuance of an order by the Superintendent of Public Instruction, pursuant to section 1280c of the Code, placing the Academy under the supervision of the State School Reform / Redesign Officer, shall constitute a material breach of this Contract. Following the issuance of the order, the University Charter Schools Office shall notify the Academy of the material breach and request a meeting with Academy Board representatives to discuss the matter. To remedy the material breach, the Academy shall work toward the development of a corrective action plan that is acceptable to the University Charter Schools Office. In addition to other matters, the corrective action plan shall include the Academy’s redesign plan prepared pursuant to section 1280c of the Code. The development of a corrective action plan under this Section 10.8 shall not in any way limit the rights of the University Board to terminate, suspend or revoke this Contract.

Section 10.10. Appointment of Conservator/Trustee. Notwithstanding any other provision of the Contract, when the University Board determines that conditions or circumstances exist to lead the University Board to believe that the health, safety, educational or economic interest of the Academy or its students is at risk, the University Board may take immediate action against the Academy pending completion of the procedures described in Sections 10.6. The University Board may appoint a conservator/ trustee to manage the day to day operations of the Academy in place of the Academy Board. A conservator/ trustee appointed by the University Board shall have all the powers and authority of the Academy Board under this Contract and Applicable Law. Upon the appointment of a conservator/ trustee, the appointment and term of office for each Academy Board member shall cease. If this section has been implemented and the Hearing Panel under Section 10.6 determines the revocation to be appropriate, the revocation shall become effective immediately upon the University Board’s decision.

ARTICLE XI

PROVISIONS RELATING TO PUBLIC SCHOOL ACADEMIES

Section 11.1. The Academy Budget. 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. By June 1st of 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 business days after Academy Board approval, revisions or amendments to the Academy’s budget shall be submitted to the Charter Schools Office.
Section 11.2. **Insurance.** The Academy Board shall secure and maintain in its own name as the “first named insured” at all times the following insurance coverages:

(a) real and personal property insurance covering all of the Academy’s real and personal property, whether owned or leased;

(b) a minimum of general liability insurance of one million dollars ($1,000,000) per occurrence and two million dollars ($2,000,000) aggregate;

(c) minimum automobile insurance coverage of one million dollars ($1,000,000);

(d) workers’ compensation insurance or “workers’ compensation without employees if any insurance”;

(e) School Leaders Liability insurance of one million dollars ($1,000,000) per occurrence and three million dollars ($3,000,000) aggregate; and

(f) Employee Dishonesty Insurance of five hundred thousand dollars ($500,000).

The insurance must be obtained from a licensed mutual, stock, or other responsible company licensed to do business in the State of Michigan. The Academy may join with other public school academies to obtain insurance if the Academy Board finds that such an association provides economic advantages to the Academy, provided that each Academy maintains its identity as first named insured. The Academy shall list the University and the University Board on the insurance policies as an additional insured on insurance coverages listed in (b), (c) and (e) above. The Academy shall have a provision included in all policies requiring notice to the University Board, at least thirty (30) days in advance, upon termination or non-renewal of the policy. In addition, the Academy shall provide copies of all insurance policies required by this Contract on site for inspection by the University Board or its designee.

When changing insurance programs or carriers, the Academy must provide copies of the proposed policies to the University Board, or its designee, at least thirty (30) days prior to the proposed change. The Academy shall not cancel its existing coverage without the prior approval of the Charter Schools Office.

The Academy may expend funds for payment of the cost of participation in an accident or medical insurance program to insure protection for pupils while attending school or participating in a school program or activity. Other insurance policies and higher minimums may be required depending upon academic offerings and program requirements.

The University’s insurance carrier periodically reviews the types and amounts of insurance coverages that the Academy must secure in order for the University to maintain insurance coverage for the authorization and oversight of the Academy. In the event that the University’s insurance carrier requests additional changes in coverage identified in this Section 11.2, the Academy agrees to comply with any additional changes in the types and amounts of
coverage requested by the University’s insurance carrier within thirty (30) days after notice of the insurance coverage change.

Section 11.3. 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 11.4. 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 11.5. Legal Liabilities and Covenant Against Suit. The Academy acknowledges and agrees that it has no authority to extend the full faith and credit of the University Board, the University or any other authorizing body, or to enter into a contract that would bind the University Board or the University. The Academy also is limited in its authority to contract by the amount of funds obtained from the state school aid fund, as provided hereunder, or from other independent sources. The Academy hereby covenants not to sue the University Board, the University, or any of its Trustees, officers, employees, agents or representatives for any matters that arise under this Contract. The University Board and the University do not assume any obligation with respect to any Director, employee, agent, parent, guardian, student, or independent contractor of the Academy, and no such person shall have the right or standing to bring suit against the University Board or the University, or any of its Trustees, employees, agents, or independent contractors as a result of the issuing, overseeing, suspending, terminating or revoking of this Contract.

Section 11.6. Lease or Deed for Proposed Single Site. The Academy shall provide to the Charter Schools Office copies of its lease or deed for the premises in which the Academy shall operate. A copy of the Academy’s lease or deed shall be incorporated into this Contract under Schedule 6.

Section 11.7. Occupancy and Safety Certificates. The Academy Board shall: (i) ensure that the Academy’s physical facilities comply with all fire, health and safety standards applicable to schools; and (ii) possess the necessary occupancy and safety certificates for the Academy’s physical facilities. The Academy Board shall not conduct classes until the Academy has complied with this Section 11.5. Copies of these certificates shall be incorporated into this Contract under Schedule 6.

Section 11.8. Criminal Background and History Checks; Disclosure of Unprofessional Conduct; Compliance with School Safety Initiative. The Academy shall comply with Section 1230 and 1230a of the Code concerning criminal background and criminal history checks for its
teachers, school administrator(s), and for any other position requiring State Board approval. In addition, the Academy shall comply with Section 1230b of the Code concerning the disclosure of unprofessional conduct by persons applying for Academy employment. The Academy shall comply with Sections 1230c through 1230g of the Code. This Section 11.6 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 11.9. 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.

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

Section 11.11. Required Provisions for Educational Management Organization Agreements. Any educational management organization agreement entered into by the Academy must contain the following provisions:

"Indemnification of Northern Michigan University. The parties acknowledge and agree that the Northern Michigan University Board of Trustees, Northern Michigan 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 Northern Michigan University Board of Trustees, Northern Michigan 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 Northern Michigan University, which arise out of or are in any manner connected with Northern Michigan University Board’s approval of the School of Excellence application, the University Board’s consideration of or issuance of a Contract, the Academy’s preparation for and operation of a public school, or which are incurred as a result of the reliance by Northern Michigan University and its Board of Trustees members, officers, employees, agents or representatives upon information supplied by the Academy or the Educational Management Organization, or which arise out of the failure of the Academy to perform its obligations under the Contract issued to the Academy by Northern Michigan University Board of Trustees. The parties expressly acknowledge and agree that Northern Michigan 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 Northern Michigan University Board of Trustees is revoked or terminated, this Agreement shall automatically terminate on the same date as the Academy’s Contract is revoked or terminated without further action of the parties."
"Compliance with Academy’s Contract. The Educational Management Organization agrees to perform its duties and responsibilities under this Agreement in a manner that is consistent with the Academy’s obligations under the Academy’s Contract issued by Northern Michigan University Board of Trustees. The provisions of the Academy’s Contract shall supersede any competing or conflicting provisions contained in this Agreement.”

Section 11.12. Incompatible Public Offices and Conflicts of Interest Statutes. The Academy shall comply with the Incompatible Public Offices statute, Act No. 566 of the Public Acts of 1978, being MCL 15.181 to 15.185 of the Michigan Compiled Laws, and the Contracts of Public Servants With Public Entities statute, Act No. 371 of the Public Acts of 1968, being MCL 15.321 to 15.330 of the Michigan Compiled Laws. The Academy Board shall ensure compliance with Applicable Law relating to conflicts of interest. Notwithstanding any other provision of this Contract, the following shall be deemed a prohibited conflict of interest for purposes of this Contract:

(a) An individual simultaneously serving as an Academy Board member and an owner, officer, director, employee or paid consultant of an Educational Management Organization that has an agreement with the Academy;

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

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

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

(e) An individual simultaneously serving as an Academy Board member and a University employee or paid consultant.

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

Section 11.14. Dual Employment Positions Prohibited. Any person working at the Academy is prohibited by law from being employed at the Academy in more than one full-time position and simultaneously being compensated for each position.

Section 11.15. Information Available to the Public and University.

(a) Information to be provided by the Academy. In accordance with Applicable Law, the Academy shall make information concerning its operation and management, including without limitation information in Schedule 6, available to the public and the University.
(b) **Information to be provided by Educational Management Organization.** The agreement between the Academy and the Educational Management Organization shall contain a provision requiring the Educational Management Company to make information concerning the operation and management of the Academy, including the information in Schedule 6, available to the Academy as deemed necessary by the Academy Board in order to enable the Academy to fully satisfy its obligations under subparagraph (a).

**ARTICLE XII**

**GENERAL TERMS**

Section 12.1. **Notices.** Any and all notices permitted or required to be given hereunder shall be deemed duly given: (i) upon actual delivery, if delivery is by hand; or (ii) upon receipt by the transmitting party of confirmation or answer back if delivery is by facsimile or telegram; or (iii) upon delivery into United States mail if delivery is by postage paid first class mail. Each such notice shall be sent to the respective party at the address indicated below or to any other address or person as the respective party may designate by notice delivered pursuant hereto:

If to the University Board:        CSO Officer
                                      Northern Michigan University
                                      Charter Schools
                                      1401 Presque Isle Avenue
                                      Marquette, Michigan 49855-5301

If to Outside Counsel:             Leonard C. Wolfe
                                      Dykema Gossett PLLC
                                      201 Townsend Street, Suite 900
                                      Lansing, Michigan 48933

If to Academy:                     Academy Board President
                                      744 East Walton Boulevard
                                      Pontiac, MI 48340

If to Academy Counsel:             LaRae Munk
                                      Law Office of La Rae G. Munk, P.C.
                                      1650 Sanctuary Circle
                                      Howell, MI 48855

Section 12.2. **Severability.** If any provision in this Contract is held to be invalid or unenforceable, it shall be ineffective only to the extent of the invalidity, without affecting or impairing the validity and enforceability of the remainder of the provision or the remaining provisions of this Contract. If any provision of this Contract shall be or become in violation of any local, state or federal law, such provision shall be considered null and void, and all other provisions shall remain in full force and effect.
Section 12.3. Successors and Assigns. The terms and provisions of this Contract are binding on and shall inure to the benefit of the parties and their respective successors and permitted assigns.

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

Section 12.5. Assignment. This Contract is not assignable by either the Academy or the University Board.

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

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

Section 12.9. Term of Contract. This Contract shall commence on the date first set forth above and shall remain in full force and effect for five (5) year until June 30, 2016, unless sooner terminated according to the terms hereof.

Section 12.10. 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 Resolution, legal challenges to the validity of Part 6e of the Code or actions taken by the University Board as an authorizing body under Part 6e of the Code, the University Board’s consideration of or issuance of a Contract, the Academy’s preparation for and operation of a public school, or which are incurred as a result of the reliance of the University Board, the University and its Board of Trustees members, officers, employees, agents or representatives upon information supplied by the Academy, or which arise out of the failure of the Academy to perform its obligations under
this Contract. The foregoing provision shall not be deemed a relinquishment or waiver of any kind of Section 7 of the Governmental Liability for Negligence Act, being Act No. 170, Public Acts of Michigan, 1964.

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

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

Section 12.13. No Third Party Rights. This Contract is made for the sole benefit of the Academy and the University Board and no other person or entity, including without limitation, the Educational Management Organization. Except as otherwise provided, nothing in this Contract shall create or be deemed to create a relationship between the parties hereto, or either of them, and any third person, including a relationship in the nature of a third party beneficiary or fiduciary.

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

Section 12.15. 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.

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

Section 12.17. Information Available to the Public.

(a) Information to be provided by the Academy. The Academy shall make information concerning its operation and management, including without limitation the information described in Schedule 4, available to the public in the same manner and to the same extent as is required for public schools and school districts under Applicable Law.

(b) Information to be provided by Educational Service Providers. If the Academy enters into an agreement with an educational service provider
for operation or management of the Academy, the agreement shall contain
a provision requiring the educational service provider to make information
concerning the operation and management of the Academy, including
without limitation the information described in Schedule 4, 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 12.18. Termination of Responsibilities. Upon termination or revocation of the
Contract, the University Board or its designee shall have no further obligations or responsibilities
under this Contract to the Academy or any other person or persons in connection with this
Contract.

Section 12.19. Disposition of Academy Assets Upon Termination or Revocation of
Contract. Following termination or revocation of the Contract, the Academy shall follow the
applicable wind-up and dissolution provisions set forth in the Academy’s articles of incorporation
and in accordance with Part 6e of the Code.

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

NORTHERN MICHIGAN UNIVERSITY
BOARD OF TRUSTEES

By: __________________________
K. Gavin Leach,
Vice President for Finance and Administration
and Treasurer of the Board of Trustees

Date: July 1, 2011

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 of the terms and conditions of
this Contract.

WALTON CHARTER ACADEMY

By: __________________________
Barry E. Carter
Academy Board Designee

Date: July 1, 2011
CONTRACT SCHEDULES

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CONTRACT SCHEDULE 1

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

OF

WALTON CHARTER ACADEMY

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

1. The present name of the corporation is: WALTON CHARTER ACADEMY

2. The corporation identification number (CID) assigned by the Bureau is: 757-930

3. The corporation has used the name of Walton Public School Academy but was originally incorporated as Walton Charter Academy.

4. The date of filing for the original Articles of Incorporation was: April 8, 1999.
The following Restated Articles of Incorporation supersede the Articles of Incorporation and shall be the Articles of Incorporation for the corporation:

ARTICLE I

The name of the corporation is: WALTON CHARTER ACADEMY.

The authorizing body for the corporation is: Northern Michigan University Board of Trustees.

ARTICLE II

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

1. The corporation is organized for the purpose of operating as a public school academy in the state of Michigan pursuant to Part 6e of the Code, being Sections 380.501 to 380.507 of the Michigan Compiled Laws.

2. The corporation, including all activities incident to its purposes, shall at all times be conducted so as to be a governmental entity pursuant to Section 115 of the United States Internal Revenue Code ("IRC") or any successor law. Notwithstanding any other provision of these Restated Articles, the corporation shall not carry on any other activity not permitted to be carried on by a governmental instrumentality exempt from federal income tax under Section 115 of the IRC or by a nonprofit corporation organized under the laws of the State of Michigan and subject to a Contract authorized under the Code.

3. To educate all students with high levels of expectation in academic performance and thinking skills while fostering growth in social and emotional behaviors and attitudes by establishment of a non-restrictive environment that allows each student to explore their ancestral tradition and examine their self-spirituality.

4. To prepare students to respect and participate in both Native and non-Native culture.

ARTICLE III

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

The value of assets which the corporation possesses is:

Real Property: $0.00

Personal Property: $19,200.96 (furniture and equipment)
The corporation is to be financed under the following general plan:

a. State school aid payments received pursuant to the State School Aid Act of 1979 or any successor law.
b. Federal funds.
c. Donations.
d. Fees and charges permitted to be charged by public school academies.
e. Other funds lawfully received.

ARTICLE IV

The address of the registered office is: Law Office of LaRae G. Munk, P.C., 1650 Sanctuary Circle, Howell, MI 48855.

The mailing address of the registered office is the same.

The name of the resident agent at the registered office is LaRae G. Munk.

ARTICLE V

The corporation is a governmental entity.

ARTICLE VI

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

ARTICLE VII

Before issuance of a contract to charter a public school academy to the corporation by the Northern Michigan University Board of Trustees (the “University Board”), the method of selection, length of term, and the number of members of the Board of Directors of the corporation shall be approved by a resolution of the University Board as required by the Code.

ARTICLE VIII

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

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

ARTICLE X

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

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

ARTICLE XI

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

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

At any time and for any reason, the University Board or an authorized designee may propose specific changes to these Restated Articles of Incorporation or may propose a meeting to discuss potential revision. The corporation’s Board of Directors may delegate to an officer of the corporation the review and negotiation of changes or amendments to these Restated Articles of Incorporation. The Restated Articles of Incorporation shall be amended as requested by the University Board or an authorized designee upon a majority vote of the corporation’s Board of Directors.
Amendments to these Restated Articles of Incorporation take effect only after they have been approved by the corporation's Board of Directors and by the University Board or the University Charter Schools Officer, and the amendments are filed with the Michigan Department of Labor and Economic Growth, Bureau of Commercial Services. In addition, the corporation shall file with the amendment a copy of the University Board's or University Charter Schools Officer's approval of the amendment.

ARTICLE XII

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

ADOPTION OF ARTICLES

These Restated Articles of Incorporation were duly adopted on the 15th day of March, 2011 in accordance with the provisions of Section 642 of the Act. These Restated Articles of Incorporation restate, integrate and do further amend the provisions of the Articles of Incorporation and were duly adopted by the directors. The necessary numbers of votes were cast in favor of these Restated Articles of Incorporation.

These Restated Articles of Incorporation will be filed on or after April 1, 2011 and will become effective July 1, 2011.

Signed this 15th day of April, 2011

By: [Signature], President

APPROVED BY:

William Pistulka,
Northern Michigan University
Charter Schools Officer
Dated: April 15, 2011

Prepared by:
La Rae G. Munk (P41154)
Law Office of La Rae G. Munk, P.C.
Attorney at Law
1650 Sanctuary Circle
Howell, MI 48855
517-410-6957
CONTRACT SCHEDULE 2

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AMENDED BYLAWS

OF

WALTON PUBLIC SCHOOL ACADEMY

ARTICLE I

NAME

This organization shall be called WALTON PUBLIC SCHOOL ACADEMY (the "Academy" or the "corporation").

ARTICLE II

FORM OF ACADEMY

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

ARTICLE III

OFFICES

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

Section 2. Registered Office. The registered office of the Academy may be the same as the principal office of the Academy, but in any event must be located in the state of Michigan, and be the business office of the resident agent, as required by the Michigan Non-Profit Corporation Act. Changes in the resident agent and registered address of the Academy must be reported to the Michigan Department of Labor and Economic Growth and to the University Charter Schools Office.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. General Powers. The business, property and affairs of the Academy shall be managed by the Academy Board of Directors ("Academy Board"). The Academy Board may exercise any and all of the powers granted to it under the Michigan Non-Profit Corporation Act or
pursuant to Part 6 of the Revised School Code ("Code"). The Academy Board may delegate such powers to the officers and committees of the Academy Board as it deems necessary, so long as such delegation is consistent with the Articles, these Bylaws, the Contract and Applicable Law. The Academy Board may adopt policies related to the operation, administration and management of the Academy, provided such policies do not (i) violate Applicable Law; (ii) conflict with any provision of this Contract; or (iii) conflict with any policy adopted by the Northern Michigan University Board of Trustees ("University Board") or University Charter Schools Office relating to public school academies. Policies adopted by the Academy Board are not part of the Contract, and may be amended from time to time by the Academy Board without prior University Board or University Charter Schools Office approval.

Section 2. Method of Selection and Appointment. The University Board shall prescribe the methods of appointment for members of the Academy Board by resolution.

Section 3. Length of Term. The term of each position of the Academy Board shall be for a period of three (3) years. All appointments shall be for a period of three (3) years, except appointments made to fill the unexpired term of a vacant position.

Section 4. Number of Director Positions. The number of Directors on the Academy Board shall not be less than five (5) nor more than nine (9), as determined from time to time by the University Board. If the Academy Board fails to maintain its full membership by making appropriate and timely nominations, the Board or its designee may deem that failure an exigent condition.

Section 5. Prerequisite Qualifications of Members. Before individuals become members of an Academy Board, the nominee must: (a) be recommended by a resolution and majority vote of the Academy Board, except as prescribed in subparagraph d. of method of selection and appointment; (b) submit the Application for Public School Academy Board Appointment which must include authorization to process a criminal background check; (c) be recommended for appointment by the University Charter Schools Office; (d) be appointed by the University Board or its designee; (e) take the constitutional oath of office; (f) sign and file the Oath of Public Office with the University Charter Schools Office.

The members of an Academy Board shall not include: (a) employees of the public school academy; (b) any director, officer, or employee of a service provider or management company that contracts with the academy; (c) a Northern Michigan University official or employee, as a representative of Northern Michigan University.

Section 6. Oath of Public Office. All members of the Academy Board must take the constitutional oath of office and sign the Oath of Public Office. No appointment shall be effective prior to the filing of the Oath of Public Office with the University Charter Schools Office.

Section 7. Tenure. Each Director shall hold office until the Director's replacement, death, resignation, removal or until the expiration of the term, whichever occurs first.
Section 8.  **Removal.** If it is deemed to be in the best interest of the Academy or the University, the University Board reserves the right to remove a member of the Academy Board. The process is as follows:

(a) If the University Charter Schools Officer determines that the removal of an Academy Board member is in the best interest of the University and the Academy, the University Charter Schools Officer shall prepare a report and recommendation for the University Provost and Vice President for Academic Affairs.

(b) If the action is deemed advisable by the University Provost and Vice President for Academic Affairs, the University Provost and Vice President for Academic Affairs shall immediately, on a temporary basis, suspend the Academy Board member and submit a recommendation concerning removal to the University Board at its next meeting.

(c) At its next meeting, the University Board will review the recommendation and supporting documentation and determine whether the Academy Board member’s removal shall be permanent or if the Academy Board member should be reinstated. The University Board’s decision will be final and is not subject to appeal.

Section 9.  **Resignation.** Any Director may resign at any time by providing written notice to the corporation or by communicating such intention (orally or in writing) to the University Charter Schools Office. Notice of resignation will be effective upon receipt or at a subsequent time if designated in a written notice. A successor shall be appointed as provided in Section 2 of this Article.

Section 10.  **Board Vacancies.** A Board of Director vacancy shall occur because of death, resignation, removal, failure to maintain residency in the State of Michigan, disqualification or as otherwise specified in the Code. Any vacancy shall be filled as provided in Section 2 of this Article.

Section 11.  **Compensation.** A Director of the Academy shall serve as a volunteer Director. By resolution of the Board, the Directors may be reimbursed for their reasonable expenses incident to their duties.
ARTICLE V

MEETINGS

Section 1. **Annual and Regular Meetings.** The Academy Board shall hold an annual meeting each year. The Academy Board must provide, by resolution, the time and place, within the state of Michigan, for the holding of regular monthly meetings. The Academy Board shall provide notice of the annual and all regular meetings as required by the Open Meetings Act.

Section 2. **Special Meetings.** Special meetings of the Academy Board may be called by or at the request of any Director. The person or persons authorized to call special meetings of the Academy Board may fix the place within the state of Michigan for holding any special meeting of the Academy Board called by them, and, if no other place is fixed, the place of meeting shall be the principal business office of the corporation in the state of Michigan. The corporation shall provide notice of all special meetings as required by the Open Meetings Act.

Section 3. **Notice: Waiver.** The Academy Board must comply with the notice provisions of the Open Meetings Act. In addition, notice of any meeting shall be given to each Director stating the time and place of the meeting, delivered personally, mailed, sent by facsimile or electronic mail to each Director at the Director's business address. Any Director may waive notice of any meeting by written statement, facsimile or electronic mail sent by the Director, signed before or after the holding of the meeting. The attendance of a Director at a meeting constitutes a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 4. **Quorum.** In order to legally transact business, the Academy Board shall have a quorum physically present at a duly called meeting of the Academy Board. A “quorum” shall be defined as follows:

<table>
<thead>
<tr>
<th># of Academy Board Positions</th>
<th># Required for Quorum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Five (5)</td>
<td>Three (3)</td>
</tr>
<tr>
<td>Six (6)</td>
<td>Four (4)</td>
</tr>
<tr>
<td>Seven (7)</td>
<td>Four (4)</td>
</tr>
<tr>
<td>Eight (8)</td>
<td>Five (5)</td>
</tr>
<tr>
<td>Nine (9)</td>
<td>Five (5)</td>
</tr>
</tbody>
</table>
Section 5. **Manner of Acting.** The Academy Board shall be considered to have “acted,” when a duly called meeting of the Academy Board has a quorum present and the number of board members voting in favor of an action is as follows:

<table>
<thead>
<tr>
<th># of Academy Board positions</th>
<th># for Quorum</th>
<th># Required to Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>Five (5)</td>
<td>Three (3)</td>
<td>Three (3)</td>
</tr>
<tr>
<td>Six (6)</td>
<td>Four (4)</td>
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<td>Seven (7)</td>
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<td>Five (5)</td>
</tr>
<tr>
<td>Nine (9)</td>
<td>Five (5)</td>
<td>Nine (5)</td>
</tr>
</tbody>
</table>

No member of the Board of Directors may vote by proxy or by way of a telephone conference.

Section 6. **Open Meetings Act.** All meetings of the Academy Board shall at all times be in compliance with the Open Meetings Act.

Section 7. **Presumption of Assent.** A Director of the Academy Board who is present at a meeting of the Academy Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless that Director’s dissent shall be entered in the minutes of the meeting or unless that Director shall file a written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. This right to dissent shall not apply to a Director who voted in favor of such action.

**ARTICLE VI**

**COMMITTEES**

Section 1. **Committees.** The Academy Board, by resolution, may designate one or more committees, each committee is to consist of one or more Directors selected by the Academy Board. As provided in the resolution as initially adopted, and as thereafter supplemented or amended by further resolution, the committees shall have such powers as delegated by the Academy Board, except (i) filling of vacancies in the officers of the Academy Board or committees created pursuant to this Section; (ii) amending the Articles of Incorporation or Bylaws; or (iii) any action the Academy Board cannot lawfully delegate under the Articles, Bylaws or Applicable Law. All committee meetings shall at all times be in compliance with the Open Meetings Act. Each committee shall fix its own rules governing the conduct of its activities and shall make such reports to the Academy Board of its activities as the Academy Board may request.
ARTICLE VII

OFFICERS OF THE BOARD

Section 1.  **Number.** The officers of the Academy shall be a President, Vice-President, Secretary, Treasurer, and such assistant Treasurers and assistant Secretaries as may be selected by the Academy Board.

Section 2.  **Election and Term of Office.** The Academy Board shall elect the initial officers at its first duly noticed meeting. Thereafter, the officers of the Academy shall be elected annually by the Academy Board. If the election of officers is not held at the annual meeting, the election shall be held as soon thereafter as may be convenient. Each officer shall hold office while qualified or until the officer resigns or is removed in the manner provided in Section 3.

Section 3.  **Removal.** Any officer or agent elected or appointed by the Academy Board may be removed by the Academy Board whenever in its judgment the best interests of the corporation would be served thereby.

Section 4.  **Vacancies.** A vacancy in any office shall be filled by appointment by the Academy Board for the unexpired portion of the term.

Section 5.  **President.** The President of the Academy shall be a member of the Academy Board. The President of the corporation shall preside at all meetings of the Academy Board. If there is not a President, or if the President is absent, then the Vice-President shall preside. If the Vice-President is absent, then a temporary chair, chosen by the members of the Academy Board attending the meeting shall preside. The President shall be Chairperson of those committees designated by the Academy Board. The President shall, in general, perform all duties incident to the office of President of the Board as may be prescribed by the Academy Board from time to time.

Section 6.  **Vice-President.** The Vice-President of the Academy shall be a member of the Academy Board. In the absence of the President or in the event of the President's death, inability or refusal to act, the Vice-President shall perform the duties of President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President shall perform such other duties as from time to time may be assigned to the Vice-President by the President or by the Academy Board.

Section 7.  **Secretary.** The Secretary of the Academy shall be a member of the Academy Board. The Secretary shall: (a) keep the minutes of the Academy Board meetings in one or more books provided for that purpose; (b) see that all notices, including those notices required under the Open Meetings Act, are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all authorized documents; (d) keep a register of the post office
address of each Director; and (e) perform all duties incident to the office of Secretary and other duties assigned by the President or the Academy Board.

Section 8. Treasurer. The Treasurer of the Academy shall be a member of the Academy Board. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) keep accurate books and records of corporate receipts and disbursements; (c) deposit all moneys and securities received by the corporation in such banks, trust companies or other depositories as shall be selected by the Board; (d) complete all required corporate filings; (e) assure that the responsibilities of the fiscal agent to the corporation are properly carried out; and (f) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the President or by the Academy Board.

Section 9. Assistants and Acting Officers. The Assistants to the officers, if any, selected by the Academy Board, shall perform such duties and have such authority as shall from time to time be delegated or assigned to them by the Secretary or Treasurer or by the Academy Board. The Academy Board shall have the power to appoint any person to perform the duties of an officer whenever for any reason it is impractical for such officer to act personally. Such acting officer so appointed shall have the powers of and be subject to all the restrictions upon the officer to whose office the acting officer is so appointed except as the Academy Board may by resolution otherwise determine.

Section 10. Salaries. Officers of the Board, as Directors of the corporation, may not be compensated for their services. By resolution of the Academy Board, officers may be reimbursed for reasonable expenses incident to their duties.

Section 11. Filling More Than One Office. Subject to the statute concerning the Incompatible Public Offices, Act No. 566 of the Public Acts of 1978, being Sections 15.181 to 15.185 of the Michigan Compiled Laws, any two offices of the corporation except those of President and Vice-President may be held by the same person, but no officer shall execute, acknowledge or verify any instrument in more than one capacity.
ARTICLE VIII

CONTRACTS, LOANS, CHECKS AND DEPOSITS;
SPECIAL CORPORATE ACTS

Section 1.  Contracts. The Academy Board may authorize any officer or officers, agent or agents, to enter into any contract, to execute and deliver any instrument, or to acknowledge any instrument required by law to be acknowledged in the name of and on behalf of the corporation. Such authority may be general or confined to specific instances, but the appointment of any person other than an officer to acknowledge an instrument required by law to be acknowledged should be made by instrument in writing. When the Academy Board authorizes the execution of a contract or of any other instrument in the name of and on behalf of the corporation, without specifying the executing officers, the President or Vice-President, and the Secretary or Treasurer may execute the same and may affix the corporate seal thereto. No contract entered into, by or on behalf of the Academy Board, shall in any way bind Northern Michigan University or impose any liability on Northern Michigan University, its trustees, officers, employees or agents.

Section 2.  Loans. No loans shall be contracted on behalf of the Academy and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Academy Board. Such authority may be general or confined to specific instances. No loan, advance, overdraft or withdrawal by an officer or Director of the corporation, other than in the ordinary and usual course of the business of the Academy, shall be made or permitted. No loan entered into, by or on behalf of the Academy Board, shall in any way be considered a debt or obligation of Northern Michigan University or impose any liability on Northern Michigan University, its trustees, officers, employees or agents.

Section 3.  Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Academy, shall be signed by such officer or officers, agent or agents, of the corporation and in such manner as shall from time to time be determined by resolution of the Academy Board.

Section 4.  Deposits. All funds of the Academy shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Academy Board may select, provided that such financial institution is eligible to be a depository of surplus funds under Section 1221 of the Revised School Code, being Section 380.1221 of the Michigan Compiled Laws.

Section 5.  Voting of Gifted, Requested or Transferred Securities Owned by this Corporation. Subject always to the specific directions of the Academy Board, any shares or other securities issued by any other corporation and owned or controlled by this corporation may be voted at any meeting of security holders of such other corporation by the President of this corporation or by proxy appointed by the President, or in the absence of the President and the President's proxy, by the Secretary or Treasurer of this corporation or by proxy appointed by the Secretary or Treasurer. Such
proxy or consent in respect to any shares or other securities issued by any other corporation and owned by this corporation shall be executed in the name of this corporation by the President, the Secretary or the Treasurer of this corporation without necessity of any authorization by the Academy Board, affixation of corporate seal or countersignature or attestation by another officer. Any person or persons designated in the manner above stated as the proxy or proxies of this corporation shall have full right, power and authority to vote the shares or other securities issued by such other corporation and owned by this corporation the same as such shares or other securities might be voted by this corporation. This section shall in no way be interpreted to permit the corporation to invest any of its surplus funds in any shares or other securities issued by any other corporation. This section is intended to apply, however, to all gifts, bequests or other transfers of shares or other securities issued by any other corporation which are received by the corporation.

Section 6. Contracts Between Corporation and Related Persons. As required by Applicable Law, any Director, officer or employee of the Academy, who enters into a contract with the Academy, that meets the definition of contract under the statute on Contracts of Public Servants with Public Entities, Act No. 317 of the Public Acts of 1968, being sections 15.321 to 15.330 of the Michigan Compiled Laws, shall comply with the public disclosure requirements set forth in Section 3 of the statute.

ARTICLE IX

INDEMNIFICATION

Each person who is or was a Director, officer or member of a committee of the Academy and each person who serves or has served at the request of the Academy as a trustee, director, officer, partner, employee or agent of any other corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Academy to the fullest extent permitted by the corporation laws of the State of Michigan as they may be in effect from time to time. The corporation may purchase and maintain insurance on behalf of any such person against any liability asserted against and incurred by such person in any such capacity or arising out of his status as such, whether or not the corporation would have power to indemnify such person against such liability under the preceding sentence. The corporation may, to the extent authorized from time to time by the Board, grant rights to indemnification to any employee or agent of the corporation to the fullest extent provided under the laws of the State of Michigan as they may be in effect from time to time.
ARTICLE X

FISCAL YEAR

The fiscal year of the corporation shall begin on the first day of July in each year.

ARTICLE XI

AMENDMENTS

These Amended Bylaws may be altered, amended or repealed and new Amended Bylaws may be adopted by obtaining (a) the affirmative vote of a majority of the Academy Board at any regular or special meeting of the Academy Board, if a notice setting forth the terms of the proposal has been given in accordance with the notice requirements of these Amended Bylaws and applicable law, and (b) the written approval of the changes or amendments by the University Charter Schools Officer. In the event that a proposed change is not accepted by the University Charter Schools Officer, the University Board shall consider and vote upon a change proposed by the corporation following an opportunity for a written presentation to the University Board by the Academy Board. These Amended Bylaws and any amendments to them take effect only after they have been approved by both the Academy Board and by the University Charter Schools Officer or the University Board.

ARTICLE XII

TERMS AND CONDITIONS DEFINITIONS

The definitions set forth in the Terms and Conditions incorporated as part of the Contract shall have the same meaning in these Amended Bylaws.
CERTIFICATION

The Board certifies that these Amended Bylaws were adopted as and for the Bylaws of a Michigan corporation in an open and public meeting, by the Academy Board on the ____ day of __________, 2011.

The Board further certifies that these Amended Bylaws were provided to the Academy Board by the University Board and that a copy of the executed Amended Bylaws is being presented to the University Charter Schools Officer for approval.

[Signature]
Secretary

APPROVED BY:

[Signature]
William Pistulka
Northern Michigan University
Charter Schools Officer
Dated:
CONTRACT SCHEDULE 3

FISCAL AGENT AGREEMENT
SCHEDULE 3

FISCAL AGENT AGREEMENT

This Agreement is part of the Contract issued by the Northern Michigan University Board of Trustees ("University Board"), an authorizing body as defined by the Revised School Code, as amended (the "Code"), to the Walton Charter Academy, a public school academy.

Preliminary Recitals

WHEREAS, pursuant to the Code and the Contract, the University Board, as authorizing body, is the fiscal agent for the Academy, and

WHEREAS, the University Board is required by law to forward any State School Aid Payments received from the State of Michigan ("State") on behalf of the Academy to the Academy,

NOW, THEREFORE, in consideration of the premises set forth below, the parties agree to the following:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.01. Definitions. Unless otherwise provided, or unless the context requires otherwise, the following terms shall have the following definitions:

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

"Agreement" means this Fiscal Agent Agreement.

"Fiscal Agent" means the University Board or an officer or employee of Northern Michigan University as designated by the University Board.

"Other Funds" means any other public or private funds which the Academy receives and for which the University Board voluntarily agrees to receive and transfer to the Academy.

"State School Aid Payment" means any payment of money the Academy receives from the State School Aid Fund established pursuant to Article IX, Section 11 of the Michigan Constitution of 1963 or under the State School Aid Act of 1979, as amended.
"State" means the State of Michigan.

"State Treasurer" means the office responsible for issuing funds to public school academies for State School Aid Payments pursuant to the School Aid Act of 1979, as amended.

ARTICLE II

FISCAL AGENT DUTIES

Section 2.01. Receipt of State School Aid Payments and Other Funds. The University Board is the Fiscal Agent for the Academy for the limited purpose of receiving State School Aid Payments. By separate agreement, the University Board and the Academy may also agree that the University Board will receive Other Funds for transfer to the Academy. The Fiscal Agent will receive State School Aid Payments from the State, as provided in Section 3.02.

Section 2.02. Transfer to Academy. Except as provided in Article X of the Terms and Conditions and in the Oversight Agreement, the Fiscal Agent shall transfer all State School Aid Payments and all Other Funds received on behalf of the Academy to the Academy within ten (10) business days of receipt or as otherwise required by the provisions of the State School Aid Act of 1979 or applicable State Board rules. The State School Aid Payments and all Other Funds shall be transferred into the Account designated by a resolution of the Board of Directors of the Academy and by a method of transfer acceptable to the Fiscal Agent.

Section 2.03. Limitation of Duties. The Fiscal Agent has no responsibilities or duties to verify the Academy's pupil membership count, as defined in the State School Aid Act of 1979, as amended, or to authorize, to approve or to determine the accuracy of the State Aid School Payments received on behalf of the Academy from the State Treasurer. The duties of the Fiscal Agent are limited to the receipt and transfer to the Academy of State School Aid Payments and Other Funds received by the Academy. The Fiscal Agent shall have no duty to monitor or approve expenditures made by the Academy Board.

Section 2.04. Academy Board Requests for Direct Intercept of State School Aid Payments. If the Academy Board directs that a portion of its State School Aid Payments be forwarded by the Fiscal Agent to a third party account for the payment of Academy debts and liabilities, the Academy shall submit to the Charter Schools Office: (i) a copy of the Academy Board's resolution authorizing the direct intercept of State School Aid Payments; and (ii) a copy of a State School Aid Payment Agreement and Direction document that is in a form and manner acceptable to the Fiscal Agent.
ARTICLE III

STATE DUTIES

Section 3.01. Eligibility for State School Aid Payments. The State, through its Department of Education, has sole responsibility for determining the eligibility of the Academy to receive State School Aid Payments. The State, through its Department of Education, has sole responsibility for determining the amount of State School Aid Payments, if any, the Academy shall be entitled to receive.

Section 3.02. Method of Payment. Each State School Aid Payment for the Academy will be made to the Fiscal Agent by the State Treasurer by issuing a warrant and delivering the warrant to the Fiscal Agent by electronic funds transfer into an account specified by the Fiscal Agent, or by such other means deemed acceptable to the Fiscal Agent. The State shall make State School Aid Payments at the times specified in the State School Aid Act of 1979, as amended.

ARTICLE IV

ACADEMY DUTIES

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

Section 4.02. Expenditure of Funds. The Academy may expend funds that it receives from the State School Aid Fund for any purpose permitted by the State School Aid Act of 1979 and may enter into contracts and agreements determined by the Academy as consistent with the purposes for which the funds were appropriated.

Section 4.03. Mid-Year Transfers. Funding for students transferring into or out of the Academy during the school year shall be in accordance with the State School Aid Act of 1979 or applicable State Board rules.

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

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

RECORDS AND REPORTS

Section 5.01. Records. The Fiscal Agent shall keep books of record and account of all transactions relating to the receipts, disbursements, allocations and application of the State School Aid Payments and Other Funds received, deposited or transferred for the benefit of the Academy, and these books shall be available for inspection at reasonable hours and under reasonable conditions by the Academy and the State.

Section 5.02. Reports. The Fiscal Agent shall prepare and send to the Academy within thirty (30) days of September 1, 2006, and annually thereafter, a written report dated as of August 31 summarizing all receipts, deposits and transfers made on behalf or for the benefit of the Academy during the period beginning on the latter of the date hereof or the date of the last such written report and ending on the date of the report, including without limitation, State School Aid Payments received on behalf of the Academy from the State Treasurer and any Other Funds which the University Board receives under this Agreement.

ARTICLE VI

CONCERNING THE FISCAL AGENT

Section 6.01. Representations. The Fiscal Agent represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it in this Agreement and that it will carry out all of its obligations under this Agreement.

Section 6.02. Limitation of Liability. The liability of the Fiscal Agent to transfer funds to the Academy shall be limited to the amount of State School Aid Payments as are from time to time delivered by the State and the amount of Other Funds as delivered by the source of those funds.

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

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

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

BY: /s/Joseph L. Fielek

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

Date: June 16, 2011
CONTRACT SCHEDULE 4

OVERSIGHT AGREEMENT
SCHEDULE 4

OVERSIGHT AGREEMENT

This Agreement is part of the Contract issued by the Northern Michigan University Board of Trustees ("University Board"), an authorizing body as defined by the Revised School Code, as amended (the "Code"), to Walton Academy (the "Academy"), a public school academy.

Preliminary Recitals

WHEREAS, the University Board, subject to the leadership and general supervision of the State Board of Education over all public education, is responsible for overseeing the Academy's compliance with the Contract and all Applicable Law,

NOW, THEREFORE, in consideration of the premises set forth below, the parties agree to the following:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.01. Definitions. Unless otherwise provided, or unless the context requires otherwise, the following terms shall have the following definitions:

"Agreement" means this Oversight Agreement.

"Compliance Certification Duties" means the Academy's duties set forth in Section 2.02 of this Agreement.

"Charter Schools Office" means the office designated by the University Board as the initial point of contact for public school academy applicants and public school academies authorized by the University Board. The Charter Schools Office is responsible for administering the Oversight Responsibilities with respect to the Contract.

"Oversight Responsibilities" means the University Board's oversight responsibilities set forth in Section 2.01 of this Agreement.

"State School Aid Payment" means any payment of money the Academy receives from the state school aid fund established pursuant to Article IX, Section 11 of the Michigan Constitution of 1963 or under the State School Aid Act of 1979, as amended.
ARTICLE II

OVERSIGHT AND COMPLIANCE CERTIFICATION RESPONSIBILITIES

Section 2.01. Oversight Responsibilities. The Charter Schools Office, as it deems necessary to fulfill the University Board's Oversight Responsibilities, may undertake the following:

a. Conduct a review of the Academy's audited financial reports as submitted, including the auditor's management letters, and report to the University Board any exceptions as well as any failure on the part of the Academy to meet generally accepted public sector accounting principles.

b. Conduct a review of the records, internal controls or operations of the Academy to determine compliance with the Contract and Applicable Law.

c. Conduct a meeting annually between the Academy Board of Directors and a designee of the University Board.

d. Institute action pursuant to the terms of the Contract to suspend, revoke or reform the Contract.

e. Monitor the Academy's compliance with the Contract, the Code, and all other Applicable Law.

f. Request periodic reports from the Academy regarding any aspect of its operation, including, without limitation, whether the Academy has met or is achieving its targeted educational goals.

g. Request evidence that the Academy has obtained the necessary permits and certificates of compliance to operate as a public school from the applicable governmental agencies, including, without limitation, the Michigan Department of Labor and Economic Growth's Bureau of Construction Codes and Fire Safety, and local health departments.

h. Determine whether the Academy has failed to abide by or meet the educational goals as set forth in the Contract.

i. Provide supportive services to the Academy as deemed necessary and/or appropriate by the University Board or its designee.

j. Evaluate whether the Michigan Educational Assessment Program(s), nationally recognized norm-referenced achievement test or other assessment programs selected by the Academy are or have been appropriately administered to the Academy's student population, goals and programs.
Section 2.02. Compliance Certification Duties. The Academy agrees to perform all of the following Compliance Certification Duties:

a. Submit information to the Charter Schools Office in accordance with the Master Calendar of Reporting Requirements adopted by the Charter Schools Office. The Master Calendar may be amended on a semi-annual basis by the Charter Schools Office Director.

b. Submit quarterly financial reports to the Charter Schools Office in a form and manner determined by the Charter Schools Office. Submit other financial reports as established by the Charter Schools Office.

c. Permit inspection of the Academy’s records and/or premises at any reasonable time by the Charter Schools Office.

d. Report any litigation or formal proceedings alleging violation of any Applicable Law by the Academy to outside counsel for the University Board as designated in Article XII, Section 12.1 of the Terms and Conditions.

e. Upon request, provide copies of information submitted to the Michigan Department of Education, the Superintendent of Public Instruction, or State Board of Education to the Charter Schools Office.

f. Provide proposed minutes of all Academy Board of Directors’ meetings to the Charter Schools Office no later than ten (10) business days after such meeting, and provide approved final minutes to the Charter Schools Office within five (5) business days after the minutes are approved.

g. Submit to the Charter Schools Office prior to the issuance of the Contract, copies of insurance policies evidencing all insurance required by the Contract, and proof of naming of College and University Board as additional insureds. The Academy shall properly maintain the necessary insurance certificates evidencing the insurance required by the Contract.

h. Submit to the Charter Schools Office following review and approval by the Academy Board, a copy of the Academy’s lease, deed or other purchase arrangement for its physical facilities.

i. Submit to the Charter Schools Office, copies of all fire, health and safety approvals required by Applicable Law for the operation of a school.

j. Submit annually to the Charter Schools Office, dates, times and a description of how the Academy will provide notice of the application process and enrollment period to persons most likely to be interested in the Academy. At a minimum, these notices must include some evening and/or weekend times for enrolling students in the Academy. In addition, the
Academy must set forth the date for the holding of a random selection drawing if such a drawing becomes necessary.

k. Upon receipt from the Bureau of Construction Codes and Fire Safety, the Academy shall submit to the Charter Schools Office a copy of the final occupancy approval for the Academy’s school facility outlined in Schedule 6. The Academy shall not occupy or use the school facility identified in Schedule 6 until such facility has been approved for occupancy by the Bureau of Construction Codes and Fire Safety.

l. Submit to the Charter Schools Office copies of educational service provider agreements, if any, in compliance with the Charter Schools Office’s Educational Service Provider Policies for public school academies, if any.

m. By June 1st of each year, the Academy Board shall provide a copy of the Academy Board’s public meeting schedule for the upcoming school year. The Academy Board’s public meeting schedule shall include the date, time and location of the public meetings for the upcoming school year. Within ten (10) business days of Academy Board approval, the Academy Board shall provide a copy to the Charter Schools Office of any changes to the Academy Board public meeting schedule.

n. Prior to December 31 of each year and whenever necessary thereafter, the Academy Board shall approve and submit a revised operating school budget that includes, without limitation, the following: (i) the total projected amount of state school aid revenues based on the Academy’s September pupil membership count; (ii) revised personnel costs; (iii) any start-up expenses incurred by the Academy; and (iv) the total amount of short-term cash flow loans obtained by the Academy. The Academy will make budget revisions in a manner prescribed by law.

o. By September 1, 2006, the Academy Board shall submit to the University Charter Schools Office an executed interlocal agreement between the Academy, the Tribe and appropriate state and local agency officials that is executed pursuant to the Urban Cooperation Act of 1967, 1967 PA 7, MCL 124.501 et seq., and clarifies the relationship between the parties and their respective duties with regard to the charter school authorized by the University Board.

Section 2.03. Waiver and Delegation of Oversight Procedures. The University Board or its designee and the Academy may agree to modify or waive any of the Oversight Duties or Compliance Certification Duties. The University Board may delegate its Oversight Duties, or any portion of its Oversight Duties, to an officer of the University Board or others.
ARTICLE III

RECORDS AND REPORTS

Section 3.01. Records. The Academy will keep records in which complete and correct entries shall be made of all Compliance Certification Duties conducted, and these records shall be available for inspection at reasonable hours and under reasonable conditions by the Charter Schools Office.

ARTICLE IV

MISCELLANEOUS

Section 4.01. Administrative Fee. The Academy agrees to pay to the University Board an administrative fee of 3% of the State School Aid Payments received by the Academy. This fee shall be retained by the University Board from each State School Aid Payment received by the University Board for forwarding to the Academy. This fee shall compensate the University Board for overseeing the Academy's compliance with the Contract and all Applicable Law and other related activities for which compensation is permissible.

Section 4.02. Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Academy and the University Board by this Agreement.

ARTICLE V

FREEDOM OF INFORMATION ACT (FOIA) INFORMATION

Section 5.01. FOIA Information to be Provided by the Academy. The following described categories of information are specifically included within those to be made available to the public by the Academy in accordance with Section 12.17(a) of the Terms and Conditions:

a) Contract
b) Constitutional Oath of Public Office form for each serving Director
c) List of currently serving Directors with name, address, and term of office
d) Public notice of all Academy Board meetings
e) Academy Board meeting agendas
f) Academy Board meeting minutes
g) Academy Board meetings calendar
h) Academy Board approved budget and amendments to the budget
i) List of bills paid as submitted to the Academy Board
j) Quarterly financial reports submitted to the College Board Designee
k) Annual Education Report
l) School Improvement Plan (if required)
m) Facility leases, mortgages, modular leases and/or deeds
n) Equipment leases
o) Proof of ownership for vehicles and portable buildings
p) Academy Board approved management contract with Education Service Provider
q) Academy Board approved services contract(s)
r) Bureau of Construction Codes and Fire Safety occupancy certificate
s) MDE letter of continuous use (if required)
t) Local Health Department food service permit (if required)
u) Asbestos inspection report (if required)
v) Boiler inspection certificate (if required)
w) List of current Academy teachers with names and addresses, their salaries and Certification
x) Proof of fingerprinting, criminal background check and unprofessional conduct check for all Academy teachers and administrators
y) Academy Board approved policies
z) Proof of insurance as required by the Contract

Section 5.02. FOIA Information to be Provided by the Educational Service Provider. The following described categories of information are specifically included within those to be made available to the Academy by the Educational Service Provider (if any) in accordance with Section 12.17(b) of the Terms and Conditions:
a) Information Regarding Academy Teachers, Administrators, and Support Staff

(i) Personal information (name, address, age, sex, marital status – if known)

(ii) Education (highest degree attained, alma mater, certifications, teaching certificates, years of experience in educational systems, etc.)

(iii) Employment record (occupation, rate of pay, seniority, salaries, benefits, disciplinary actions – if any, commendations, special projects directed, supervisory evaluations, etc.)

b) Information Regarding Academy Business Operations

(i) Financial records and information concerning the operation of the Academy, including without limitation budgets and detailed records of funds received from the State and others, expenditure of those funds, investment of those funds, carryover, contractual arrangements and/or agreements, etc.

(ii) Financial records and information concerning leases to which the Academy is a party (equipment, physical facility space, institutional and educational materials, etc.)

(iii) Financial records and information concerning mortgages and loans to which the Academy is a party.

c) Other Information - other records and information needed by the Academy in order to comply with its obligations to disclose the information listed under Article V.
CONTRACT SCHEDULE 5

DESCRIPTION OF STAFF RESPONSIBILITIES
Walton Academy

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Staff Responsibilities

Job Title: Principal
Department: School Administration
Reports To: Director of School Quality
Employed By: National Heritage Academies

SUMMARY
The principal is dedicated to achieving the mission of "Challenging each child to achieve...". He or she will hold the unwavering belief that all children can and will learn given the right opportunities. Qualified principals will have a proven track record of achieving significant rates of student growth. Strong leadership and management skills are also required as is the ability to provide instructional support to teachers. To these ends, the principal must be committed to and capable of developing school culture, promoting student achievement, and implementing seamless school operations.

ESSENTIAL DUTIES
The duties include working with students, families and staff to create a thriving school community focused on achieving results. The principal must be able to effectively direct and coordinate educational, administrative, and counseling activities; formulate policy at the school level; make hiring and termination decisions; set salaries; evaluate teacher performance; and plan for his or her own succession.

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

A qualified principal has between four and ten years of school leadership experience in working with diverse student populations. The Principal will meet applicable state certification requirements. The principal will be able to demonstrate achievements in student proficiency and growth that can be specifically linked to their leadership and interventions. The ability to interpret student performance data and to develop strategies that differentiate learning based on assessment results is key. Dedication to ongoing professional development is important and the principal should be familiar with education journals, research and current trends in education. As a building leader, the principal should also be comfortable working with financial reports and legal documents.

Both oral and written communication skills are key to success as a principal. The principals will be able to respond aptly to common inquiries from parents, the community, and the authorizer and to present information to the Board of Directors. He or she will have the ability to problem solve and to draft correspondence appropriate to the circumstances. The principal will support and always seek to fulfill the guiding concepts for the school embodied in the mission and the school's moral focus program.

SUPERVISORY RESPONSIBILITIES
A Principal will directly supervise a group of employees, not to exceed 15 employees. This group includes Deans and front office staff, and may in some circumstances include para-professional staff, special education and/or special needs teachers. The principal will carry out supervisory responsibilities in
accordance with the organization's policies and applicable laws. Responsibilities include interviewing, hiring and training employees; planning, assigning, and directing work; appraising performance; rewarding and disciplining employees; addressing complaints and resolving problems.

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

While performing the duties of this job, the employee is regularly required to talk or hear. The employee frequently is required to sit; use hands to handle; and reach with hands and arms. The employee is occasionally required to stand and walk. The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and ability to adjust focus.

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

While performing the duties of this job, the employee is occasionally exposed to wet and/or humid conditions and outside weather conditions. The noise level in the work environment is usually moderate.
Job Title: Dean
Department: School Administration
Reports To: Principal
Employed By: National Heritage Academies

SUMMARY
Deans hold leadership positions within the school and must share their colleagues’ commitment to achieving the mission of the school. They must possess an unrelenting drive to change lives, make a difference, transfer knowledge, and create opportunity. Deans will effectively manage people, develop teachers, demonstrate the ability to build culture, and aspire to model the virtues adopted in the moral focus program.

ESSENTIAL DUTIES
Deans are responsible for management oversight and will hold specifically defined roles within the leadership structure. As such, they will manage a subset of the school staff, and provide primary responsibility for various areas of leadership across the building. Like the principal, these responsibilities require individuals who can respond to common inquiries from parents and the community, and who are able to problem solve and communicate effectively.

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

Qualified deans possess a Bachelor’s Degree or higher and a minimum of three to five years of experience in teaching. As instructional leaders, deans will demonstrate success in leading, motivating and coaching a team of teachers, who have mastered instructional best practices, and who are continuously seeking new and better approaches to teaching and learning.

SUPERVISORY RESPONSIBILITIES
Directly supervises a subset of instructional employees in the school, to include teachers, special education and paraprofessional staff. He/she will carry out supervisory responsibilities in accordance with the organization’s policies and applicable laws. Deans, with the assistance of the Principal, are involved in the interviewing, hiring and training of employees. Responsibilities include planning, assigning and directing of work; appraising performance; rewarding and disciplining employees; addressing complaints and resolving problems.

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

While performing the duties of this job, the employee is regularly required to talk or hear. The employee frequently is required to sit; use hands to handle; and reach with hands and arms. The employee is occasionally required to stand and walk. The employee must occasionally lift and/or move up to 25
pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and ability to adjust focus.

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

While performing the duties of this job, the employee is occasionally exposed to wet and/or humid conditions and outside weather conditions. The noise level in the work environment is usually moderate.
Job Title: Teacher  
Department: School Teachers  
Reports To: Dean  
Employed By: National Heritage Academies  

SUMMARY  
Teachers at the school are committed to the mission and possess an unwavering dedication to promoting high expectations and academic growth. Teachers do not work independently in their classrooms but collaborate with their grade-level teams in planning lessons, honing instructional techniques, and achieving learning objectives. Teachers are able to participate collaboratively and professionally with other staff, as well as with parents, volunteers, and the community. Teachers will promote and always seek to fulfill the guiding concepts for the school, including its mission, moral focus program, and vision.

ESSENTIAL DUTIES  
Teachers will be responsible for creating, managing, and participating in a variety of learning environments and activities that provide opportunities for students to develop to their fullest potential and achieve their learning objectives. Teachers will have the ability to apply knowledge of current research and theory to the instructional program and to plan and implement lessons based on school objectives and the needs and abilities of students.

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

EDUCATION and/or EXPERIENCE  
Bachelor's degree is required along with appropriate licensure/certification. Teaching experience, preferably at the elementary school level, is desired.

LANGUAGE SKILLS  
Ability to read, analyze and interpret general business periodicals, professional journals, technical procedures, and governmental regulations. Ability to write reports, business correspondence, and procedure manuals. Ability to establish and maintain effective working relationships with students, peers, parents and community; ability to speak clearly and concisely in written and oral communication.

MATHEMATICAL SKILLS  
Ability to add, subtract, multiply and divide all units of measure, using whole numbers, common fractions, and decimals. Ability to compute rate, ratio, and percent and to draw and interpret graphs. Ability to work with mathematical concepts such as probability and statistical inference, and fundamentals of plane and solid geometry and trigonometry. Ability to apply mathematical concepts to practical situations.

REASONING ABILITY
Ability to define problems, collect data, establish facts, and draw valid conclusions. Ability to deal with a variety of abstract and concrete variables in situations where only limited standardization exists. Ability to interpret a variety of instructions furnished in written, oral, diagram, or schedule form.

CERTIFICATES, LICENSES, REGISTRATIONS
Teaching Certificate/License/Permit with appropriate endorsements valid in the state the Teacher will be teaching.

OTHER SKILLS AND ABILITIES
Ability to apply knowledge of current research and theory to instructional program; ability to plan and implement lessons based on school objectives and the needs and abilities of students. Ability to establish and maintain effective relationships with students, peers and parents; skill in oral and written communication. Ability to perform duties with awareness of all NHA requirements and School Board policies. Ability to use technology for instructional purposes and to teach current technology skills and the use of technology tools for grade level. Ability to apply knowledge about legal issues to the work setting.

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

While performing the duties of this job, the employee is regularly required to talk and hear. The employee frequently is required to sit; use hands to handle; and reach with hands and arms. The employee is occasionally required to stand and walk. The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and ability to adjust focus.

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

While performing the duties of this job, the employee is occasionally exposed to wet and/or humid conditions and outside weather conditions. The noise level in the work environment is usually moderate.
Job Title: Library Technology Specialist  
Department: School Staff  
Reports To: Principal  
Employed By: National Heritage Academies

SUMMARY  
The Library Technology Specialist at the school will ascribe to the school’s mission and share his or her colleagues’ commitment to providing an unparalleled educational opportunity to its students. The Library Technology Specialist will be passionate about introducing students to classic and contemporary literature, instilling them with a life-long love of reading, and instructing them in information literacy. He or she will support and aspire to model the mission of the school and the virtues emphasized in the moral focus program.

ESSENTIAL DUTIES  
The Library Technology Specialist will work with classroom teachers to help plan and integrate lessons and provide resources. Students will use technology to research, compose, and present information related to topics studied in other content area classes. He or she must possess the leadership capacity and expertise necessary to ensure that the library and educational technology programs are an integral part of the instructional program of the school.

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

The school will seek a Library Technology Specialist with a bachelor’s degree, experience teaching in a library/media center, and a master’s level endorsement in educational technology or library science. As a staff member who is likely to interact regularly with every student, teacher, and administrator, the Library Technology Specialist must possess excellent communication skills, be able to establish and manage effective working relationships, and readily assume the responsibilities of leader, trainer, manager, teacher, and information specialist.

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

While performing the duties of this job, the employee is regularly required to talk or hear. The employee frequently is required to sit; use hands to handle; and reach with hands and arms. The employee is occasionally required to stand and walk. The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and ability to adjust focus.

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

While performing the duties of this job, the employee is occasionally exposed to wet and/or humid conditions and outside weather conditions. The noise level in the work environment is usually moderate.
Job Title: Special Education Teacher
Department: School Teachers
Reports To: Dean
Employed By: National Heritage Academies

SUMMARY
The school will seek a special education teacher who is committed to the school's mission and aspires to model the virtues of the moral focus program. He or she will possess unwavering dedication to changing lives, creating educational opportunity for students and instilling a life-long love of learning. In a position that requires working with students of various academic, physical, and emotional needs, the special education teacher must be able to adapt, prioritize, and work collaboratively with other teachers at the school.

ESSENTIAL DUTIES
The Special Education Teacher is responsible to work with students in the K-8 program that experience emotional, learning, and physical disabilities and are eligible for special education programs and services as determined by an IEP committee. While working with these special education students, the Special Education Teacher may also work with At-Risk students within the general education population and in the general education classroom in conjunction with the support they are providing to students with special needs.

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

The school will seek a special education teacher with a Bachelor's degree with certification in at least one disability area, experience working with special education students, and a high level of verbal communication and interpersonal skills. He or she will possess discretion, integrity, and flexibility and have a clear understanding of issues of confidentiality.

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

While performing the duties of this job, the employee is regularly required to talk or hear. The employee frequently is required to sit; use hands to handle; and reach with hands and arms. The employee is occasionally required to stand and walk. The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and ability to adjust focus.

WORK ENVIRONMENT
The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.
While performing the duties of this job, the employee is occasionally exposed to wet and/or humid conditions and outside weather conditions. The noise level in the work environment is usually moderate.
Job Title: Registrar  
Department: Office Staff  
Reports To: Principal  
Employed By: National Heritage Academies

SUMMARY  
The registrar at the school must be committed to the mission of the school, seek to fulfill the virtues of the moral focus program, and be a dedicated team player. The school will seek a registrar who can communicate effectively with parents, students, school staff, and the community and is able to supervise school volunteers. The registrar will often be the first representative of the school that parents and others interact with, and thus must be able to create a customer-centered, professional environment.

ESSENTIAL DUTIES  
The registrar is accountable for the organization and daily functioning of student enrollment management; maintaining student information in the AtSchool database, including course schedules; and ensuring compliance with People Services policies.

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

The registrar will possess an Associate's Degree and/or two to four years of experience in an office or school administrative position and must be proficient with PCs and basic Microsoft Office software.

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

While performing the duties of this job, the employee is regularly required to talk or hear. The employee frequently is required to sit; use hands to handle; and reach with hands and arms. The employee is occasionally required to stand and walk. The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and ability to adjust focus.

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

While performing the duties of this job, the employee is occasionally exposed to wet and/or humid conditions and outside weather conditions. The noise level in the work environment is usually moderate.
CONTRACT SCHEDULE 6

PHYSICAL PLANT DESCRIPTION
WALTON CHARTER ACADEMY
Physical Plant

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SCHEDULE 6

PHYSICAL PLANT DESCRIPTION

1. Applicable Law requires that a public school academy application and contract must contain a description of and the address for the proposed physical plant in which the public school academy will be located. See, MCL 380.502(3)(j); 380.503(5)(d).

2. The address and a description of the proposed physical plant (the “Proposed Site”) of Walton Academy (“Academy”) is as follows:

   **Address:** 744 East Walton Blvd.
   Pontiac, MI 48340

   **Description:** The Academy’s facility consists of a main school building and portable classrooms. The buildings include multiple classrooms and a gymnasium.

   **Term of Use:** Term of Contract.

   **Configuration of Grade Levels:** Kindergarten through eighth grade.

   **Name of School District and Intermediate School District:**

   - **Local:** Pontiac School District
   - **ISD:** Oakland

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

   A. Size of building
   B. Floor Plan
   C. Description of Rooms
   D. Copy of lease or purchase agreement

4. In addition, the Academy and the University Board hereby acknowledge and agree that this Contract is being issued to the Academy with the understanding that the Academy cannot conduct classes as a public school academy in this state until it has obtained the necessary fire, health and safety approvals for the above-described proposed physical facility. These approvals must be provided and be acceptable to the University Board or its designee prior to the Academy operating as a public school. In cases of disagreement, the Academy may not begin operations without the consent of the University Board.

5. If the Proposed Site described above is not used as the physical facilities for the Academy, then Schedule 6 of this Contract between the Academy and the University Board must be amended pursuant to Article IX of the Terms and Conditions of Contract, to designate, describe, and agree upon the Academy’s physical facilities. The Academy must submit to the
University Board or its designee complete information about the new site to be actually used. This information includes that described in paragraphs 2, 3 and 4 of this Schedule 6. It is acknowledged and agreed that the public school academy cannot conduct classes as a public school in this state until it has submitted all the information described above, to the satisfaction of the College, and the amendment regarding the new site has been executed.

6. The Academy agrees to comply with the single site restrictions contained in this Schedule 6 for the configuration of grade levels identified at the site. Any change in the configuration of grade levels at the site requires an amendment to this Schedule 6 pursuant to Article IX of the Terms and Conditions of Contract set forth above.
CERTIFICATE OF USE AND OCCUPANCY

PERMANENT

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

Building Permit No. B025271
Walton Charter Academy
744 E Walton Blvd
Pontiac, Michigan
Oakland County

The above named building of Use Group E and Construction Type 5B is approved for use and occupancy.

THIS APPROVAL IS GRANTED UNDER THE AUTHORITY OF SECTIONS 13 OF ACT 230 OF THE PUBLIC ACTS OF 1972, AS AMENDED, BEING §125.1513 OF THE MICHIGAN COMPILED LAWS, AND, IN ACCORDANCE WITH SECTION 110.0 OF THE STATE BUILDING CODE. THIS SHALL SUPERSEDE AND VOID ANY PREVIOUS APPROVAL OF USE AND OCCUPANCY.

[Signature]
Larry Lehman, Chief
Charles E. Curtis, Assistant Chief
Building Division

August 29, 2007
CERTIFICATE OF USE AND OCCUPANCY

PERMANENT

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

Building Permit No. B026896
Walton Charter Academy 5S
744 E Walton Boulevard
Pontiac, Michigan
Oakland County

The above named building of Use Group E Construction Type 5B is approved for use and occupancy.

THIS APPROVAL IS GRANTED UNDER THE AUTHORITY OF SECTIONS 13 OF ACT 230 OF THE PUBLIC ACTS OF 1972, AS AMENDED, BEING §125.1513 OF THE MICHIGAN COMPILED LAWS, AND, IN ACCORDANCE WITH SECTION 110.0 OF THE STATE BUILDING CODE. THIS SHALL SUPERSEDE AND VOID ANY PREVIOUS APPROVAL OF USE AND OCCUPANCY.

Larry Lehman, Chief
Charles E. Curtis, Assistant Chief
Building Division

September 25, 2008
LEASE

THIS LEASE entered into the 16th day of September, 1999, to be effective August 1, 1999, by and between NATIONAL HERITAGE ACADEMIES, a Michigan corporation, of 989 Spaulding Avenue, S.E., Grand Rapids, Michigan 49546 ("Landlord"), and WALTON CHARTER ACADEMY, a public school chartered under the laws of the State of Michigan, having an address of 744 East Walton Boulevard, Pontiac, MI 48340 ("Tenant").

RECEITALS

A. Landlord, as Tenant, and Charter Development Company, L.L.C., as landlord entered into a lease of the Premises, defined in Section 1.1, pursuant to a Lease effective January 1, 1999 (the "Master Lease").

B. Tenant desires to sublease the Premises on the terms set forth in this Lease.

NOW, THEREFORE, in consideration of the mutual covenants set forth in this Lease, Landlord and Tenant agree as follows:

ARTICLE 1

Premises.

1.1 Landlord hereby leases to the Tenant on the terms and conditions hereinafter set forth the real estate located in the City of Pontiac, Oakland County, Michigan, described on Exhibit "A" attached hereto, and all improvements located thereon (hereinafter referred to as the "Premises"). This Lease is subordinate to the Master Lease. Tenant covenants that it shall do nothing to cause a breach or default on the part of Landlord under the terms of the Master Lease. Tenant shall indemnify Landlord against all liability, judgments, costs, damages, claims, costs and expenses, including, without limitation, reasonable attorneys' fees arising out of or relating to Tenant's breach of the foregoing provision.

1.2 Landlord acknowledges and agrees that in the event of Landlord's default under the terms of the Master Lease and the assignment or transfer of the Landlord's interest in this Lease to the landlord under the Master Lease (the "Master Landlord"), Tenant shall not be in default under this Lease solely by reason of assignment of this Lease to Master Landlord. Upon notice of assignment of this Lease to Master Landlord, Tenant will recognize Master Landlord as its landlord under this Lease and pay all rent and other charges under this Lease to Master Landlord; provided, Master Landlord will not be liable to Tenant under this Lease for any period prior to the assignment. Landlord releases Tenant from any liability for the payment of rent and other charges under this Lease directly to Master Landlord pursuant to an assignment of this Lease to Master Landlord under the terms of the Master Lease. Notwithstanding the foregoing, Tenant's possession of the Premises under this Lease shall not be disturbed by the Master
Landlord unless Tenant breaches any of the provisions of this Lease and Tenant's right to possession is lawfully terminate.

ARTICLE 2

Term.

2.1 Pursuant to the terms of the Management Agreement between National Heritage Academies, Inc. ("NHA") and Tenant (the "Management Contract"), NHA is providing the leased facilities and Tenant has assigned all costs to be paid by Tenant under the terms of this Lease to NHA, which assignment shall remain in effect during the term of this Lease until the Management Contract expires or is terminated for any reason, or until otherwise agreed in writing by the parties.

2.2 The term of this Lease shall commence on August 1, 1999 and shall terminate effective June 30, 2000, unless sooner terminated as hereinafter set forth.

ARTICLE 3

Rental.

3.1 The Tenant hereby hires said Premises for the term above stated and agrees to pay Landlord annual rental of Five Hundred Twenty-Three Thousand Five Hundred Forty-One and No/100 Dollars ($523,541.00), in equal monthly installments of Forty-Three Thousand Six Hundred Twenty-Eight and No/100 Dollars ($43,628.00) each, and a proportionate part of said annual rental for any partial year, such installments to be payable in advance on the first day of each month. The rental amount and monthly installments shall be adjusted accordingly with consent of the parties upon determination of final costs for acquisition of the Premises and construction of the improvements located thereon.

3.2 All rental shall be paid to the Landlord at Landlord's address as set forth above, or at such other address as the Landlord may designate in writing.

3.3 This is a net lease and the annual rent and all other sums payable hereunder by Tenant shall be paid without setoff, counterclaim, recoupment, abatement, suspension, or deduction, except as expressly provided for herein.

3.4 This Lease shall not terminate, nor shall Tenant have any right to terminate this Lease during the term hereof (except as otherwise expressly provided herein), nor shall Tenant be entitled to any abatement, deduction, deferment or reduction of rent hereunder (except as otherwise expressly provided herein), nor shall the obligations of Tenant under this Lease be affected by any interference with the Tenant's use of the premises. It is the intention of the parties hereto that the obligations of Tenant hereunder shall be separate and independent
covenants and agreements, that the annual rent and all other sums payable by Tenant hereunder shall continue to be payable in all events (or in lieu thereof, Tenant shall pay amounts equal there to), and that the obligations of Tenant hereunder shall continue unaffected, unless the requirement to pay or perform the same shall have been terminated pursuant to an express provision of this Lease.

3.5 **Capital Improvements.** In the event Landlord makes capital improvements to the Premises, or acquires additional property for the benefit or use of Tenant, then the rent paid by Tenant shall be promptly adjusted accordingly to compensate Landlord for its additional economic investment.

**ARTICLE 4

Use, Occupancy And Purpose**

4.1 Tenant shall use the Premises solely for operating a public school and uses incidental thereto. Tenant shall not use or allow the use of the Premises for any unlawful purpose, nor shall Tenant allow the Premises to be used in violation of any public ordinance, rule or regulation, or in violation of any certificate of occupancy or certificate of compliance covering or affecting the Premises, or any part thereof. Tenant shall not suffer any act to be done or any condition to exist on the Premises or any part thereof which may in law constitute a nuisance, public or private, or which may make void or voidable any insurance with respect thereto.

4.2 Tenant shall not commit any waste, damage, or injury of or to the Premises or the fixtures or any part thereof and shall take all reasonable precautions and actions to prevent others from committing any of the foregoing.

4.3 A. For purposes of this Section 4.3, the “Reserved Periods” means:

(i) the period between the regular school session for one year (e.g. 1999-2000 school year) and the subsequent regular school session for the next school year (e.g. 2000-2001 school year) which is approximately June 15 to August 15 of each year; and

(ii) the approximate week-long period in which school is not in session in the spring semester of each school year; and

(iii) the period in which school is not in session over Christmas and New Year’s holidays.

B. Landlord reserves the use of the Premises during the Reserved Periods except to the extent (i) Tenant is required to use the Premises pursuant to an educational law, requirement or standard of the State of Michigan; or (ii) Tenant has obtained the prior written consent of Landlord for the use of the Premises by Tenant during the Reserved Periods.
C. Landlord shall reimburse Tenant for its actual use of the Premises during the Reserved Periods pursuant to the attached use fee schedule or, if none attached, use fees as determined from time to time by the mutual agreement of Landlord and Tenant.

ARTICLE 5

Utilities/Services

5.1 Charges for utilities, including without limitation gas, electricity, light, heat, power, water, sewage and telephone or other communication services, shall be paid by Tenant as they are incurred.

5.2 Tenant shall have the right to use the utility facilities which are presently existing on the Premises. Landlord shall not be required to furnish any service to the Premises, including but not limited to heat, water and power. The Landlord shall not be liable for any failure of water supply or electric current or any service by any utility, for injury to persons, including death, or damage to property resulting from steam, gas, electricity, water, rain or snow which may flow or leak from any part of the Premises or from any pipes, appliances or plumbing works from the street or subsurface or from any other place, or for interference with light or other easements, however caused, except if due to the affirmative negligence of the Landlord.

5.3 If the existing facilities are required to be modified or replaced for any reason by any utility company or authorized agency, governmental or otherwise, then Tenant shall comply with the same at its own cost and shall save Landlord harmless therefrom.

5.4 Except as otherwise expressly provided in this Lease, Landlord shall have no obligation to provide any services to Tenant with respect to the Premises.

ARTICLE 6

Taxes

6.1 The Tenant agrees to pay prior to the penalty date all taxes and special assessments and other similar charges (except income and other taxes assessed against or by reason or Landlord’s reversionary interest in or income from the Premises) which shall be levied on or assessed against the Premises during the term, and to save the Landlord harmless from the payment thereof. Taxes for the first and last year of the term or any extension or renewal thereof shall be prorated on the basis of the fiscal period for which such tax is assessed. Notwithstanding the foregoing, Tenant shall be liable for and pay, or reimburse Landlord in full by December 1, 1999, the full amount of real estate taxes and assessments billed and due after June 1, 1999. Tenant may in good faith and at its own expense contest the imposition and collection of any tax or assessment, in the Landlord’s name, if necessary, and during the period of such contest Tenant shall not be deemed to be in default hereunder for failure to pay such contested amount.

6.2 If at any time after any tax, assessment or similar charge so charged or assessed against said Premises shall become due or payable, Tenant shall neglect or fail to pay the same,
Landlord may pay the same at any time thereafter, and the amount of any and all such payments so made by Landlord shall be and is hereby declared to be so much additional and further rent for Premises due from and payable by Tenant, with the next installment of rent due thereunder.

6.3 At the termination of this Lease by lapse of time or otherwise, all taxes due and payable by Tenant under the provisions of this Article 6 shall be paid by Tenant including any unpaid installments of special assessments levied during the term of this Lease.

6.4 Upon demand of Landlord, Tenant shall pay in addition to each monthly payment of rent to be paid hereunder, a sum equivalent to one-twelfth of the amount estimated by Landlord to be sufficient to enable Landlord to pay at least thirty (30) days before they become due, all such taxes, assessments and other charges. Such additional payments may be commingled with the general funds of Landlord and no interest shall be payable in respect thereof. Upon demand by Landlord, Tenant will deliver and pay over to Landlord such additional sums as are necessary to make up any deficiency in the amount necessary to enable Landlord to fully pay such taxes, assessments and other charges.

6.5 In the event that the City, County, State, or any other political subdivision within which the premises are located shall, prior to or during the term of this Lease, impose upon the Landlord any tax or other governmental charge ("non-real property tax") in lieu of all or any part of the taxes which, prior to such imposition, were assessed or levied against the building and/or the land upon which the building is located ("real property taxes"), such non-real property tax shall, for purposes of this paragraph, be treated as if it were a real property tax.

6.6 Upon demand of Landlord within ninety (90) days after the date any tax, charge, assessment or imposition referred to in this Article 6 is payable by Tenant, Tenant shall provide to Landlord official receipts of the appropriate taxing authority or other proof satisfactory to Landlord of the payment of such tax, charge, assessment, or imposition.

ARTICLE 7

Fire Insurance And Destruction Of Building

7.1 Tenant will cause to be maintained policies of fire and extended coverage insurance on all buildings, structures, fixtures and improvements now or hereafter situated on the Premises and all other property leased hereunder in their full replacement cost. Such policies shall have no greater than eighty (80%) percent co-insurance provision and shall contain the standard "agreed amount" clause for evaluating replacement cost. Such policies shall name Tenant, Landlord, other parties designated by Landlord and the first mortgagee as their interests may appear as insureds and such insurance shall be carried by an insurance company or companies approved by Landlord and the first mortgagee. Duplicate original copies of said policies shall be delivered to Landlord and the first mortgagee. Notwithstanding the aforesaid, in no event shall the manner, forms, companies, sums or length of terms be less than that required by the first mortgagee according to the terms and provisions of said first mortgage.
7.2 Each such policy shall include: (i) a standard mortgage clause in favor of the first mortgagee; (ii) a provision to the effect that the waiver of subrogation rights by the insured does not void the coverage; (iii) a provision that the policy shall not be changed or canceled without at least thirty (30) days' prior written notice to the Landlord and the first mortgagee; and (iv) a provision that any forfeiture of the policy due to an act of the Tenant shall not affect the validity insofar as the Landlord or the first mortgagee are concerned.

7.3 From time to time as required by Landlord or the first mortgagee, Tenant at its expense, shall obtain from an engineer or appraiser, in the regular employ of the insurer, or an appraiser, engineer, architect or contractor designated by Tenant and approved by Landlord and the insurer, such evidence as may be required by such insurer to maintain the agreed amount clause eliminating the possibility of any co-insurance penalty.

7.4 If Tenant shall refuse or fail to so insure and keep insured said buildings, structures and improvements and all other property leased hereunder and to keep such policies in Landlord's and first mortgagee's possession, Landlord may at its election procure and from time to time renew such insurance, and the amounts expended therefore shall be additional rent due from Tenant with the next installment of rent accruing hereunder and may be collected in the same manner as though rent due hereunder.

7.5 Upon demand of Landlord, Tenant shall pay in advance, in addition to each monthly payment of rent to be paid hereunder, a sum equivalent to one-twelfth of the amount estimated by Landlord to be sufficient to enable Landlord to pay at least thirty (30) days before they become due all insurance premiums on all policies of insurance required hereunder. Such additional payments may be commingled with the general funds of Landlord and no interest shall be payable in respect thereof. Upon demand by Landlord, Tenant will deliver and pay over to Landlord such additional sums as are necessary to make any deficiency in the amount necessary to enable Landlord to fully pay such premiums.

7.5 Landlord shall have no liability for damage to or loss of personal property located upon the Premises, unless and to the extent caused by Landlord.

ARTICLE 8

Restoration

8.1 In case of any damage to or destruction of the Premises or any part thereof, or to any other property hereunder, Tenant shall give immediate written notice thereof to Landlord and the first mortgagee. Landlord, at its sole option, may by written notice to Tenant terminate this Lease if: (i) the cost to repair or replace such damage or destruction exceeds Fifty Thousand and No/00 Dollars ($50,000.00) and will take one hundred twenty (120) days or more to repair, or (ii) the damage or destruction occurs in the last six (6) week of the term of this Lease, or (iii) the time to repair or replace such damage or destruction will take longer than the remaining balance of the term of this Lease. If Landlord does not terminate this Lease as provided in the preceding sentence, then Landlord shall (or at Landlord's option, Tenant shall) at Tenant's expense, repair,
restore, or rebuild the Premises or the part thereof so damaged, as nearly as possible to the value, condition and character the same was in immediately prior to such damage or destruction, (such repair, restoration, rebuilding, together with any temporary repairs and property protecting pending completion of the work being herein called "restoration") all in accordance with plans and specifications therefor first approved by Landlord, unless Landlord shall have waived its right of approval in writing; subject, to all municipal, state and federal laws, codes, rules, regulations, ordinances and approvals pertaining to the construction, restoration, use and operation of schools (provided Tenant will use reasonable efforts to comply with such laws, ordinances, codes, rules, regulations and to obtain such approvals). Tenant's obligation to repair, restore or replace the damage shall be limited to the amount of insurance proceeds available to Tenant. If the restoration costs exceed the available insurance proceeds, the excess costs may be paid by Landlord, at its sole option, in which event the excess costs paid by Landlord shall, at Landlord's option, be factored into the rent provided for in Section 3.1 of this Lease.

8.2 Rent insurance proceeds, if payable, shall be applied to the payment of, when and as due and payable, the installments of rent and other payments due under this Lease until restoration has been completed or the Lease terminated if Landlord elects to terminate as provided in Section 8.1. The balance, if any, of such proceeds shall be paid to Tenant or as Tenant may direct.

8.3 If by reason of any damage or destruction mentioned in Section 8.1, any sums are to be paid under any insurance policy mentioned in Article 7 hereof, then after receiving the first mortgagees's prior written approval, and provided Landlord has not elected to terminate pursuant to Section 8.1 and there is no default by Tenant hereunder at such time, such sum shall be paid over to the Master Landlord under the Master Lease or the first mortgagee or to the Landlord as a Depository, which shall hold the same as a trust fund to be used for the payment of the cost of restoration except as hereinafter provided; if there shall then be a default by Tenant hereunder the first mortgagee may, at its option, apply such sums to the payment of the debt secured by the first mortgage. Upon receipt by the Depository, at its option, of:

8.3.1 A certificate of Tenant dated not more than thirty (30) days prior to the date of such receipt (a) requesting the payment of a specified amount of such money; (b) describing in reasonable detail the work and materials applied to the restoration since the date of the last certificate of Tenant; (c) stating that such specified amount does not exceed the cost of such work and material; (d) stating that such work and materials have not previously been made the basis of any request for or any withdrawal of money, and

8.3.2 A certificate of an independent engineer or independent architect designated by Tenant, who shall be approved by Landlord (which approval shall not be unreasonably withheld) stating (a) that the work and materials described in the accompanying certificate of Tenant were satisfactorily performed and furnished and were necessary, appropriate and desirable to the restoration in accordance with the plans and specifications therefor approved by Landlord, unless Landlord shall have waived its right of approval in writing; (b) that the amount specified in such certificate of Tenant is not in excess of the cost of such work and materials; (c) the additional amount, if any, required to complete the restoration, and

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8.3.3 Evidence satisfactory to the first mortgagee, if any, and Landlord, from time to time that the cost of the work and materials required to complete the restoration can be paid from the insurance proceeds held by the Depository, provided that if such cost cannot so be paid, before any disbursement or any further disbursement there shall be deposited with Depository a sum which together with the insurance proceeds will be sufficient to pay for the cost of restoration, and

8.3.4 Either (a) a written opinion of counsel satisfactory to Landlord and first mortgagee, or (b) the certification of a title company satisfactory to Landlord and first mortgagee, in either case that as of a date not more than two (2) days prior to the date of payment described below there exists no filed or recorded lien, encumbrance or change prior to or on a parody with the estate, rights and interest of Landlord (except for the first mortgage and permitted exceptions); that the Premises are not subject to any filed or recorded construction or other similar lien, encumbrance or charge, and that the fixtures and equipment are not subject to any title retention agreement, security agreement, lien or other encumbrance except those permitted herein, and

8.3.5 The Master Landlord under the Master Lease and the first mortgagee's prior written consent to make the payments in the manner and sums as provided for herein;

Then, the Depository shall pay either to the Tenant or through a disbursing agent or title company to the contractors performing such restoration, ninety (90%) percent of the amount of such insurance monies specified in such certificate of Tenant, provided that the balance of funds then held by the Depository will be sufficient for the completion of the restoration as determined by the certificate required by Paragraph 8.3.2.

8.4 The ten (10%) percent retention will not be disbursed until the restoration has been completed as certified by the architect and all appropriate governmental authorities. Any balance of insurance proceeds after the completion of restoration, as evidenced by a certificate of such independent engineer or independent architect shall be paid to Landlord to the extent necessary to cure any existing Lease default, with the balance to Tenant. Concurrently with Tenant's delivery of each of the foregoing certificates and legal opinions, Tenant shall deliver duplicate copies thereof to Landlord if it is not the Depository. Upon written request by it, Landlord shall be notified by the Depository of each such amount so paid to Tenant and the date of each such payment.

8.5 Except as otherwise expressly provided herein, no destruction of or damage to the Premises or any part thereof, whether such damage or destruction be partial or total or otherwise, shall entitle or permit Tenant to surrender or terminate this Lease nor relieve Tenant from its liability to pay in full the rent and other sums and charges payable by Tenant hereunder or from any of its other obligations under this Lease. Tenant waives any rights now or hereafter conferred upon it by statute or otherwise to surrender this Lease or quit or surrender the Premises or any part thereof or to receive any suspension, diminution, abatement or reduction of the rent or other sums and charges payable by Tenant hereunder on account of any such destruction or
damage except that to the extent to which the Landlord shall have received and retained a sum as proceeds of any rent insurance pursuant to paragraph 8.2 hereof, Tenant shall be entitled to a credit therefor against its obligations under this Lease to pay the rent and such other sums and charges.

ARTICLE 9

Care of Premises

9.1 The Tenant will keep the Premises and all buildings, structures, and improvements thereon and all other property leased hereunder in good condition and repair, and will yield and deliver up the same at the expiration of the term in as good condition as when taken, reasonable use and wear thereof excepted. Tenant shall also maintain all portions of the Premises and adjoining areas in a clean and orderly condition, free of dirt, rubbish, snow, ice and unlawful obstructions. The Tenant may not make any repairs, alterations, additions, changes or improvements to the Premises without the written consent of Landlord. All such repairs, alterations, changes or improvements shall be completed and maintained in good workmanlike condition, free and clear of all liens and encumbrances arising out of such work.

9.2 Landlord shall have the right to enter upon the Premises for the purpose of making any repairs thereto and performing any work thereon which may be necessary by reason of Tenant’s failure to make any such repairs or perform any such maintenance work as provided herein. Except in case of emergency, the privilege and right of entry shall be exercised at reasonable times and at reasonable hours. Tenant shall pay the cost of any such repairs and maintenance work to Landlord, upon demand therefor and upon submission of satisfactory evidence of Landlord’s payment of such costs which sums shall be deemed additional rent hereunder.

ARTICLE 10

Liability

10.1 Tenant agrees to save Landlord and the first mortgagee harmless from any and all liabilities, losses, damages, penalties, costs and expenses arising from any injury or death to any person or damage to any property in, on, or about the Premises from any cause whatsoever. Tenant agrees to procure at its own expense public liability and property damage, single limit liability insurance for the benefit of the Landlord, Tenant and the first mortgagee as their interests may appear, in amount not less than One Million ($1,000,000) Dollars to keep such insurance in force during the term hereof, and to deliver certificates of such coverage to the Landlord; in default of which the Landlord may obtain such insurance and charge the cost thereof to the Tenant as additional rent which shall be payable with the next month’s installment of rent hereunder. Tenant agrees to furnish to Landlord upon request certificates of insurance evidencing such insurance.

10.2 Each party hereto, for itself and its respective successors and assigns (including any person, firm or corporation which may become subrogated to any of its rights), waives any
and all rights and claims for recovery against the other party, and its officers, employees, agents, and assigns, or any of them, on account of any loss or damage to any of its property insured under any valid and collectible insurance policy or policies, to the extent of any recovery collectible under such insurance. Notwithstanding the foregoing, this waiver shall not be applicable if it has the effect of invalidating any insurance coverage of Landlord or Tenant.

ARTICLE 11

Compliance With Statutes

11.1 Tenant agrees that it will comply with all statutes, police, sanitary, building, and fire rules, regulations, and instructions, and municipal ordinances, relating to or affecting the use of the Premises; and agrees to reimburse Landlord for any damages or penalties suffered because of Tenant’s noncompliance with any such rules, regulations, instructions, ordinances, or statutes.

11.2 Tenant agrees that it will comply with and keep the Premises in compliance with the Fair Housing Amendments Act of 1988, the Americans with Disabilities Act of 1990, and any other Federal, State or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct relating to barrier-free access or access of the handicapped or disabled to the Premises (collectively, “Access Laws”). The Tenant hereby indemnifies the Landlord and agrees to hold the Landlord harmless from and against all losses, liabilities, damages, injuries, costs, expenses and claims of any and every kind whatsoever paid, incurred or suffered by, or asserted against, the Landlord for violations or alleged violations of the Access Laws relating the Premises.

ARTICLE 12

Assignment And Sub-Leasing

12.1 Tenant shall not assign, transfer or sub-let the Premises or any part thereof or any interest hereunder without first obtaining the written consent of the Landlord.

ARTICLE 13

Default

13.1 Tenant shall be in default upon occurrence of any of the following events:

A. Default by Tenant in the payment of any rent or other charge provided for herein on the day it becomes due and payable.

B. Default by Tenant or suffered by Tenant of any of the other covenants or conditions of this Lease required to be kept or performed by Tenant (other than payment of rent or other charges required by the terms of the Lease).
C. Tenant's becoming insolvent, as that term is defined by any federal or state law or regulation (the "Insolvency Laws"); the appointment of a receiver or custodian for all or a substantial portion of Tenant's property or assets; the institution of a foreclosure action upon all or a substantial portion of Tenant's real or personal property; the filing of a voluntary petition under the provisions of the Bankruptcy Code or Insolvency Laws; the filing of an involuntary petition against Tenant as the subject debtor under the Bankruptcy Code or Insolvency Laws, which is either not dismissed within sixty (60) days of filing, or results in the issuance of an order for relief against the debtor, whichever is later; or Tenant's making or consenting to an assignment for the benefit of creditors or a common law composition of creditors, or if the Tenant's leasehold interest herein shall be levied on execution (collectively an "Event of Bankruptcy").

D. Termination of Tenant's Management Contract due to default made or suffered by Tenant in any of the covenants, terms or conditions of the Management Contract required to be kept or performed by Tenant.

E. Expiration or discontinuance for any reason of the Charter Contract granted to Tenant by its authorizer (the "Charter"), other than an expiration or discontinuance which results in a new Charter effective as of termination of the existing Charter and with terms which would not, in Landlord's opinion, substantially alter Tenant's ability to comply with the terms of the Lease or Management Contract.

13.2 In the event of default, Landlord may in addition to any other remedy, re-enter into and repossess the Premises and all other property leased hereunder and remove the Tenant and every other occupant, and may relet the Premises or any part thereof for any term, either shorter, longer, or the same, at a higher, lower, or the same rental, making such alterations as may be necessary, without working a termination of this lease, provided, however, that Landlord at its option may in any of such events, terminate this lease effective on the date specified in written notice from Landlord to Tenant.

13.3 If the Landlord shall, on any such default by the Tenant, obtain possession of the Premises by re-entry, summary proceedings, or otherwise, the Tenant shall pay to Landlord all expenses incurred in obtaining possession of the Premises, all expenses and commissions which may be paid in and about the letting of the same, and all other damages resulting from Tenant's default.

13.4 No termination of this Lease pursuant to this section or repossession of the Premises or any part thereof or of any other property leased hereunder shall relieve Tenant of its liabilities and obligations under this Lease, all of which shall survive any such termination or repossession and, if the Premises or any part thereof shall not have been relet, Tenant shall pay to Landlord as and for liquidated and agreed current damages the then present value of the rent and other sums and charges to be paid by Tenant until what would have been the end of the term in the absence of such termination or repossession. If the Premises shall have been relet, Tenant shall pay the Landlord, as and for liquidated and agreed current damages for Tenant's default, the present value of the equivalent of the amount of the rent and such other sums and other charges
as would be payable under this Lease by Tenant if this Lease were still in effect, less the present value of the net proceeds, if any, of the reletting effected pursuant to the provisions hereof, after deducting all of Landlord's expenses in connection with such reletting, including, without limitation, all repossession costs, brokerage and management commissions, operating expenses, legal expenses, reasonable attorneys' fees, alteration costs and expenses of preparation of such reletting. Exercise of any remedy hereunder by Landlord shall not exclude the right to exercise any other remedy hereunder.

ARTICLE 14

Waiver of Breach

14.1 No waiver by either party hereto of any breach of any of the terms of this Lease shall be deemed to be a waiver of any other or subsequent breach.

ARTICLE 15

Surrender

15.1 Upon the termination of this Lease, Tenant shall quit and surrender all property leased hereunder and the Premises, broom clean, to Landlord without delay and in good order, condition and repair, ordinary wear and tear excepted, free and clear of all lettings and occupancies, (except those previously approved by Landlord), and free and clear of all liens and encumbrances, except that part of the Premises which have been taken through eminent domain, if any, after the delivery hereof, without any payment therefor by Landlord. Any personal property owned by Tenant or other occupant of the property (except that of subtenants previously approved by Landlord), which shall remain on the Premises after the termination of this Lease, and the removal of Tenant or such other occupant from the Premises, may at the option of Landlord, be deemed to have been abandoned and may be disposed of without accountability, as Landlord may see fit, without prejudice to the rights of any such other occupant as against the Tenant.

ARTICLE 16

Eminent Domain

16.1 If all or any part of the Premises shall be taken by any governmental authority under power of eminent domain, or by private purchase in lieu thereof, all damages awarded for such taking shall belong to and be the property of the Landlord, whether such damages shall be awarded as compensation for the taking of or diminution in value to the leasehold or the fee of the Premises and Tenant hereby irrevocably assigns to Landlord any award or payment to which Tenant may become entitled as a result thereof, provided, however, that the Tenant shall be entitled to receive from such governmental authority compensation for its fixtures and personal property so taken.
16.2 In the event that only a part of the Premises are so taken, and the part not so taken cannot be completed as an architectural unit for the use described in paragraph 4.1 hereof, Tenant shall have the option to terminate this lease by serving written notice of termination on the Landlord within sixty (60) days after the taking.

16.3 If only a part of the Premises shall be so taken such that the part not so taken can be completed as an architectural unit for the use described in paragraph 4.1 hereof, the Tenant shall, as promptly as practicable, make a complete architectural unit of the remainder of the building on the Premises; and there shall be an abatement of the monthly rent hereinabove provided for in an amount equal to the percentage of the building so taken.

ARTICLE 17

Notices

17.1 All notices and communications required under this lease shall be served personally or by registered or certified mail on the Landlord and on Tenant at the address indicated on page 1 hereof, or at such other address as may be designated in writing to the other party hereto by notice in accordance with this paragraph.

ARTICLE 18

Curing Of Tenant’s Defaults

18.1 If Tenant shall at any time fail to make any payment or perform any act on its part to be made or performed hereunder, then Landlord without notice to Tenant, except when other notice is expressly provided for in this Lease and without waiving or releasing Tenant from the obligations of Tenant contained in this Lease, may (but shall be under no obligation to) make such payment or perform such act, and may enter upon the Premises for any such purpose, and take all such actions thereon as may be necessary therefor.

18.2 All sums to be paid by Landlord and all costs and expenses incurred by Landlord in connection with the performance of any such act, together with any consequential damages Landlord may suffer by reason of the failure of Tenant to make such payment or perform such act, and counsel fees incurred by Landlord in connection therewith or in enforcing its rights hereunder, shall be paid by Tenant to Landlord on demand as additional rent hereunder.

18.3 Tenant agrees to hold Landlord harmless from any inconvenience or interference with Tenant’s operation of its business as a result of Landlord having to cure a default of Tenant hereunder.
ARTICLE 19

Construction Liens

19.1 Tenant will not create nor permit to be created, or to remain and will promptly discharge, at its sole cost and expense, any lien, encumbrance or charge upon the Premises or any part thereof, or upon Tenant’s leasehold interest therein, except such as are created by Landlord or the first mortgagee.

ARTICLE 20

Environmental Matters

20.1 Tenant shall not use or store any Hazardous Materials (as defined in Paragraph 20.3) on the Premises, except in compliance with all applicable federal, state and local laws and ordinances.

20.2 To the extent directly related to the conduct of Tenant, Tenant’s use of the Premises, or the operation of its business thereon, Tenant shall defend, indemnify and hold harmless Landlord, its employees, agents, officers and directors, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (1) the presence, disposal or release of any Hazardous Materials on, over, under, from or affecting the Premises or the soil, water, vegetation, buildings, personal property, persons or animals on the Premises; (2) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials existing on the Premises; (3) any lawsuit brought or threatened, settlement reached or government order relating to such Hazardous Materials existing on the Premises; and/or (4) any violation of laws, orders, regulations, requirements or demands of government authorities which are based upon or in any way related to such Hazardous Materials existing on the Premises including, without limitation, reasonable attorney’s and consultant’s fees, investigation and laboratory fees, court costs and litigation expenses. For purposes of this Lease, “Hazardous Materials” includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances or related materials defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Section 1801, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, et seq.), the Leaking Underground Storage Tank Act (MCLA Section 299.831 et seq.); and in the regulations adopted and publications promulgated pursuant to those Acts, or any other federal, state or local governmental law, ordinance, rule, or regulation.

20.3 Tenant shall promptly notify Landlord as soon as it knows of or suspects that any Hazardous Material has been released or that there is a threatened release on the Premises and it shall take such action at its sole expense and with due diligence, as is necessary to insure timely
compliance with all legislative requirements. Landlord shall promptly notify Tenant as soon as its knows or suspects any Hazardous Material has been released or that there is a threatened release on or in the Building and Landlord shall take such action at its sole expense and with due diligence, as is necessary to ensure timely compliance with all legislative requirements.

20.4 The provisions of this Article 20 shall be in addition to any and all obligations and liabilities of Tenant and Landlord may have to each other at common law, and shall survive the expiration and termination of the Lease for any reason.

ARTICLE 21

Late Charges

21.1 In the event of any failure by Tenant to pay the minimum rent or any additional rent or charge payable upon the date due hereunder, Tenant shall also pay to Landlord, on demand, a late charge of five percent (5%) of such payment.

ARTICLE 22

First Mortgage And First Mortgagee

22.1 The term "first mortgage" as used herein shall mean any first mortgage hereafter becoming a first and paramount lien on the Premises, subject to easements, and restrictions of record, and all assignments, modifications, extensions and renewals thereof.

22.2 The term "first mortgagee" or "holder of the first mortgage" shall mean the holder at the particular time of the first mortgage as defined herein.

ARTICLE 23

Subordination; Estoppel Certificates

23.1 Tenant agrees that Landlord may choose to make this Lease subordinated or paramount to any mortgages, trust deeds and ground or underlying leases now or hereafter affecting the Premises and to any and all advances to be made thereunder or to be secured thereby, and to the interest and charges thereon, and all renewals, replacements and extensions thereof, provided the mortgagee, Landlord or trustee named in any such mortgages, trust deeds or leases agrees to recognize the lease of Tenant in the event of foreclosure if Tenant is not in default. Tenant will execute promptly any instrument or certificate that Landlord may request to confirm such subordination, and hereby irrevocably appoints Landlord as Tenant's attorney-in-fact to execute such instrument or certificate on its behalf. Notwithstanding the foregoing, Tenant's possession of the Premises under this Lease shall not be disturbed by the mortgagee or other party unless Tenant breaches any of the provisions of this Lease and Tenant's right to possession is lawfully terminated.
23.2 Tenant, within ten (10) days after request (at any time or times) by Landlord, will execute and deliver to Landlord an estoppel certificate proposed by Landlord identifying the Commencement Date and expiration date of this Lease and state that this Lease is unmodified and in full force and effect, or is in full force and effect as modified, stating the modifications, and stating that Tenant does not claim that Landlord is in default in any way, or listing any such claimed defaults. The certificate also will confirm the amount of monthly installments of net rent payable hereunder and additional rent, if any, as of the date of the certificate, the date to which the rent has been paid in advance, and the amount of any security deposit or pre-paid rent. If Tenant fails to deliver the executed certificate to Landlord within the ten (10) day period, the occurrence of the proposed certificate will be deemed conclusively confirmed.

ARTICLE 24

Quiet Enjoyment

24.1 Landlord agrees that at all times when Tenant is not in default under the provisions and during the continuation of this Lease, Tenant's quiet and peaceable enjoyment of the Premises will not be disturbed or interfered with by Landlord or any person claiming by, through or under Landlord.

ARTICLE 25

Holding Over

25.1 If Tenant remains in possession of the Premises after the expiration of this Lease, Tenant will be deemed to be occupying the Premises as a Tenant at will, subject to all the provisions of this Lease to the extent that they can be applicable to a tenancy at will, except that the minimum net rent for each month or fraction thereof that Tenant remains in possession will be double the regular monthly installments of minimum net rent otherwise payable hereunder.

ARTICLE 26

Remedies Not Exclusive; Waiver

26.1 Each and every of the rights, remedies and benefits provided by this Lease are cumulative, and are not exclusive of any other of said rights, remedies and benefits, or of any other rights, remedies and benefits allowed by law.

26.2 One or more waivers of any covenant or condition by Landlord will not be construed as a waiver of a further or subsequent breach of the same covenant or condition, and the consent or approval by Landlord to or of any act by Tenant requiring Landlord’s consent or approval will not be deemed to waive or render unnecessary Landlord’s consent to or approval of any subsequent similar act by Tenant.
ARTICLE 27

Right To Show Premises

27.1 Landlord may show the Premises and may display about the Premises signs advertising the availability of the Premises prior to termination of the Lease.

ARTICLE 28

Definition Of Landlord; Landlord's Liability

28.1 The term "Landlord" as used in this Lease, so far as covenants, agreements, stipulations or obligations on the part of the Landlord are concerned, is limited to mean and include only the owner or owners of fee title to the Premises at the time in question, and in the event of any transfer or transfers of the title to such fee the Landlord herein named (and, in case of any subsequent transfers or conveyances, the then grantor) will automatically be relieved from and after the date of such transfer or conveyance of all personal liability for the performance of any covenants or obligations on the part of the Landlord contained in this Lease thereafter to be performed.

28.2 If Landlord fails to perform any provision of this Lease upon Landlord's part to be performed, and if as a consequence of such default Tenant recovers a money judgment against Landlord, such judgment may be satisfied only out of the proceeds of sale received upon execution of such judgment and levied thereon against the right, title and interest of Landlord in the Premises and out of rents or other income from such property receivable by Landlord, and Landlord shall not be personally liable for any deficiency.

ARTICLE 29

Brokers

29.1 Landlord and Tenant each represent and warrant to the other that neither of them has contacted a broker, finder or similar person in connection with this Lease, and each party shall defend, indemnify and hold the other harmless from and against all liability, cost and expense, including reasonable attorneys' fees, incurred as a consequence of any claim asserted by a person alleging to have dealt with one of the parties hereto in connection with this lease.

ARTICLE 30

General

30.1 References in this Lease to persons, entities and items have been generalized for ease of reading. Therefore, references to a single person, entity or item will also mean more than one person, entity or thing whenever such usage is appropriate (for example, "Tenant" may include, if appropriate, a group of persons acting as a single entity, or as Tenants-in-common).
Similarly, pronouns of any gender should be considered interchangeable with pronouns of other genders.

30.2 All agreements and obligations of Tenant under this Lease are joint and several in nature. Any waiver or waivers by Landlord of any of the provisions of this Lease will not constitute a waiver of any later breach of that provision, and any consent or approval given by Landlord with respect to any act, neglect or default by Tenant will not waive or make unnecessary Landlord's consent or approval with respect to any later similar act, neglect or default by Tenant.

30.3 Topical headings appearing in this Lease are for convenience only. They do not define, limit or construe the contents of any paragraphs or clauses.

30.4 This Lease can be modified or amended only by a written agreement signed by Landlord and Tenant.

30.5 All provisions of this Lease are and will be binding on the heirs, executors, administrators, personal representatives, successors and assigns of Landlord and Tenant.

30.6 The laws of the State of Michigan will control in the construction and enforcement of this Lease.

30.7 Time is of the essence in all respects under this Lease.

30.8 Tenant’s obligations, and right to possession, under the terms of this Lease are contingent upon Landlord’s delivery of the Premises in condition suitable for occupancy as a public charter school (including fire marshal approval) on or prior to October 1, 1999, execution of a charter contract between the Tenant and its authorizer, and execution of the Management Contract in a form acceptable to NHA.
IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

LANDLORD:

National Heritage Academies, a Michigan corporation

By: [Signature]
   Peter Ruppert
   Its President

TENANT:

Walton Charter Academy

By: [Signature]
   Richard H. Morgan
   Its Board President
Exhibit A

LEGAL DESCRIPTION

A parcel of land described as part of the Northeast ¼ of Section 16, T.3N., R.10E., City of Pontiac, Oakland County, Michigan, being more particularly described as:

Commencing at the North ¼ corner of Section 16, T.3N., R.10E., City of Pontiac, Oakland County, Michigan; thence N. 87° 13' 45" E., 1658.91 feet along the North line of Section 16, said line also being the centerline of Walton Boulevard (120 feet wide); thence S. 01° 42' 53" E., 60.00 feet to the point of beginning, said point being on the Southerly right-of-way line of Walton Boulevard; thence S. 01° 42' 53" E., 1101.26 feet; thence N. 88° 00' 17" E., 330.67 feet; thence N. 01° 35' 31" W., 1101.42 feet to a point on the Southerly right-of-way line of Walton Boulevard; thence S. 87° 58' 45" W., 333.03 feet along the said Southerly right-of-way line of Walton Boulevard to the point of beginning.

Containing 365,472 square feet or 8.390 acres and subject to all easements and restrictions of record.

7-B025.lgl
April 21, 1999
LEASE AMENDMENT

THIS LEASE AMENDMENT is entered into May 18, 2000, to be effective July 1, 2000, by and between NATIONAL HERITAGE ACADEMIES, INC., of 989 Spaulding Avenue SE, Grand Rapids, Michigan 49546 ("Landlord") and WALTON CHARTER ACADEMY, a public school chartered under the laws of the State of Michigan, having an address of 744 East Walton Blvd., Pontiac, Michigan 48340 ("Tenant").

Recitals

A. Landlord and Tenant entered into a real estate lease dated September 16, 1999 (the "Lease"), whereby Tenant leased real estate and improvements located at 744 East Walton Boulevard, Pontiac, Michigan (the real estate and improvements are collectively referred to as the "Premises").

B. Tenant desires to amend its Lease with Landlord upon the following terms and conditions:

1. Term.

2.2 The term of this Lease shall commence on July 1, 2000 and shall terminate effective June 30, 2001, unless sooner terminated as hereinafter set forth.

2. Rental.

3.1 The annual and monthly rental payments within Article 3.1 of the Lease are hereby amended to provide that the annual rent shall be Seven Hundred Sixty-Six Thousand Seven Hundred Forty-Three and No/100 Dollars ($766,743.00) and the monthly rent shall be Sixty-Three Thousand Eight Hundred Ninety-Five and 25/100 ($63,895.25) or a proportionate part thereof for any partial year or monthly installment, payable in advance on the 1st day of each month.

3. Survival. Except as expressly set forth above, all of the remaining terms and conditions of the Lease shall continue in full force and effect.

LANDLORD:
National Heritage Academies, Inc., a Michigan corporation
By: __________________________
Peter G. Rapport
Its: President

TENANT:
Walton Charter Academy
By: __________________________
Its: Board President

NHA\Walton\Lease Amend
LEASE AMENDMENT

THIS LEASE AMENDMENT is entered into on May 17, 2001, to be effective July 1, 2001, by and between NATIONAL HERITAGE ACADEMIES, INC., a Michigan corporation, of 989 Spaulding Avenue, S.E., Grand Rapids, Michigan 49546 ("Landlord") and WALTON CHARTER ACADEMY, a public school academy, chartered under the laws of the State of Michigan, having an address of 744 East Walton Boulevard, Pontiac, Michigan 48340 ("Tenant").

RECITALS

A. Landlord and Tenant entered into a real estate lease dated September 16, 1999 as amended (the "Lease"), whereby Tenant leased real estate and improvements located at 744 East Walton Boulevard, Pontiac, Michigan (the real estate and improvements are collectively referred to as the "Premises").

B. Tenant and Landlord now desire to amend the Lease to change the term and rent. The parties agree as follows:

1. **Term.** Paragraph 2.2 of the Lease is hereby deleted in its entirety and replaced as follows:

   2.2 The term of the Lease shall commence on July 1, 2001 and shall terminate effective June 30, 2002, unless sooner terminated as provided in the Lease.

2. **Rental.** Paragraph 3.1 of the Lease is hereby deleted in its entirety and replaced as follows:

   3.1 The Tenant hereby hires said Premises for the term above stated and agrees to pay Landlord annual rental of Seven Hundred Eighty-Five Thousand Four Hundred Forty and No/100 Dollars ($785,440.00), in equal monthly installments of Sixty-Five Thousand Four Hundred Fifty-Three and 33/100 Dollars ($65,453.33) each in advance on the first day of each month beginning on July 1, 2001.

3. **Effect.** All of the terms and conditions of the Lease, as amended above, shall continue in full force and effect.

LANDLORD:

NATIONAL HERITAGE ACADEMIES, INC., a Michigan corporation

By: [Signature]

Peter G. Rupert

Its President

TENANT:

WALTON CHARTER ACADEMY

By: [Signature]

[Signature]

Its Board President
THIRD AMENDMENT TO LEASE AGREEMENT

THIS LEASE AMENDMENT is entered into on March 16, 2002, to be effective July 1, 2002, by and between NATIONAL HERITAGE ACADEMIES, INC., a Michigan corporation, of 989 Spaulding Avenue, S.E., Grand Rapids, Michigan 49546 ("Landlord") and WALTON CHARTER ACADEMY, a public school academy, chartered under the laws of the State of Michigan, having an address of 744 East Walton Boulevard, Pontiac, Michigan 48340 ("Tenant").

RECITALS

A. Landlord and Tenant entered into a real estate lease dated September 16, 1999 as amended (the “Lease”), whereby Tenant leased real estate and improvements located at 744 East Walton Boulevard, Pontiac, Michigan (the real estate and improvements are collectively referred to as the “Premises”).

B. Tenant and Landlord now desire to amend the Lease to change the term and rent.

The parties agree as follows:

1. Term. Paragraph 2.2 of the Lease is hereby deleted in its entirety and replaced as follows:

   2.2 The term of the Lease shall commence on July 1, 2002 and shall terminate effective June 30, 2003, unless sooner terminated as provided in the Lease.

2. Rental. Paragraph 3.1 of the Lease is hereby deleted in its entirety and replaced as follows:

   3.1 The Tenant hereby hires said Premises for the term above stated and agrees to pay Landlord annual rental of Seven Hundred Eighty-Six Thousand Four Hundred and No/100 Dollars ($786,400.00), in equal monthly installments of Sixty-Five Thousand Five Hundred Thirty-Three and 33/100 Dollars ($65,533.33) each in advance on the first day of each month beginning on July 1, 2002.

3. Effect. All of the terms and conditions of the Lease, as amended above, shall continue in full force and effect.

LANDLORD:

NATIONAL HERITAGE ACADEMIES, INC., a Michigan corporation

By: Peter C. Rupea
   Its President

TENANT:

WALTON CHARTER ACADEMY

By: [Signature]
   Its Board President
FOURTH AMENDMENT TO LEASE AGREEMENT

THIS LEASE AMENDMENT is entered into on August 8, 2003, to be effective July 1, 2003, by and between NATIONAL HERITAGE ACADEMIES, INC., a Michigan corporation, of 989 Spaulding Avenue, S.E., Grand Rapids, Michigan 49546 ("Landlord") and WALTON CHARTER ACADEMY, a public school academy, chartered under the laws of the State of Michigan, having an address of 744 East Walton Boulevard, Pontiac, Michigan 48340 ("Tenant").

RECITALS

A. Landlord and Tenant entered into a real estate lease dated September 16, 1999 as amended (the "Lease"), whereby Tenant leased real estate and improvements located at 744 East Walton Boulevard, Pontiac, Michigan (the real estate and improvements are collectively referred to as the "Premises").

B. Tenant and Landlord now desire to amend the Lease to change the term and rent.

The parties agree as follows:

1. Term. Paragraph 2.2 of the Lease is hereby deleted in its entirety and replaced as follows:

   2.2 The term of the Lease shall commence on July 1, 2003 and shall terminate effective June 30, 2004, unless sooner terminated as provided in the Lease.

2. Rental. Paragraph 3.1 of the Lease is hereby deleted in its entirety and replaced as follows:

   3.1 The Tenant hereby hires said Premises for the term above stated and agrees to pay Landlord annual rental of Seven Hundred Ninety-Four Thousand Eight Hundred Eighty and No/100 Dollars ($794,880.00), in equal monthly installments of Sixty-Six Thousand Two Hundred Forty and 00/100 Dollars ($66,240.00) each in advance on the first day of each month beginning on July 1, 2003.

3. Effect. All of the terms and conditions of the Lease, as amended above, shall continue in full force and effect.

LANDLORD:

NATIONAL HERITAGE ACADEMIES, INC., a Michigan corporation

By: Peter G. Ruppert
Its President

TENANT:

WALTON CHARTER ACADEMY

By: Mark V. Moyer
Its Board President

vice
FIFTH AMENDMENT TO LEASE AGREEMENT

THIS LEASE AMENDMENT is entered into on MAY 25, 2004, to be effective July 1, 2004, by and between NATIONAL HERITAGE ACADEMIES, INC., a Michigan corporation, of 3850 Broadmoor, S.E., Ste. 201, Grand Rapids, Michigan 49512 ("Landlord") and WALTON CHARTER ACADEMY, a public school academy, chartered under the laws of the State of Michigan, having an address of 744 East Walton Boulevard, Pontiac, Michigan 48340 ("Tenant").

RECITALS

A. Landlord and Tenant entered into a real estate lease dated September 16, 1999 as amended (the "Lease"), whereby Tenant leased real estate and improvements located at 744 East Walton Boulevard, Pontiac, Michigan (the real estate and improvements are collectively referred to as the "Premises").

B. Tenant and Landlord now desire to amend the Lease to change the term and rent.

The parties agree as follows:

1. **Term.** Paragraph 2.2 of the Lease is hereby deleted in its entirety and replaced as follows:

   2.2 The term of the Lease shall commence on July 1, 2004 and shall terminate effective June 30, 2005, unless sooner terminated as provided in the Lease.

2. **Rental.** Paragraph 3.1 of the Lease is hereby deleted in its entirety and replaced as follows:

   3.1 The Tenant hereby hires said Premises for the term above stated and agrees to pay Landlord annual rental of Eight Hundred Three Thousand Eight Hundred Forty and No/100 Dollars ($803,840.00), in equal monthly installments of Sixty-Six Thousand Nine Hundred Eighty-Six and 66/100 Dollars ($66,986.66) each in advance on the first day of each month beginning on July 1, 2004.

3. **Effect.** All of the terms and conditions of the Lease, as amended above, shall continue in full force and effect.

LANDLORD:

NATIONAL HERITAGE ACADEMIES, INC., a Michigan corporation

By: [Signature]

Its President

TENANT:

WALTON CHARTER ACADEMY

By: [Signature]

Its Board President
SIXTH AMENDMENT TO LEASE AGREEMENT

THIS LEASE AMENDMENT is entered into on MAY 12, 2005, to be effective July 1, 2005, by and between NATIONAL HERITAGE ACADEMIES, INC., a Michigan corporation, of 3850 Broadmoor, S.E., Ste. 201, Grand Rapids, Michigan 49512 ("Landlord") and WALTON CHARTER ACADEMY, a public school academy, chartered under the laws of the State of Michigan, having an address of 744 East Walton Boulevard, Pontiac, Michigan 48340 ("Tenant").

RECITALS

A. Landlord and Tenant entered into a real estate lease dated September 16, 1999 as amended (the "Lease"), whereby Tenant leased real estate and improvements located at 744 East Walton Boulevard, Pontiac, Michigan (the real estate and improvements are collectively referred to as the "Premises").

B. Tenant and Landlord now desire to amend the Lease upon the following terms and conditions.

The parties agree as follows:

1. Term. Paragraph 2.2 of the Lease is hereby deleted in its entirety and replaced as follows:

   2.2 The term of the Lease shall commence on July 1, 2005 and shall terminate effective June 30, 2006, unless sooner terminated as provided in the Lease.

2. Rental. Paragraph 3.1 of the Lease is hereby deleted in its entirety and replaced as follows:

   3.1 The Tenant hereby hires said Premises for the term above stated and agrees to pay Landlord annual rental of Eight Hundred Nine Thousand Two Hundred Eighty and No/100 Dollars ($809,280.00), in equal monthly installments of Sixty-Seven Thousand Four Hundred Forty and 00/100 Dollars ($67,440.00) each in advance on the first day of each month beginning on July 1, 2005.

3. Effect. All of the terms and conditions of the Lease, as amended above, shall continue in full force and effect.

LANDLORD:

NATIONAL HERITAGE ACADEMIES, INC., a Michigan corporation

By: Peter O. Ruppert
   Its President

TENANT:

WALTON CHARTER ACADEMY

By: [Signature]
   Its Board President

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SEVENTH AMENDMENT TO LEASE AGREEMENT

THIS LEASE AMENDMENT is entered into on __________, 2006, to be effective July 1, 2006, by and between NATIONAL HERITAGE ACADEMIES, INC., a Michigan corporation, of 3850 Broadmoor, S.E., Ste. 201, Grand Rapids, Michigan 49512 ("Landlord") and WALTON CHARTER ACADEMY, a public school academy, chartered under the laws of the State of Michigan, having an address of 744 East Walton Boulevard, Pontiac, Michigan 48340 ("Tenant").

RECITALS

A. Landlord and Tenant entered into a real estate lease dated September 16, 1999 as amended (the "Lease"), whereby Tenant leased real estate and improvements located at 744 East Walton Boulevard, Pontiac, Michigan (the real estate and improvements are collectively referred to as the “Premises”).

B. Tenant and Landlord now desire to amend the Lease upon the following terms and conditions.

The parties agree as follows:

1. Term. Paragraph 2.2 of the Lease is hereby deleted in its entirety and replaced as follows:

   2.2 The term of the Lease shall commence on July 1, 2006 and shall terminate effective June 30, 2007, unless sooner terminated as provided in the Lease.

2. Effect. All of the terms and conditions of the Lease, as amended above, shall continue in full force and effect.

LANDLORD:

NATIONAL HERITAGE ACADEMIES, INC., a Michigan corporation

By: __________________________
Gregory Lambert
Its Sr. Vice President & CFO

TENANT:

WALTON CHARTER ACADEMY

By: ________________
Its Board President
EIGHTH AMENDMENT TO LEASE AGREEMENT

THIS LEASE AMENDMENT is entered into on [May 30, 2007], to be effective July 1, 2007, by and between NATIONAL HERITAGE ACADEMIES, INC., a Michigan corporation, of 3850 Broedmoor, S.E., Ste. 201, Grand Rapids, Michigan 49512 (“Landlord”) and WALTON CHARTER ACADEMY, a public school academy, chartered under the laws of the State of Michigan, having an address of 744 East Walton Boulevard, Pontiac, Michigan 48340 (“Tenant”).

RECITALS

A. Landlord and Tenant entered into a real estate lease dated September 16, 1999 as amended (the “Lease”), whereby Tenant leased real estate and improvements located at 744 East Walton Boulevard, Pontiac, Michigan (the real estate and improvements are collectively referred to as the “Premises”).

B. Tenant and Landlord now desire to amend the Lease upon the following terms and conditions.

The parties agree as follows:

1. Term. Paragraph 2.2 of the Lease is hereby deleted in its entirety and replaced as follows:

2.2 The term of the Lease shall commence on July 1, 2007 and shall terminate effective June 30, 2008, unless sooner terminated as provided in the Lease.

2. Rental. Paragraph 3.1 of the Lease is hereby deleted in its entirety and replaced as follows:

3.1 The Tenant hereby hires said Premises for the term above stated and agrees to pay Landlord annual rental of Eight Hundred Thirteen Thousand Two Hundred Eighty and No/100 Dollars ($813,280.00), in equal monthly installments of Sixty-Seven Thousand Seven Hundred Seventy-Three and 00/100 Dollars ($67,773.00) each in advance on the first day of each month beginning on July 1, 2007.

3. Effect. All of the terms and conditions of the Lease, as amended above, shall continue in full force and effect.

LANDLORD:

NATIONAL HERITAGE ACADEMIES, INC., a Michigan corporation

By: ____________________
Greg Lambert
Its Sr. Vice President & CFO

TENANT:

WALTON CHARTER ACADEMY

By: ____________________
Michael Bachman
Its Board President

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LEASE

THIS LEASE entered into the 13th day of May, to be effective July 1, 200
by and between NATIONAL HERITAGE ACADEMIES, INC., a Michigan corporation, of 3850
Broadmoor S.E., Ste. 201, Grand Rapids, Michigan 49512 ("Landlord"), and WALTON
CHARTER ACADEMY, a public school chartered under the laws of the State of Michigan,
having an address of 744 East Walton Boulevard, Pontiac, MI 48340 ("Tenant").

RECITALS

A. Landlord, as Tenant, and Charter Development Company, L.L.C., as landlord
entered into a lease of the Premises, defined in Section 1.1, pursuant to a Lease effective January
1, 1999 (the "Master Lease"), as amended.

B. Tenant desires to sublease the Premises on the terms set forth in this Lease.

NOW, THEREFORE, in consideration of the mutual covenants set forth in this Lease,
Landlord and Tenant agree as follows:

ARTICLE 1

Premises.

1.1 Landlord hereby leases to the Tenant, on the terms and conditions hereinafter set
forth, the real estate located in the City of Pontiac, Oakland County, Michigan, described on
Exhibit "A" attached hereto, and all improvements located thereon (hereinafter referred to as the
"Premises"). This Lease is subordinate to the Master Lease. Tenant covenants that it shall do
nothing to cause a breach or default on the part of Landlord under the terms of the Master Lease.
Tenant shall indemnify Landlord against all liability, judgments, costs, damages, claims, costs
and expenses, including, without limitation, reasonable attorneys' fees arising out of or relating
to Tenant's breach of the foregoing provision.

1.2 Landlord acknowledges and agrees that in the event of Landlord's default under
the terms of the Master Lease and the assignment or transfer of the Landlord's interest in this
Lease to the landlord under the Master Lease (the "Master Landlord"), Tenant shall not be in
default under this Lease solely by reason of assignment of this Lease to Master Landlord. Upon
notice of assignment of this Lease to Master Landlord, Tenant will recognize Master Landlord as
its landlord under this Lease and pay all rent and other charges under this Lease to Master Landlord; provided, Master Landlord will not be liable to Tenant under this Lease for any period
prior to the assignment. Landlord releases Tenant from any liability for the payment of rent and
other charges under this Lease directly to Master Landlord pursuant to an assignment of this
Lease to Master Landlord under the terms of the Master Lease. Notwithstanding the foregoing,
Tenant's possession of the Premises under this Lease shall not be disturbed by the Master

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Landlord unless Tenant breaches any of the provisions of this Lease and Tenant’s right to possession is lawfully terminated.

ARTICLE 2

Term.

2.1 Pursuant to the terms of the Management Agreement (the “Management Contract”) between National Heritage Academies, Inc. (“NHA”) and Tenant, NHA is providing the leased facilities and Tenant has assigned all costs to be paid by Tenant under the terms of this Lease to NHA, which assignment shall remain in effect during the term of this Lease until the Management Contract expires or is terminated for any reason, or until otherwise agreed in writing by the parties.

2.2 The term of this Lease shall commence on July 1, 2008 and shall terminate effective June 30, 2009, unless sooner terminated as hereinafter set forth.

ARTICLE 3

Rental.

3.1 The Tenant hereby hires said Premises for the term above stated and agrees to pay Landlord annual rent of Eight Hundred Seventy-Seven Thousand Four Hundred Forty-Four and No/100 Dollars ($877,440.00), in equal monthly installments of Seventy-Three Thousand One Hundred Twenty and No/100 Dollars ($73,120.00) each, and a proportionate part of said annual rental for any partial year, such installments to be payable in advance on the first day of each month. The rental amount and monthly installments shall be adjusted, with consent of the parties, upon determination of final costs for acquisition and construction of the Premises.

3.2 All rent shall be paid to the Landlord at Landlord’s address as set forth above, or at such other address as the Landlord may designate in writing.

3.3 This is a net lease and the annual rent and all other sums payable hereunder by Tenant shall be paid without setoff, counterclaim, recoupment, abatement, suspension, or deduction, except as expressly provided for herein.

3.4 This Lease shall not terminate, nor shall Tenant have any right to terminate this Lease during the term hereof (except as otherwise expressly provided herein), nor shall Tenant be entitled to any abatement, deduction, deferment or reduction of rent hereunder (except as otherwise expressly provided herein), nor shall the obligations of Tenant under this Lease be affected by any interference with the Tenant’s use of the premises. It is the intention of the parties hereto that the obligations of Tenant hereunder shall be separate and that the annual rent and all other sums payable by Tenant hereunder shall continue to be payable in all events and that the
obligations of Tenant hereunder shall continue unaffected, unless the requirement to pay or perform the same shall have been terminated pursuant to an express provision of this Lease.

3.5 Capital Improvements. In the event Landlord makes capital improvements to the Premises, or acquires additional property for the benefit or use of Tenant, then the rent paid by Tenant shall be promptly adjusted to compensate Landlord for its additional economic investment.

ARTICLE 4

Use, Occupancy And Purpose

4.1 Tenant shall use the Premises solely for operating a public school and uses incidental thereto. Tenant shall not use or allow the use of the Premises for any unlawful purpose, nor shall Tenant allow the Premises to be used in violation of any public ordinance, rule or regulation, or in violation of any certificate of occupancy or certificate of compliance covering or affecting the Premises, or any part thereof. Tenant shall not suffer any act to be done or any condition to exist on the Premises or any part thereof which may in law constitute a nuisance, public or private, or which may make void or voidable any insurance with respect thereto.

4.2 Tenant shall not commit any waste, damage, or injury of or to the Premises or the fixtures or any part thereof and shall take all reasonable precautions and actions to prevent others from committing any of the foregoing.

4.3 A. For purposes of this Section 4.3, the “Reserved Periods” means:

(i) the period between the regular school session for one year (e.g. 2008-09 school year) and the subsequent regular school session for the next school year (e.g. 2009-10 school year) which is approximately June 15 to August 15 of each year; and

(ii) the approximate week-long period in which school is not in session in the spring semester of each school year; and

(iii) the period in which school is not in session over Christmas and New Year’s holidays.

B. Landlord reserves the use of the Premises during the Reserved Periods except to the extent (i) Tenant is required to use the Premises pursuant to an educational law, requirement or standard of the State of Michigan; or (ii) Tenant has obtained the prior written consent of Landlord for the use of the Premises by Tenant during the Reserved Periods.

C. Tenant shall reimburse Landlord for its actual use of the Premises during the Reserved Periods pursuant to the attached use fee schedule or, if none attached, use fees as determined from time to time by the mutual agreement of Landlord and Tenant.
ARTICLE 5

Utilities/Services

5.1 Charges for utilities, including without limitation gas, electricity, light, heat, water, sewage and telephone or other communication services, shall be paid by Tenant as they are incurred.

5.2 Tenant shall have the right to use the utility services which are presently existing on the Premises. Landlord shall not be required to furnish any service to the Premises, including but not limited to heat, water and power. The Landlord shall not be liable for any failure of water supply or electric current or any service by any utility, for injury to persons, including death, or damage to property resulting from steam, gas, electricity, water, rain or snow which may flow or leak from any part of the Premises or from any pipes, appliances or plumbing works from the street or subsurface or from any other place, or for interference with light or other easements, however caused, except if due to the affirmative negligence of the Landlord.

5.3 If the existing services are required to be modified or replaced for any reason by any utility company or authorized agency, governmental or otherwise, then Tenant shall comply with the same at its own cost and shall save Landlord harmless therefrom.

5.4 Except as otherwise expressly provided in this Lease, Landlord shall have no obligation to provide any services to Tenant with respect to the Premises.

ARTICLE 6

Taxes

6.1 The Tenant agrees to pay prior to the penalty date all taxes and special assessments and other similar charges (except income and other taxes assessed against or by reason of Landlord’s reversionary interest in or income from the Premises) which shall be levied on or assessed against the Premises during the term, and to save the Landlord harmless from the payment thereof. Taxes for the first and last year of the term or any extension or renewal thereof shall be prorated on the basis of the fiscal period for which such tax is assessed. Notwithstanding the foregoing, Tenant shall be liable for and pay, or reimburse Landlord in full by December 1, 2007, the full amount of real estate taxes and assessments billed and due after June 1, 2007. Tenant may in good faith and at its own expense contest the imposition and collection of any tax or assessment, in the Landlord’s name, if necessary, and during the period of such contest Tenant shall not be deemed to be in default hereunder for failure to pay such contested amount.

6.2 If at any time after any tax, assessment or similar charge so charged or assessed against said Premises shall become due or payable and Tenant shall neglect or fail to pay the same, Landlord may pay the same at any time thereafter, and the amount of any and all such payments so made by Landlord shall be and is hereby declared to be so much additional and further rent for Premises due from and payable by Tenant, with the next installment of rent due thereunder.
6.3 At the termination of this Lease by lapse of time or otherwise, all taxes due and payable by Tenant under the provisions of this Article 6 shall be paid by Tenant including any unpaid installments of special assessments levied during the term of this Lease.

6.4 Upon demand of Landlord, Tenant shall pay in addition to each monthly payment of rent to be paid hereunder, a sum equivalent to one-twelfth of the amount estimated by Landlord to be sufficient to enable Landlord to pay at least thirty (30) days before they become due, all such taxes, assessments and other charges. Such additional payments may be commingled with the general funds of Landlord and no interest shall be payable in respect thereof. Upon demand by Landlord, Tenant will deliver and pay over to Landlord such additional sums as are necessary to make up any deficiency in the amount necessary to enable Landlord to fully pay such taxes, assessments and other charges.

6.5 In the event that the City, County, State, or any other political subdivision within which the premises are located shall, prior to or during the term of this Lease, impose upon the Landlord any tax or other governmental charge ("non-real property tax") in lieu of all or any part of the taxes which, prior to such imposition, were assessed or levied against the building and/or the land upon which the building is located ("real property taxes"), such non-real property tax shall, for purposes of this paragraph, be treated as if it were a real property tax.

6.6 Upon demand of Landlord within ninety (90) days after the date any tax, charge, assessment or imposition referred to in this Article 6 is payable by Tenant, Tenant shall provide to Landlord official receipts of the appropriate taxing authority or other proof satisfactory to Landlord of the payment of such tax, charge, assessment, or imposition.

ARTICLE 7

Fire Insurance And Destruction Of Building

7.1 Tenant will cause to be maintained policies of fire and extended coverage insurance on all buildings, structures, fixtures and improvements now or hereafter situated on the Premises and all other property leased hereunder in their full replacement cost. Such policies shall have no greater than eighty (80%) percent co-insurance provision and shall contain the standard "agreed amount" clause for evaluating replacement cost. Such policies shall name Tenant, Landlord, other parties designated by Landlord and the first mortgagee as their interests may appear as insureds and such insurance shall be carried by an insurance company or companies approved by Landlord and the first mortgagee. Duplicate original copies of said policies shall be delivered to Landlord and the first mortgagee. Notwithstanding the aforesaid, in no event shall the manner, forms, companies, sums or length of terms be less than that required by the first mortgagee according to the terms and provisions of said first mortgage.

7.2 Each such policy shall include: (i) a standard mortgage clause in favor of the first mortgagee; (ii) a provision to the effect that the waiver of subrogation rights by the insured does not void the coverage; (iii) a provision that the policy shall not be changed or canceled without at
least thirty (30) days’ prior written notice to the Landlord and the first mortgagee; and (iv) a provision that any forfeiture of the policy due to an act of the Tenant shall not affect the validity insofar as the Landlord or the first mortgagee are concerned.

7.3 From time to time as required by Landlord or the first mortgagee, Tenant at its expense, shall obtain from an engineer or appraiser, in the regular employ of the insurer, or an appraiser, engineer, architect or contractor designated by Tenant and approved by Landlord and the insurer, such evidence as may be required by such insurer to maintain the agreed amount clause eliminating the possibility of any co-insurance penalty.

7.4 If Tenant shall refuse or fail to so insure and keep insured said buildings, structures and improvements and all other property leased hereunder and to keep such policies in Landlord’s and first mortgagee’s possession, Landlord may at its election procure and from time to time renew such insurance, and the amounts expended therefore shall be additional rent due from Tenant with the next installment of rent accruing hereunder and may be collected in the same manner as though rent due hereunder.

7.5 Upon demand of Landlord, Tenant shall pay in advance, in addition to each monthly payment of rent to be paid hereunder, a sum equivalent to one-twelfth of the amount estimated by Landlord to be sufficient to enable Landlord to pay at least thirty (30) days before they become due all insurance premiums on all policies of insurance required hereunder. Such additional payments may be commingled with the general funds of Landlord and no interest shall be payable in respect thereof. Upon demand by Landlord, Tenant will deliver and pay over to Landlord such additional sums as are necessary to make any deficiency in the amount necessary to enable Landlord to fully pay such premiums.

7.5 Landlord shall have no liability for damage to or loss of personal property located upon the Premises, unless and to the extent caused by Landlord.

ARTICLE 8

Restoration

8.1 In case of any damage to or destruction of the Premises or any part thereof, or to any other property hereunder, Tenant shall give immediate written notice thereof to Landlord and the first mortgagee. Landlord, at its sole option, may by written notice to Tenant terminate this Lease if: (i) the cost to repair or replace such damage or destruction exceeds Fifty Thousand and No/00 Dollars ($50,000.00) and will take one hundred twenty (120) days or more to repair, or (ii) the damage or destruction occurs in the last six (6) week of the term of this Lease, or (iii) the time to repair or replace such damage or destruction will take longer than the remaining balance of the term of this Lease. If Landlord does not terminate this Lease as provided in the preceding sentence, then Landlord shall (or at Landlord’s option, Tenant shall) at Tenant’s expense, repair, restore, or rebuild the Premises or the part thereof so damaged, as nearly as possible to the value, condition and character the same was in immediately prior to such damage or destruction, (such
repair, restoration, rebuilding, together with any temporary repairs and property protecting pending completion of the work being herein called "restoration") all in accordance with plans and specifications first approved by Landlord, unless Landlord shall have waived its right of approval in writing; subject, to all municipal, state and federal laws, codes, rules, regulations, ordinances and approvals pertaining to the construction, restoration, use and operation of schools (provided Tenant will use reasonable efforts to comply with such laws, ordinances, codes, rules, regulations and to obtain such approvals). Tenant's obligation to repair, restore or replace the damage shall be limited to the amount of insurance proceeds available to Tenant. If the restoration costs exceed the available insurance proceeds, the excess costs may be paid by Landlord, at its sole option, in which event the excess costs paid by Landlord shall, at Landlord's option, be factored into the rent provided for in Section 3.1 of this Lease.

8.2 Rent insurance proceeds, if payable, shall be applied to the payment of, when and as due and payable, the installments of rent and other payments due under this Lease until restoration has been completed or the Lease terminated if Landlord elects to terminate as provided in Section 8.1. The balance, if any, of such proceeds shall be paid to Tenant or as Tenant may direct.

8.3 If by reason of any damage or destruction mentioned in Section 8.1, any sums are to be paid under any insurance policy mentioned in Article 7 hereof, then after receiving the first mortgagee's prior written approval, and provided Landlord has not elected to terminate pursuant to Section 8.1 and there is no default by Tenant hereunder at such time, such sum shall be paid over to the Master Landlord under the Master Lease or the first mortgagee or to the Landlord as a Depository, which shall hold the same as a trust fund to be used for the payment of the cost of restoration except as hereinafter provided; if there shall then be a default by Tenant hereunder the first mortgagee may, at its option, apply such sums to the payment of the debt secured by the first mortgage. Upon receipt by the Depository, at its option, of:

8.3.1 A certificate of Tenant dated not more than thirty (30) days prior to the date of such receipt (a) requesting the payment of a specified amount of such money; (b) describing in reasonable detail the work and materials applied to the restoration since the date of the last certificate of Tenant; (c) stating that such specified amount does not exceed the cost of such work and material; (d) stating that such work and materials have not previously been made the basis of any request for or any withdrawal of money, and

8.3.2 A certificate of an independent engineer or independent architect designated by Landlord, who shall be approved by Landlord (which approval shall not be unreasonably withheld) stating (a) that the work and materials described in the accompanying certificate of Tenant were satisfactorily performed and furnished and were necessary, appropriate and desirable to the restoration in accordance with the plans and specifications therefor approved by Landlord, unless Landlord shall have waived its right of approval in writing; (b) that the amount specified in such certificate of Tenant is not in excess of the cost of such work and materials; (c) the additional amount, if any, required to complete the restoration, and
8.3.3 Evidence satisfactory to the first mortgagee, if any, and Landlord, from time to time that the cost of the work and materials required to complete the restoration can be paid from the insurance proceeds held by the Depository, provided that if such cost cannot so be paid, before any disbursement or any further disbursement there shall be deposited with Depository a sum which together with the insurance proceeds will be sufficient to pay for the cost of restoration, and

8.3.4 Either (a) a written opinion of counsel satisfactory to Landlord and first mortgagee, or (b) the certification of a title company satisfactory to Landlord and first mortgagee, in either case that as of a date not more than two (2) days prior to the date of payment described below there exists no filed or recorded lien, encumbrance or charge prior to or on a parody with the estate, rights and interest of Landlord (except for the first mortgage and permitted exceptions); that the Premises are not subject to any filed or recorded construction or other similar lien, encumbrance or charge, and that the fixtures and equipment are not subject to any title retention agreement, security agreement, lien or other encumbrance except those permitted herein, and

8.3.5 The Master Landlord under the Master Lease and the first mortgagee's prior written consent to make the payments in the manner and sums as provided for herein;

Then, the Depository shall pay either to the Tenant or through a disbursing agent or title company to the contractors performing such restoration, ninety (90%) percent of the amount of such insurance monies specified in such certificate of Tenant, provided that the balance of funds then held by the Depository will be sufficient for the completion of the restoration as determined by the certificate required by Paragraph 8.3.2.

8.4 The ten (10%) percent retainage will not be disbursed until the restoration has been completed as certified by the architect and all appropriate governmental authorities. Any balance of insurance proceeds after the completion of restoration, as evidenced by a certificate of such independent engineer or independent architect shall be paid to Landlord to the extent necessary to cure any existing Lease default, with the balance to Tenant. Concurrently with Tenant’s delivery of each of the foregoing certificates and legal opinions, Tenant shall deliver duplicate copies thereof to Landlord if it is not the Depository. Upon written request by it, Landlord shall be notified by the Depository of each such amount so paid to Tenant and the date of each such payment.

8.5 Except as otherwise expressly provided herein, no destruction of or damage to the Premises or any part thereof, whether such damage or destruction be partial or total or otherwise, shall entitle or permit Tenant to surrender or terminate this Lease nor relieve Tenant from its liability to pay in full the rent and other sums and charges payable by Tenant hereunder or from any of its other obligations under this Lease. Tenant waives any rights now or hereafter conferred upon it by statute or otherwise to surrender this Lease or quit or surrender the Premises or any part thereof or to receive any suspension, diminution, abatement or reduction of the rent or other sums and charges payable by Tenant hereunder on account of any such destruction or damage except that to the extent to which the Landlord shall have received and retained a sum as
proceeds of any rent insurance pursuant to paragraph 8.2 hereof, Tenant shall be entitled to a credit therefor against its obligations under this Lease to pay the rent and such other sums and charges.

ARTICLE 9

Care of Premises

9.1 The Tenant will keep the Premises and all other property leased hereunder in good condition and repair, and will yield and deliver up the same at the expiration of the term in as good a condition as when taken, reasonable use and wear thereof excepted. Tenant shall also maintain all portions of the Premises and adjoining areas in a clean and orderly condition, free of dirt, rubbish, snow, ice and unlawful obstructions. The Tenant may not make any repairs, alterations, additions, changes or improvements to the Premises without the written consent of Landlord. All such repairs, alterations, changes or improvements shall be completed and maintained in good workmanlike condition, free and clear of all liens and encumbrances arising out of such work.

9.2 Landlord shall have the right to enter upon the Premises for the purpose of making any repairs thereto and performing any work thereon which may be necessary by reason of Tenant’s failure to make any such repairs or perform any such maintenance work as provided herein. Except in case of emergency, the privilege and right of entry shall be exercised at reasonable times and at reasonable hours. Tenant shall pay the cost of any such repairs and maintenance work to Landlord, upon demand therefor and upon submission of satisfactory evidence of Landlord’s payment of such costs which sums shall be deemed additional rent hereunder.

ARTICLE 10

Liability

10.1 Tenant agrees to save Landlord and the first mortgagee harmless from any and all liabilities, losses, damages, penalties, costs and expenses arising from any injury or death to any person or damage to any property in, on, or about the Premises from any cause whatsoever. Tenant agrees to procure at its own expense public liability and property damage, single limit liability insurance for the benefit of the Landlord, Tenant and the first mortgagee as their interests may appear, in amount not less than One Million ($1,000,000) Dollars to keep such insurance in force during the term hereof, and to deliver certificates of such coverage to the Landlord; in default of which the Landlord may obtain such insurance and charge the cost thereof to the Tenant as additional rent which shall be payable with the next month’s installment of rent hereunder. Tenant agrees to furnish to Landlord certificates of insurance evidencing such insurance.

10.2 Each party hereto, for itself and its respective successors and assigns (including any person, firm or corporation which may become subrogated to any of its rights), waives any and all rights and claims for recovery against the other party, and its officers, employees, agents,
and assigns, or any of them, on account of any loss or damage to any of its property insured under any valid and collectible insurance policy or policies, to the extent of any recovery collectible under such insurance. Notwithstanding the foregoing, this waiver shall not be applicable if it has the effect of invalidating any insurance coverage of Landlord or Tenant.

ARTICLE 11

Compliance With Statutes

11.1 Tenant agrees that it will comply with all statutes, police, sanitary, building, and fire rules, regulations, and instructions, and municipal ordinances, relating to or affecting the use of the Premises; and agrees to reimburse Landlord for any damages or penalties suffered because of Tenant’s noncompliance with any such rules, regulations, instructions, ordinances, or statutes.

11.2 Tenant agrees that it will comply with and keep the Premises in compliance with the Fair Housing Amendments Act of 1988, the Americans with Disabilities Act of 1990, and any other Federal, State or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct relating to barrier-free access or access of the handicapped or disabled to the Premises (collectively, “Access Laws”). The Tenant hereby indemnifies the Landlord and agrees to hold the Landlord harmless from and against all losses, liabilities, damages, injuries, costs, expenses and claims of any and every kind whatsoever paid, incurred or suffered by, or asserted against, the Landlord for violations or alleged violations of the Access Laws relating the Premises.

ARTICLE 12

Assignment And Sub-Letting

12.1 Tenant shall not assign, transfer or sub-let the Premises or any part thereof or any interest hereunder without first obtaining the written consent of the Landlord.

ARTICLE 13

Default

13.1 Tenant shall be in default upon occurrence of any of the following events:

A. Failure by Tenant in the payment of any rent or other charge provided for herein on the day it becomes due and payable.

B. Failure by Tenant or suffered by Tenant of any of the other covenants or conditions of this Lease required to be kept or performed by Tenant (other than payment of rent or other charges required by the terms of the Lease).
C. Tenant’s becoming insolvent, as that term is defined by any federal or state law or regulation (the “Insolvency Laws”); the appointment of a receiver or custodian for all or a substantial portion of Tenant’s property or assets; the institution of a foreclosure action upon all or a substantial portion of Tenant’s real or personal property; the filing of a voluntary petition under the provisions of the Bankruptcy Code or Insolvency Laws; the filing of an involuntary petition against Tenant as the subject debtor under the Bankruptcy Code or Insolvency Laws, which is either not dismissed within sixty (60) days of filing, or results in the issuance of an order for relief against the debtor, whichever is later; or Tenant’s making or consenting to an assignment for the benefit of creditors or a common law composition of creditors, or if the Tenant’s leasehold interest herein shall be levied on execution (collectively an “Event of Bankruptcy”).

D. Termination of Tenant’s Management Contract due to default made or suffered by Tenant in any of the covenants, terms or conditions of the Management Contract required to be kept or performed by Tenant.

E. Expiration or discontinuance for any reason of the Charter Contract granted to Tenant by its authorizer (the “Charter”), other than an expiration or discontinuance which results in a new Charter effective as of termination of the existing Charter and with terms which would not, in Landlord’s opinion, substantially alter Tenant’s ability to comply with the terms of the Lease or Management Contract.

13.2 In the event of default, Landlord may in addition to any other remedy, re-enter into and repossess the Premises and all other property leased hereunder and remove the Tenant and every other occupant, and may relet the Premises or any part thereof for any term, either shorter, longer, or the same, at a higher, lower, or the same rental, making such alterations as may be necessary, without working a termination of this lease, provided, however, that Landlord at its option may in any of such events, terminate this lease effective on the date specified in written notice from Landlord to Tenant.

13.3 If the Landlord shall, on any such default by the Tenant, obtain possession of the Premises by re-entry, summary proceedings, or otherwise, the Tenant shall pay to Landlord all expenses incurred in obtaining possession of the Premises, all expenses and commissions which may be paid in and about the letting of the same, and all other damages resulting from Tenant’s default.

13.4 No termination of this Lease pursuant to this section or repossession of the Premises or any part thereof or of any other property leased hereunder shall relieve Tenant of its liabilities and obligations under this Lease, all of which shall survive any such termination or repossession and, if the Premises or any part thereof shall not have been relet, Tenant shall pay to Landlord as and for liquidated and agreed current damages the then present value of the rent and other sums and charges to be paid by Tenant until what would have been the end of the term in the absence of such termination or repossession. If the Premises shall have been relet, Tenant shall pay the Landlord, as and for liquidated and agreed current damages for Tenant’s default, the
present value of the equivalent of the amount of the rent and such other sums and other charges as would be payable under this Lease by Tenant if this Lease were still in effect, less the present value of the net proceeds, if any, of the reletting effected pursuant to the provisions hereof, after deducting all of Landlord's expenses in connection with such reletting, including, without limitation, all repossession costs, brokerage and management commissions, operating expenses, legal expenses, reasonable attorneys' fees, alteration costs and expenses of preparation of such reletting. Exercise of any remedy hereunder by Landlord shall not exclude the right to exercise any other remedy hereunder.

ARTICLE 14
Waiver of Breach

14.1 No waiver by either party hereto of any breach of any of the terms of this Lease shall be deemed to be a waiver of any other or subsequent breach.

ARTICLE 15
Surrender

15.1 Upon the termination of this Lease, Tenant shall quit and surrender the Premises and all property leased hereunder, broom clean, to Landlord without delay and in good order, condition and repair, ordinary wear and tear excepted, free and clear of all lettings and occupancies, (except those previously approved by Landlord), and free and clear of all liens and encumbrances, except that part of the Premises which have been taken through eminent domain, if any, after the delivery hereof, without any payment therefor by Landlord. Any personal property owned by Tenant or other occupant of the property (except that of subtenants previously approved by Landlord), which shall remain on the Premises after the termination of this Lease, and the removal of Tenant or such other occupant from the Premises, may at the option of Landlord, be deemed to have been abandoned and may be disposed of without accountability, as Landlord may see fit, without prejudice to the rights of any such other occupant as against the Tenant.

ARTICLE 16
Eminent Domain

16.1 If all or any part of the Premises shall be taken by any governmental authority under power of eminent domain, or by private purchase in lieu thereof, all damages awarded for such taking shall belong to and be the property of the Landlord, whether such damages shall be awarded as compensation for the taking of or diminution in value to the leasehold or the fee of the Premises and Tenant hereby irrevocably assigns to Landlord any award or payment to which Tenant may become entitled as a result thereof, provided, however, that the Tenant shall be
entitled to receive from such governmental authority compensation for its fixtures and personal property so taken.

16.2 In the event that only a part of the Premises are so taken, and the part not so taken cannot be completed as an architectural unit for the use described in paragraph 4.1 hereof, Tenant shall have the option to terminate this lease by serving written notice of termination on the Landlord within sixty (60) days after the taking.

16.3 If only a part of the Premises shall be so taken such that the part not so taken can be completed as an architectural unit for the use described in paragraph 4.1 hereof, the Tenant shall, as promptly as practicable, make a complete architectural unit of the remainder of the building on the Premises; and there shall be an abatement of the monthly rent hereinabove provided for in an amount equal to the percentage of the building so taken.

ARTICLE 17

Notices

17.1 All notices and communications required under this lease shall be served personally or by registered or certified mail on the Landlord and on Tenant at the address indicated on page 1 hereof, or at such other address as may be designated in writing to the other party hereto by notice in accordance with this paragraph.

ARTICLE 18

Curing Of Tenant's Defaults

18.1 If Tenant shall at any time fail to make any payment or perform any act on its part to be made or performed hereunder, then Landlord without notice to Tenant, except when other notice is expressly provided for in this Lease and without waiving or releasing Tenant from the obligations of Tenant contained in this Lease, may (but shall be under no obligation to) make such payment or perform such act, and may enter upon the Premises for any such purpose, and take all such actions thereon as may be necessary therefor.

18.2 All sums to be paid by Landlord and all costs and expenses incurred by Landlord in connection with the performance of any such act, together with any consequential damages Landlord may suffer by reason of the failure of Tenant to make such payment or perform such act, and counsel fees incurred by Landlord in connection therewith or in enforcing its rights hereunder, shall be paid by Tenant to Landlord on demand as additional rent hereunder.

18.3 Tenant agrees to hold Landlord harmless from any inconvenience or interference with Tenant's operation of its business as a result of Landlord having to cure a default of Tenant hereunder.
ARTICLE 19

Construction Liens

19.1 Tenant will not create nor permit to be created, or to remain and will promptly discharge, at its sole cost and expense, any lien, encumbrance or charge upon the Premises or any part thereof, or upon Tenant's leasehold interest therein, except such as are created by Landlord or the first mortgagee.

ARTICLE 20

Environmental Matters

20.1 Tenant shall not use or store any Hazardous Materials (as defined in Paragraph 20.3) on the Premises, except in compliance with all applicable federal, state and local laws and ordinances.

20.2 To the extent directly related to the conduct of Tenant, Tenant's use of the Premises, or the operation of its business thereon, Tenant shall defend, indemnify and hold harmless Landlord, its employees, agents, officers and directors, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (1) the presence, disposal or release of any Hazardous Materials on, over, under, from or affecting the Premises or the soil, water, vegetation, buildings, personal property, persons or animals on the Premises; (2) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials existing on the Premises; (3) any lawsuit brought or threatened, settlement reached or government order relating to such Hazardous Materials existing on the Premises; and/or (4) any violation of laws, orders, regulations, requirements or demands of government authorities which are based upon or in any way related to such Hazardous Materials existing on the Premises including, without limitation, reasonable attorney's and consultant's fees, investigation and laboratory fees, court costs and litigation expenses. For purposes of this Lease, "Hazardous Materials" includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances or related materials defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Section 1801, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, et seq.), the Leaking Underground Storage Tank Act (MCLA Section 299.831 et seq.); and in the regulations adopted and publications promulgated pursuant to those Acts, or any other federal, state or local governmental law, ordinance, rule, or regulation.

20.3 Tenant shall promptly notify Landlord as soon as it knows of or suspects that any Hazardous Material has been released or that there is a threatened release on the Premises and it shall take such action at its sole expense and with due diligence, as is necessary to insure timely compliance with all legislative requirements. Landlord shall promptly notify Tenant as soon as its
knows or suspects any Hazardous Material has been released or that there is a threatened release
on or in the Building and Landlord shall take such action at its sole expense and with due
diligence, as is necessary to ensure timely compliance with all legislative requirements.

20.4 The provisions of this Article 20 shall be in addition to any and all obligations and
liabilities of Tenant and Landlord may have to each other at common law, and shall survive the
expiration and termination of the Lease for any reason.

ARTICLE 21

Late Charges

21.1 In the event of any failure by Tenant to pay the minimum rent or any additional
rent or charge payable upon the date due hereunder, Tenant shall also pay to Landlord, on
demand, a late charge of five percent (5%) of such payment.

ARTICLE 22

First Mortgage And First Mortgagee

22.1 The term “first mortgage” as used herein shall mean any first mortgage hereafter
becoming a first and paramount lien on the Premises, subject to easements, and restrictions of
record, and all assignments, modifications, extensions and renewals thereof.

22.2 The term “first mortgagee” or “holder of the first mortgage” shall mean the holder
at the particular time of the first mortgage as defined herein.

ARTICLE 23

Subordination; Estoppel Certificates

23.1 Tenant agrees that Landlord may choose to make this Lease subordinate or
paramount to any mortgages, trust deeds and ground or underlying leases now or hereafter
affecting the Premises and to any and all advances to be made thereunder or to be secured
thereby, and to the interest and charges thereon, and all renewals, replacements and extensions
thereof, provided the mortgagee, Landlord or trustee named in any such mortgages, trust deeds or
leases agrees to recognize the lease of Tenant in the event of foreclosure if Tenant is not in
default. Tenant will execute promptly any instrument or certificate that Landlord may request to
confirm such subordination, and hereby irrevocably appoints Landlord as Tenant’s attorney-in-
fact to execute such instrument or certificate on its behalf. Notwithstanding the foregoing, Tenant's possession of the Premises under this Lease shall not be disturbed by the mortgagee or other party unless Tenant breaches any of the provisions of this Lease and Tenant's right to possession is lawfully terminated.

23.2 Tenant, within ten (10) days after request (at any time or times) by Landlord, will execute and deliver to Landlord an estoppel certificate proposed by Landlord identifying the Commencement Date and expiration date of this Lease and state that this Lease is unmodified and in full force and effect, or is in full force and effect as modified, stating the modifications, and stating that Tenant does not claim that Landlord is in default in any way, or listing any such claimed defaults. The certificate also will confirm the amount of monthly installments of net rent payable hereunder and additional rent, if any, as of the date of the certificate, the date to which the rent has been paid in advance, and the amount of any security deposit or pre-paid rent. If Tenant fails to deliver the executed certificate to Landlord within the ten (10) day period, the occurrence of the proposed certificate will be deemed conclusively confirmed.

23.3 Upon the receipt of a notice from the Landlord, the Tenant agrees to pay all such sums owing under this Agreement directly to the account or party specified in such notice.

ARTICLE 24

Quiet Enjoyment

24.1 Landlord agrees that at all times when Tenant is not in default under the provisions and during the continuation of this Lease, Tenant's quiet and peaceable enjoyment of the Premises will not be disturbed or interfered with by Landlord or any person claiming by, through or under Landlord.

ARTICLE 25

Holding Over

25.1 If Tenant remains in possession of the Premises after the expiration of this Lease, Tenant will be deemed to be occupying the Premises as a Tenant at will, subject to all the provisions of this Lease to the extent that they can be applicable to a tenancy at will, except that the minimum net rent for each month or fraction thereof that Tenant remains in possession will be double the regular monthly installments of minimum net rent otherwise payable hereunder.
ARTICLE 26

Remedies Not Exclusive; Waiver

26.1 Each and every of the rights, remedies and benefits provided by this Lease are cumulative, and are not exclusive of any other of said rights, remedies and benefits, or of any other rights, remedies and benefits allowed by law.

26.2 One or more waivers of any covenant or condition by Landlord will not be construed as a waiver of a further or subsequent breach of the same covenant or condition, and the consent or approval by Landlord to or of any act by Tenant requiring Landlord’s consent or approval will not be deemed to waive or render unnecessary Landlord’s consent to or approval of any subsequent similar act by Tenant.

ARTICLE 27

Right To Show Premises

27.1 Landlord may show the Premises and may display about the Premises signs advertising the availability of the Premises prior to termination of the Lease.

ARTICLE 28

Definition Of Landlord; Landlord’s Liability

28.1 The term “Landlord” as used in this Lease, so far as covenants, agreements, stipulations or obligations on the part of the Landlord are concerned, is limited to mean and include only the owner or owners of fee title to the Premises or its assignee, at the time in question, and in the event of any transfer or transfers of the title to such fee the Landlord herein named (and, in case of any subsequent transfers or conveyances, the then grantor) will automatically be relieved from and after the date of such transfer or conveyance of all personal liability for the performance of any covenants or obligations on the part of the Landlord contained in this Lease thereafter to be performed.

28.2 If Landlord fails to perform any provision of this Lease upon Landlord’s part to be performed, and if as a consequence of such default Tenant recovers a money judgment against Landlord, such judgment may be satisfied only out of the proceeds of sale received upon execution of such judgment and levied thereon against the right, title and interest of Landlord in the Premises and out of rents or other income from such property receivable by Landlord, and Landlord shall not be personally liable for any deficiency.
ARTICLE 29

Brokers

29.1 Landlord and Tenant each represent and warrant to the other that neither of them has contacted a broker, finder or similar person in connection with this Lease, and each party shall defend, indemnify and hold the other harmless from and against all liability, cost and expense, including reasonable attorneys' fees, incurred as a consequence of any claim asserted by a person alleging to have dealt with one of the parties hereto in connection with this lease.

ARTICLE 30

General

30.1 References in this Lease to persons, entities and items have been generalized for ease of reading. Therefore, references to a single person, entity or item will also mean more than one person, entity or thing whenever such usage is appropriate (for example, "Tenant" may include, if appropriate, a group of persons acting as a single entity, or as Tenants-in-common). Similarly, pronouns of any gender should be considered inter-changeable with pronouns of other genders.

30.2 All agreements and obligations of Tenant under this Lease are joint and several in nature. Any waiver or waivers by Landlord of any of the provisions of this Lease will not constitute a waiver of any later breach of that provision, and any consent or approval given by Landlord with respect to any act, neglect or default by Tenant will not waive or make unnecessary Landlord's consent or approval with respect to any later similar act, neglect or default by Tenant.

30.3 Topical headings appearing in this Lease are for convenience only. They do not define, limit or construe the contents of any paragraphs or clauses.

30.4 This Lease can be modified or amended only by a written agreement signed by Landlord and Tenant.

30.5 All provisions of this Lease are and will be binding on the heirs, executors, administrators, personal representatives, successors and assigns of Landlord and Tenant.

30.6 The laws of the State of Michigan will control in the construction and enforcement of this Lease.

30.7 Time is of the essence in all respects under this Lease.
30.8 Tenant's obligations, and right to possession, under the terms of this Lease are contingent upon Landlord's delivery of the Premises in condition suitable for occupancy as a public charter school (including fire marshal approval), execution of a charter contract between the Tenant and its authorizer, and execution of the Management Contract in a form acceptable to NHA.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

LANDLORD:

National Heritage Academies, Inc.
a Michigan corporation

By: __________________________
    Greg Lambert
    Its: Sr. Vice President & CFO

TENANT:

Walton Charter Academy

By: __________________________
    Its Board President
EXHIBIT A
Walton Charter Academy

A parcel of land described as part of the Northwest ¼ of Section 16, T.3N., R.10E., City of Pontiac, Oakland County, Michigan, being more particularly described as:

Commencing at the North ¼ corner of Section 16, T.3N., R.10E., City of Pontiac, Oakland County, Michigan; thence N. 87º 13' 45" E., 1658.91 feet along the North line of Section 16, said line also being the centerline of Walton Boulevard (120 feet wide); thence S. 01º 42' 53" E., 60.00 feet to the point of beginning, said point being on the Southerly right-of-way line of Walton Boulevard; thence S. 01º 42' 53" E., 1101.26 feet; thence N. 88º 00' 17" E., 330.67 feet; thence N. 01º 35' 31" W., 1101.42 feet to a point on the Southerly right-of-way line of Walton Boulevard; thence S. 87º 58' 45" W., 333.03 feet along the said Southerly right-of-way line of Walton Boulevard to the point of beginning. Subject to all easements and restrictions of record.

More Commonly Known As:

Walton Charter Academy
744 Walton
Pontiac, MI 48340
AMENDMENT TO LEASE AGREEMENT

THIS LEASE AMENDMENT is entered into on □□□□, 5, 2009, to be effective July 1, 2009, by and between NATIONAL HERITAGE ACADEMIES, INC., a Michigan corporation, of 3850 Broadmoor, S.E., Ste. 201, Grand Rapids, Michigan 49512 ("Landlord") and WALTON CHARTER ACADEMY, a public school academy, chartered under the laws of the State of Michigan, having an address of 744 East Walton Boulevard, Pontiac, Michigan 48340 ("Tenant").

RECITALS

A. Landlord and Tenant entered into a real estate lease dated May 13, 2008 (the “Lease”), whereby Tenant leased real estate and improvements located at 744 East Walton Boulevard, Pontiac, Michigan (the real estate and improvements are collectively referred to as the "Premises").

B. Tenant and Landlord now desire to amend the Lease upon the following terms and conditions.

The parties agree as follows:

1. **Term.** Paragraph 2.2 of the Lease is hereby deleted in its entirety and replaced as follows:

   2.2 The term of the Lease shall commence on July 1, 2009 and shall terminate effective June 30, 2010, unless sooner terminated as provided in the Lease.

2. **Rental.** Paragraph 3.1 of the Lease is hereby deleted in its entirety and replaced as follows:

   3.1 The Tenant hereby hires said Premises for the term above stated and agrees to pay Landlord annual rental of Eight Hundred Eighty-Three Thousand Three Hundred Sixty and No/100 Dollars ($883,360.00), in equal monthly installments of Seventy-Three Thousand Six Hundred Thirteen and 00/100 Dollars ($73,613.00) each, and a proportionate part of said annual rental for any partial year, such installments to be payable in advance on the first day of each month.

3. **Effect.** All of the terms and conditions of the Lease, as amended above, shall continue in full force and effect.

LANDLORD:

NATIONAL HERITAGE ACADEMIES, INC., a Michigan corporation

By: [Signature]
Greg Lambert
Its Sr. Vice President & CFO

TENANT:

WALTON CHARTER ACADEMY

By: [Signature]
Maria [Signature]
Its Board President

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SECOND AMENDMENT TO LEASE AGREEMENT

THIS LEASE AMENDMENT is entered into on [May 1], 2010, to be effective July 1, 2010, by and between NATIONAL HERITAGE ACADEMIES, INC., a Michigan corporation, of 3850 Broadmoor, S.E., Ste. 201, Grand Rapids, Michigan 49512 ("Landlord") and WALTON CHARTER ACADEMY, a public school academy, chartered under the laws of the State of Michigan, having an address of 744 East Walton Boulevard, Pontiac, Michigan 48340 ("Tenant").

RE bâtALS

A. Landlord and Tenant entered into a real estate lease dated May 13, 2008, as amended (the "Lease"), whereby Tenant leased real estate and improvements located at 744 East Walton Boulevard, Pontiac, Michigan (the real estate and improvements are collectively referred to as the "Premises").

B. Tenant and Landlord now desire to amend the Lease upon the following terms and conditions.

The parties agree as follows:

1. Premises. The following paragraph shall be added to Article 1 of the Lease:

1.3 In accordance with the terms and conditions of the "Management Contract" of even or similar date hereto entered into by and between Landlord and Tenant, Landlord is contractually obligated to fulfill certain obligations that are the obligations of the Tenant under the terms of this Lease (the "Obligations"). In the event that the Landlord fails to timely perform or fulfill the Obligations and said failure is not otherwise excused by the terms of the Management Contract, nor is Landlord's failure due to the fault of the Tenant, then said failure shall not be deemed to be a default by Tenant under the terms of this Lease. This provision shall automatically lapse upon termination for any reason, including expiration without a renewal, of the Management Contract.

2. Term. Sections 2.1 and 2.2 of Article 2 shall be deleted in its entirety and replaced as follows:

2.1 The term of the Lease shall commence on July 1, 2010 and shall terminate on June 30, 2011, unless sooner terminated as provided in the Lease.

3. Effect. All of the terms and conditions of the Lease, as amended above, shall continue in full force and effect.

LANDLORD:

NATIONAL HERITAGE ACADEMIES, INC., a Michigan corporation

By: ____________________________
Greg Lambert
Its Treasurer

TENANT:

WALTON CHARTER ACADEMY

By: ____________________________
Sherry Nagrep
Its Board President
THIRD AMENDMENT TO LEASE AGREEMENT

THIS LEASE AMENDMENT is effective July 1, 2011 and is entered into by and between NATIONAL HERITAGE ACADEMIES, INC., a Michigan corporation ("Landlord") and WALTON CHARTER ACADEMY, a public school academy, chartered under the laws of the State of Michigan ("Tenant").

RECITALS

A. Landlord and Tenant entered into a real estate lease dated May 13, 2008 (the "Lease"), whereby Tenant leased real estate and improvements from Landlord.

B. Tenant and Landlord now desire to amend the Lease upon the following terms and conditions.

The parties agree as follows:

1. **Term.** Paragraph 2.1 of the Lease is hereby deleted in its entirety and replaced as follows:

   2.1 The "Initial Term" of this Lease shall commence on July 1, 2011 and shall terminate effective June 30, 2012 (the "Initial Term Expiration"), unless sooner terminated as hereinafter set forth. Provided that (a) Tenant is not then in Default under this Lease, the Management Agreement, or the "Charter" (as defined in Section 13.1.E. below), and (b) this Lease, the Management Agreement and the Charter are still in full force and effect, then, unless a Notice of Non-Renewal is sent as provided below, this Lease shall be automatically renewed for successive one (1) year terms, upon the same terms and conditions as contained herein. The "Term" of this Lease shall mean the Initial Term and every renewal term entered into by Landlord and Tenant. The term "Upcoming Expiration Date" shall mean the Initial Term Expiration, or if the Initial Term Expiration has occurred, then the upcoming anniversary of the Initial Term Expiration. If either party, in its sole discretion, does not wish for this Lease to automatically renew, then at least one hundred eighty (180) days prior to the Upcoming Expiration Date, such party must notify the other party in writing that it does not wish the Term to be renewed (a "Notice of Non-Renewal"). Upon the timely delivery of a Notice of Non-Renewal, this Lease shall terminate on the Upcoming Expiration Date. The parties acknowledge that the Tenant’s authorizer, as part of any reauthorization or renewal, may require that the Tenant submit an amended or restated Lease for review by its authorizer. The parties further acknowledge and agree that any changes to this Lease other than length of Term will be documented through an amendment to this Lease signed by both parties and subject to the prior review of the Tenant’s authorizer.

2. **Survival.** Except as expressly set forth above, all of the remaining terms and conditions of the Lease shall continue in full force and effect.

**LANDLORD:**

NATIONAL HERITAGE ACADEMIES, INC.

a Michigan corporation

By: [Signature]

Paul Witte

Its: Sr. Director – Legal and Compliance

**TENANT:**

WALTON CHARTER ACADEMY

a public school academy

By: [Signature]

Its: Board President

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CONTRACT SCHEDULE 7

REQUIRED INFORMATION FOR PUBLIC SCHOOL ACADEMY
SCHEDULE 7

REQUIRED INFORMATION FOR
PUBLIC SCHOOL ACADEMY

Required Information for Public School Academy. This Schedule contains information required by Part 6A of the Revised School Code ("Code"). The required information for the Academy is contained in this Schedule 7.

Section a. Governance Structure. The governance structure of the Academy is set forth in Section a of this Schedule.

Section b. Educational Goals. The educational goals of the Academy are set forth in Section b of this Schedule.

Section c. Educational Programs. The educational programs of the Academy are set forth in Section c of this Schedule.

Section d. Curriculum. The curriculum of the Academy is set forth in Section d of this Schedule.

Section e. Methods of Pupil Assessment. The methods of pupil assessment of the Academy are set forth in Section e of this Schedule.

Section f. Application and Enrollment of Students. The application and enrollment of students criteria of the Academy are set forth in Section f of this Schedule.

Section g. School Calendar and School Day Schedule. The school calendar and school day schedule procedures are set forth in Section g of this Schedule.

Section h. Age or Grade Range of Pupils. The age or grade range of pupils to be enrolled by the Academy are set forth in Section h of this Schedule.
SECTION A

GOVERNANCE STRUCTURE
SECTION a: GOVERNANCE STRUCTURE

The University Board shall appoint the Board of Directors of the Academy ("Academy Board"). The Academy Board has all the powers and duties permitted by law to manage the business, property and affairs of the Academy. The Academy Board is responsible for assuring that the Academy operates according to the terms and conditions of this Contract and applicable law. Contract Schedule 2: Bylaws, Articles IV and V, set forth a further description of the Academy Board’s governance structure.

The Academy is incorporated as a non-stock, directorship nonprofit corporation. The Academy Board shall have at least five (5), but no more than nine (9) members, as determined by the University Board. The University Board shall select the members of the Academy Board according to the terms and conditions set forth by the Northern Michigan University Board of Trustees.

The Academy Board shall manage the business, property and affairs of the Academy. The Academy Board shall set all educational, fiscal, and administrative policies for the Academy.

With the issuance of this Contract, the Academy Board may contract with a service provider to implement the Academy’s educational program as set forth in Schedule 7 of this contract. If the Academy Board retains a service provider, that service provider will be responsible for the performance of the Academy and will be accountable to the Academy Board. A service provider must report to the Academy Board at regularly scheduled times and upon any request by the Academy Board.

The day to day operation of the Academy will be the responsibility of the Principal, who will have the authority to operate the school and supervise the staff.

The Governance Structure of the Academy

Board of Directors of the Academy

Academy Superintendent

Staff
Principal, Teachers, Paraprofessionals,
Secretarial, Custodial, Transportation

7-a-1
The Walton Academy Board of Directors currently consists of five (5) members. The Northern Michigan University Board of Trustees ("University Board") appointed each of the following individuals as Academy Board members. The term of office for each individual was decided by resolution of the Academy Board.

Nominations and appointments of subsequent Academy Board members shall be made in accordance with this Contract. Vacancies in office shall be determined and filled pursuant to the provisions set forth in the Bylaws. The current Academy Board members are as follows:

Maria Carl  
5754 Woodhall Street  
Detroit, MI 48224  
Date of Term Expiration: June 2014

Kim Champion  
19352 Strathmoor  
Detroit, MI 48235  
Date of Term Expiration: June 2013

Anthony Colbert  
2625 Konrad Ct.  
Auburn Hills, MI 48326  
Date of Term Expiration: June 2014

Sherry Harper  
16759 Highland Lane  
Northville, MI 48168  
Date of Term Expiration: June 2013

Gordon May  
1830 Jason Circle  
Rochester Hills, MI 48306  
Date of Term Expiration: June 2013
SECTION B

EDUCATIONAL GOALS
Walton Charter Academy Student Educational Goals:

Following chart describes in detail the educational goals the Academy will meet:

<table>
<thead>
<tr>
<th>Type of Measure</th>
<th>Academic Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute</td>
<td>Each year, seventy-five (75%) of all tested students who are enrolled in at least their third consecutive year will meet or exceed proficiency standards on Michigan’s Educational Assessment Program (MEAP) in all grade levels and subject areas tested.</td>
</tr>
<tr>
<td>Comparative</td>
<td>Each year, the percent of students performing at or above proficient on Michigan’s Educational Assessment Program (MEAP) in all subjects and grades tested will, in 50% or more of the grades, exceed the average performance of students tested in the same grades in Pontiac City Public School District.</td>
</tr>
<tr>
<td>Growth</td>
<td>Each year, the Academy will be in the 65th percentile or higher of public schools nationally as measured by the percentage of students that meet or exceed beginning of year to end of year MAP growth on the NWEA mathematics and language usage assessments.</td>
</tr>
<tr>
<td>NCLB</td>
<td>The Academy will achieve Adequate Yearly Progress (AYP).</td>
</tr>
<tr>
<td>State Accountability</td>
<td>The Academy will be accredited by the State of Michigan.</td>
</tr>
</tbody>
</table>
SECTION C

EDUCATIONAL PROGRAMS
Schedule 7c
Educational Program

The educational program at Walton Charter Academy is designed to ensure the development of college readiness in all students. With the knowledge that the greatest impact on student learning is the quality of instruction, and that student learning is first and foremost an adult responsibility, the school's educational program, provided by NHA, is well-positioned to create the norms and conditions for exemplary instruction for each student. The educational program is characterized by common practices called The Simple Rules. The Simple Rules, which represent industry-leading best practices, have been refined and codified based on NHA's experience of managing charter schools over the past 15 years. The Simple Rules are, namely:

- Measure Results
- Behave with Care
- Calendarize Priorities
- Manage Instruction
- Essential Learning Goals for All Students
- Teach Virtues
- Formative Assessment Process
- Utilize Common Curricular Tools
- Classrooms Exemplify Engagement, Clarity of Instructional Intent, and Rigor
- Engage Parents
- Best Practices Become Common Practices

While these educational practices are not unique in-and-of themselves, research on effective schools consistently demonstrates their association with positive student outcomes. Through the implementation of The Simple Rules, the school's educational program intentionally and comprehensively integrates these elements into a cohesive educational approach.

In order to know if the school is fulfilling its responsibility of student learning, the school measures results at the student, classroom, teacher, and school level. These results inform decisions, from accountability to intervention.

It is the intention of the school to encourage a school climate where all in the school behave with care, just as a family does for its children, with the goal of self-managed classrooms.

Time is a critical resource for learning. Given this, classroom and school schedules reflect the principle of calendarizing priorities: math and English language arts (ELA) are scheduled in the morning; science and social studies are a focused priority; joint planning time guides the implementation of the curriculum; teachers create, share, and refine lessons and units in a professional learning community; and teachers examine evidence of student learning together with a focus on improving instruction and student learning. A distributed and shared leadership structure allows school leaders to manage instruction by observing and meeting one-on-one with all teachers on a weekly basis to provide feedback and coaching.

The curriculum comprehensive curriculum is deliberate in its college-preparatory design by defining essential learning goals for all students. Since college and life success require more than academic aptitude, students learn virtues as an integrated and explicit part of the curriculum. The formative
assessment process, which is a planned process through which teachers and students use frequent, varying, and ongoing assessment-based evidence to adjust instruction, is utilized to implement and assess the curriculum. Additionally, the school utilizes common curricular materials that effectively support instruction and align with the school’s curriculum.

A shared expectation across the school is that classrooms exemplify engagement, clarity of instructional intent, and rigor. This is accomplished through effective instruction, classroom management, and classroom curriculum design techniques. Further, teachers, staff, and school leaders work to engage parents by initiating a positive relationship between the school and home. In sum, the school is a place where best practices become common practices.

These practices enable the school to provide a high-quality K-8 education that places each student on the path to college readiness: students develop key cognitive strategies and master content knowledge necessary to succeed in high school and beyond; they develop attitudinal and behavioral attributes correlated with college and life success; and they develop contextual knowledge about high-school and college placement. The educational program enables the school to be an organization that sets high academic standards and promotes fundamental values, such as integrity, achievement, excellence, and accountability. The school offers K-8 students a rigorous educational program that prepares them for success in high school, college, and throughout life.
SECTION D

CURRICULUM
The Academy's Curriculum is on file at the University and is available for review upon request.
SECTION E

METHODS OF PUPIL ASSESSMENT
Schedule 7e

Methods of Accountability and Pupil Assessment

Various methods of assessments are used at the school - teacher developed assessments, NWEA, and the MEAP. These assessments work together to produce a complete portrait of student learning. Teacher-developed building block and unit assessments are delivered in accordance with the implementation of the curriculum, as organized through the formative assessment process, in order to determine student learning progress. The curriculum includes an effective means of measuring students’ attainment against its learning goals: Scoring Scales. For each Educational Objective, a Scoring Scale explicitly informs teachers, students, and parents about what students need to know and be able to do to meet grade-level expectations. Scoring Scales are used to measure student learning progress on all Educational Objectives, and scores are tracked by both teachers and students in order to monitor student learning growth over time. The tracking of learning by students is a powerful tool in the learning process, as it “provides a vehicle for students to establish their own learning goals and to define success in terms of their own learning ... allowing [them] to see their ‘knowledge gain’ throughout a grading period.” This is important because it “elicits ‘intrinsic’ motivation” and promotes student engagement with learning. In addition to teacher-developed assessments, periodic interim assessments are used— which are designed to measure students’ mastery of the curriculum’s Educational Objectives. Data from teacher-developed and interim assessments are analyzed by teachers and school leadership to understand areas of student learning need. Predictive analytics are performed with this assessment data to gauge the likelihood of student success on the MEAP, and interventions are subsequently organized to promote student growth and ensure mastery of curricular content.

The school also utilizes NWEA growth-modeled, criterion-referenced assessments to measure growth rates and proficiency levels of students, as determined by NWEA’s norm-referenced criteria. NWEA assessments are administered three times per year and assessment results are reviewed after each administration. Fall test data serve as a baseline measure of student performance and may identify students at-risk of academic failure. Winter test data serves as a check-point to measure progress and inform mid-course corrections in instruction. Finally, spring test data shows student learning growth within the year as well as year-to-year. Disaggregated data from NWEA assessments is used to identify specific student groups within the school that may be struggling with growth or proficiency. Additionally, school leadership utilizes this data to identify student learning needs within the school as a whole, looking for student learning needs in and across grade-levels, in specific classrooms, or in specific content or subject areas. NWEA assessment data is utilized to identify gaps in the intended and implemented curriculum, and therefore helps teachers during their instructional planning.

The MEAP is administered to students each year and results are analyzed. Data obtained from this testing assists in gauging and assessing how students are faring in relation to State standards. Throughout the year, teachers utilize the formative assessment process (including classroom assessment results), NWEA assessment results, and state assessment results in order to identify areas of student need, and adjust instruction in order to improve student learning and promote student performance gains. Needs that are identified through the school’s use of assessment is reviewed at aggregate and disaggregated levels by school leadership and is incorporated into the school’s comprehensive plan for improvement as necessary.

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The school’s balanced and integrated assessment system provides information which ensures the school and students are progressing appropriately. Results are measured at the school, classroom, teacher, and student level to ensure that educational goals are met, and the results of various assessments are reviewed to identify any area where improvement is needed and adjustments are made accordingly.
SECTION F

APPLICATION AND ENROLLMENT OF STUDENTS
Application and Enrollment
Requirements

Enrollment Limits

The Academy will offer kindergarten through eighth grade. The maximum enrollment shall be 700 students. The Academy will annually adopt maximum enrollment figures prior to its application and enrollment period.

Requirements

Section 504 of the Revised School Code states that public school academies shall neither charge tuition nor discriminate in pupil admissions policies or practices on the basis of intellectual or athletic ability, measures of achievement or aptitude, status as a handicapped person, or any other basis that would be illegal if used by a Michigan public school district.

- Academy enrollment shall be open to all individuals who reside in Michigan. Except for a foreign exchange student who is not a United States citizen, a public school academy shall not enroll a pupil who is not a Michigan resident.

- Academy admissions may be limited to pupils within a particular age range/grade level or on any other basis that would be legal if used by a Michigan public school district.

- The Academy Board may establish a policy providing enrollment priority to siblings of currently enrolled pupils. However, the Academy may not provide a preference to children of Board members or Academy employees.

- The Academy shall allow any pupil who was enrolled in the immediately preceding academic year to re-enroll in the appropriate age range/grade level unless that grade is not offered.

- No student may be denied participation in the application process due to lack of student records.

- If the Academy receives more applications for enrollment than there are spaces available, pupils shall be selected for enrollment through a random selection drawing.
Application and Enrollment
Requirements

Application Process

- The application period shall be a minimum of two weeks in duration, with evening and/or weekend times available.

- The Academy shall accept applications all year. If openings occur during the academic year, students shall be enrolled. If openings do not exist, applicants shall be placed on the official waiting list. The waiting list shall cease to exist at the beginning of the next application period.

- In the event there are openings in the class for which students have applied, students shall be admitted according to the official waiting list. The position on the waiting list shall be determined by the random selection drawing. If there is no waiting list, students shall be admitted on a first-come, first-served basis.

- The Academy may neither close the application period nor hold a random selection drawing for unauthorized grades prior to receipt of approval from the Charter Schools Office.

Legal Notice

- The Academy shall provide legal notice of the application and enrollment process in a local newspaper of general circulation. A copy of the legal notice must be forwarded to the Charter Schools Office.

- At a minimum, the legal notice must include:

A. The process and/or location(s) for requesting and submitting applications.

B. The beginning date and the ending date of the application period.

C. The date, time, and place the random selection drawing(s) will be held, if needed.

- The legal notice of the application period shall be designed to inform individuals that are most likely to be interested in attending the Academy.

- The Academy, being an equal opportunity educational institution, shall be committed to good-faith affirmative action efforts to seek out, create and serve a diverse student body.

6/3/11
7-f-2
Application and Enrollment
Requirements

**Re-enrolling Students**

- The Academy shall notify parents or guardians of all enrolled students of the deadline for notifying the Academy that they wish to re-enroll their child.

- If the Academy Board has a sibling preference policy, the re-enrollment notice must also request that the parent or guardian indicate whether a sibling(s) seeks to enroll for the upcoming academic year.

- An enrolled student who does not re-enroll by the specified date can only apply to the Academy during the application period for new students.

- An applicant on the waiting list at the time a new application period begins must reapply as a new student.

- After collecting the parent or guardian responses, the Academy must determine the following:
  
  A. The number of students who have re-enrolled per grade or grouping level.

  B. The number of siblings seeking admission for the upcoming academic year per grade.

  C. If space is unavailable, the Academy must develop a waiting list for siblings of re-enrolled students.

  D. The number of spaces remaining, per grade, after enrollment of current students and siblings.
Random Selection Drawing

A random selection drawing is required if the number of applications exceeds the number of available spaces.

Prior to the application period, the Academy shall:

- Establish written procedures for conducting a random selection drawing.
- Establish the maximum number of spaces available per grade or grouping level.
- Establish the date, time, place and person to conduct the random selection drawing.
- Notify the Charter Schools Office of both the application period and the date of the random selection drawing, if needed. The Charter Schools Office may have a representative on-site to monitor the random selection drawing process.

The Academy shall use a credible, neutral “third party” such as a CPA firm, government official, ISD official or civic leader to conduct the random selection drawing. Further, the Academy shall:

- Conduct the random selection drawing at a public meeting where parents, community members and the public may observe the process.
- Use numbers, letters, or another system that guarantees fairness and does not give an advantage to any applicant.

The Academy shall notify applicants not chosen in the random selection drawing that they were not selected and that their name has been placed on the Academy’s official waiting list for openings that may occur during the academic year. Students shall appear on the official waiting list in the order they were selected in the random selection drawing.
SECTION G

SCHOOL CALENDAR AND SCHOOL DAY SCHEDULE
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School Calendar

The Academy’s school calendar shall comply with Sections 1175 and 1284 of the Code. The Academy’s school calendar shall also comply with the minimum requirements set forth in Section 101 of the School Aid Act of 1979 (MCL 388.1701). The Academy Board must submit a copy of the Academy’s school calendar to the University Board.

School Day Schedule

The Academy Board must structure the Academy’s school day schedule to meet the required number of instructional days and hours under the Code and the Act. The Academy Board must submit the school day schedule to the University Board prior to the commencement of each academic year.
SECTION H

AGE OR GRADE RANGE OF PUPILS
SECTION h: AGE OR GRADE RANGE OF PUPILS

The Academy will enroll students in kindergarten through eighth grade. The Academy may add grades with the prior written approval of the Charter Schools Office Director or the University Board.

Students of the Academy will be children who have reached the age of 5 by December 1 of the current school year.