

**TERMS AND CONDITIONS**

**OF CONTRACT**

**DATED: JULY 1, 2019**

**ISSUED BY**

**THE BOARD OF EDUCATION FOR THE SCHOOL DISTRICT OF THE CITY OF  
HAZEL PARK**

**TO**

**MICHIGAN VIRTUAL CHARTER ACADEMY**

**CONFIRMING THE STATUS OF**

**MICHIGAN VIRTUAL CHARTER ACADEMY**

**AS A**

**SCHOOL OF EXCELLENCE**

**THAT IS A CYBER SCHOOL**

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**Schedules**

Schedule 1	Charter School Policy adopted December 10, 2018; Method of Selection Policy adopted December 10 2018; and Authorization Resolution adopted January 14, 2019
Schedule 2	Qualifications of Board Members
Schedule 3	Fiscal Agent Agreement, receipt acknowledged __, 2019, by the Michigan Department of Treasury, Bureau of State and Authority Finance
Schedule 4	Amended and Restated Academy Articles of Incorporation, Filing Endorsement dated June __, 2019, and Certificate of Good Standing dated

\_\_\_\_\_, 2019

- Schedule 5 Academy Restated Bylaws dated February 25, 2019, signed by Academy Designee
- Schedule 6 Oversight Agreement and Master Calendar of Reporting Requirements (MCRR)
- Schedule 7 Description of Educational Program and Educational Goals
- Schedule 8 Curriculum
- Schedule 9 Job Descriptions and Staff Responsibilities and Educational Services Provider Agreement between Academy and K12 Virtual Schools LLC.
- Schedule 10 Description of Physical Plant, Lease and Occupancy/Inspection Permits
- Schedule 11 Application and Enrollment of Students
- Schedule 12 School Calendar and School Day Schedule
- Schedule 13 Age and Grade Range of Pupils
- Schedule 14 Methods of Pupil Assessment
- Schedule 15 Governance Structure
- Schedule 16 Application Signed with Assurances Page
- Schedule 17 Matriculation Agreement (Placeholder)
- Schedule 18 Partnership Agreement (Placeholder)

## CONTRACT

Pursuant to the Michigan Revised School Code (“Code”), and in particular being Part 6E, Sections 380.551 through and including 380.561 of the Michigan Compiled Laws, and Act No. 416 of the Public Acts of 1994, The Board of Education for the School District of the City of Hazel Park (“District Board”) grants a contract confirming the status of a school of excellence which is a cyber school in this State to Michigan Virtual Charter Academy (the “Academy”), a Michigan school of excellence which is a cyber school. The Parties agree that the granting of this Contract is subject to the following Terms and Conditions, and that this Contract is effective as of July 1, 2019.

The State Superintendent of Public Instruction has previously determined that the entity applying for the Contract, as defined below, demonstrates experience in delivering a quality education program that improves academic achievement. In determining whether this requirement has been met, the District Board has referred to the standards for quality online learning established by the national association of charter school authorizers or other similar nationally recognized standards for quality learning.

### **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 school of excellence corporation named Michigan Virtual Charter Academy which was established as a school of excellence that is a cyber school on August 5, 2010 pursuant to a Charter Contract with Grand Valley State University. The Academy has remained in good standing since that date and continuing as evidenced by the Academy’s current authorizer, Grand Valley State University’s September 13, 2018 letter to the Academy Board attached to the Academy’s January 19, 2019 Response to The Board of Education for the School District of the City of Hazel Park’s Cyber School Application issued on December 10, 2018. The Academy is entering into this Contract with The School District of the City of Hazel Park, effective July 1, 2019, and will continue to be a school of excellence that is a cyber school under Michigan law. The Academy is located within The School District of the City of Hazel Park and the Oakland Schools Intermediate School District (“Oakland Schools”) within the County of Oakland. The Academy’s administrative offices are located at 1620 E. Elza, Hazel Park, Michigan 48030 and 678 Front Avenue NW, Suite 190, Grand Rapids, Michigan 49504. The State Superintendent of Public Instruction has approved the

Academy as a continuation of a replication of a high-performing school or program.

- (b) “Academy Board” means the Board of Directors of the Michigan Virtual Charter Academy. “Academy Board Member” means an individual who is a member of the Academy Board, whether in the past, present, or future.
- (c) “Accountability Plan” means a Community District accountability plan established, implemented, and administered by the State School Reform/Redesign Officer under section 390 of the Code, MCL 380.390.
- (d) “Applicable Law” means all state and federal law applicable to a school of excellence organized as a cyber school, including, without limitation, those statutes and regulations set forth in MCL 380.501 through 507) and the Education Department General Administrative Regulations, being 34 CFR Parts 74, 75, 76, 77, 79, 80, 81, 82, 84, 85, 86, 97, 98, and 99 as such laws and regulations may be amended.
- (e) “Applicant” means the Board of Education of Michigan Virtual Charter Academy which is the entity that submitted the School of Excellence Cyber School Application to the District for the continued operation of the Academy by a new authorizer, The Board of Education for the School of the City of Hazel Park, effective July 1, 2019.
- (f) “Application” means the School of Excellence/Cyber School Application to the District Board (including all attachments and the executed Assurances pages) in which representations were made to the District Board regarding the program and its operation, which representations were material inducements to the District Board to grant the Contract.
- (g) “Authorizing Body” or “Authorizer” means The Board of Education for the School District of the City of Hazel Park.
- (h) “Authorizing Resolution” means the resolution(s) adopted by the District Board that, among other things, approve the issuing of a Contract to the Academy to operate as a school of excellence that is a cyber school.
- (i) “Code” means the Michigan Revised School Code, Act No. 451 of the Public Acts of 1976, as amended, being Sections 380.1 to 380.1852 of the Michigan Compiled Laws.



- (j) “Community District” means a community school district created under part 5B of the Code, MCL 380.381, et seq.
- (k) “Conservator” means an individual appointed by the District Board (or designee) in accordance with Section 9.7 of these Terms and Conditions
- (l) “Contract” means, in addition to the definition set forth in Part 6E of the Code, these Terms and Conditions and the Schedules.
- (m) “Cyber school” means a cyber school as defined in Part 6E of the Code.
- (n) “Department” or “MDE” means the Michigan Department of Education.
- (o) “Director” means a person who is a member of the Academy Board of Directors. A Director must be a resident of the State of Michigan and a citizen of the United States.
- (p) “District” means The School District of the City of Hazel Park, a Michigan general powers school district. References to the District herein shall be read to include its designee, the Superintendent.
- (q) “District Board” means The Board of Education for the School District of the City of Hazel Park. References to the District Board herein shall be read to include its designee, the Superintendent.
- (r) “District Board Costs” means any cost, over and above the District Administrative Fee imposed upon the School District because of the actions or inactions of the Academy. By way of example and not limitation, District Board Costs include the reimbursements set forth in Article 2.6.
- (s) “District Charter Schools Office” or “District CSO” means the office that this District Board, by issuance of this Contract, hereby designates as the point of contact for public school academy applicants and public school academies authorized by the District Board (including schools of excellence operating as cyber schools). The District CSO is also responsible for managing, implementing, and overseeing the District Board’s responsibilities with respect to the Contract. Absent creation of a separate office, the District CSO shall reside with the District Superintendent’s Office.
- (t) “District Charter Schools Office Director” or “District CSO Director” means the person designated by the District Board to

administer the operations of the District Charter Schools Office, which shall be the District Superintendent.

- (u) “Educational Service Provider” or “ESP” means an educational management organization as defined under section 553c of the Code, MCL 380.553c, that has entered into a contract or agreement with the Academy Board for operation or management of the Academy, which contract has been submitted to the District’s Charter Schools Office Director for review as provided in Section 10.13 and has not been disapproved by the District’s Charter Schools Office Director.
- (v) “Fund Balance Deficit” means the Academy has more liabilities than assets at the end of any given school fiscal year, and includes any fiscal year where the Academy would have had a budget deficit but for a financial borrowing by, or monetary contribution by an Educational Service Provider or other person or entity to, the Academy. If the Academy receives a gift or grant of money or financial support from an Educational Service Provider or other person or entity that does not require repayment by the Academy, and is not conditioned upon the actions or inactions of the Academy Board, then such gift or grant shall not constitute a financial borrowing or contribution for purposes of determining a Fund Balance Deficit.
- (w) “Management Agreement” or “ESP Agreement” means an agreement as defined under section 553c of the Code, MCL 380.553c, that has been entered into between an ESP and the Academy Board for operation and/or management of the Academy, which has been submitted to the District’s Charter Schools Office Director for review as provided in Section 10.13 and has not been disapproved by the District’s Charter Schools Office Director.
- (x) “Master Calendar of Reporting Requirements (MCRR)” means the compliance certification duties required of the Academy by the District Board. The District may amend the MCRR each fiscal year or at such other times as deemed appropriate by the District CSO Director. These changes shall be automatically incorporated into the Contract and shall be exempt from the Contract amendment procedures under Article VIII of these Terms and Conditions.
- (y) “Method of Selection Resolution” or “Policy” means the Policy Statement adopted by resolution of the District Board, as amended from time to time, establishing the method of selection, length of term, number of members of the Academy Board, qualifications of

Academy Board members, and other pertinent provisions related to the Academy Board.

- (z) “Relative” means mother, mother-in-law, father, father-in-law, son, son-in-law, daughter, daughter-in-law, sister, sister-in-law, brother, brother-in-law spouse, domestic or same-sex partner.
- (aa) “Resolution” means the Resolution of the District Board establishing Michigan Virtual Charter Academy as a school of excellence that is a cyber school.
- (bb) “Schedules” means the schedules incorporated into and made part of these Terms and Conditions.
- (cc) “State Board” means the Michigan State Board of Education, established pursuant to Article 8, Section 3 of the Michigan Constitution of 1963 and MCL 388.1001, et seq.
- (dd) “State School Reform/Redesign Office” means the office created within the Michigan Department of Technology, Management and Budget by Executive Reorganization Order 2015-02, codified at MCL 18.554, and transferred from the Michigan Department of Technology, Management and Budget to the Michigan Department of Education by Executive Order 2017-05, and codified at MCL 388.1282.
- (ee) “State School Reform/Redesign Officer” means the officer described in Section 1280c(9) of the Code, MCL 380.1280c(9), and authorized to act as the superintendent of the State School Reform/Redesign District under Section 1280c(6)(b) of the Code, MCL 380.1280c(6)(b).
- (ff) “Superintendent” or “District Superintendent” means the Superintendent of The School District of the City of Hazel Park and shall also include his/her authorized designee.
- (gg) “Terms and Conditions” means this document entitled Terms and Conditions of Contract issued by the District Board of Education.

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, and the use of the singular shall be deemed to include the plural (and vice versa) wherever applicable.

Section 1.4 Schedules. All Schedules to this Contract are part of this Contract and incorporated into this Contract as if fully stated herein.

Section 1.5 Statutory Definitions. Statutory terms defined in the Code and as set forth in Applicable Law shall have the same meaning in this Contract.

Section 1.6 Application. The Application submitted to the District Board for the continued operation of the Academy by current management under a Contract issued by The Board of Education for the School District of the City of Hazel Park to Academy is incorporated into, and made part of, this Contract. In the event that there is an inconsistency or dispute between materials in the Application and the Contract, the language or provision 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 Method of Selection Resolution shall control over any other conflicting language in the Contract; (ii) the Authorizing Resolution shall control over any other conflicting language in the Contract with the exception of language in the Method of Selection Resolution; (iii) the Terms and Conditions shall control over any other conflicting language in the Contract with the exception of language in the Method of Selection Resolution and the Authorizing Resolution; and (iv) the Restated Articles of Incorporation shall control over any other conflicting language in the Contract with the exception of language in the Method of Selection Resolution, Authorizing Resolution, and these Terms and Conditions.

## **Article II ROLE OF THE DISTRICT BOARD OF CONTROL AS AUTHORIZING BODY**

Section 2.1 Independent Status of District. The District Board is an authorizing body as defined in the Code. In approving this Contract, the District Board voluntarily exercised additional powers given to the District under the Code. Nothing in this Contract shall be deemed to be any waiver of the District's powers or independent status and the Academy shall not be deemed to be part of the District Board. Since the Academy is not located in a Community District, the District Board is not required to provide accreditation notice to the State School Reform/Redesign Officer under section 552 of the Code.

Section 2.2 Independent Status of 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 school of excellence corporation. The Academy is not a division or part of the District. The relationship between the Academy and the District Board is based solely on the applicable provisions of the Code and the terms of this Contract, or other agreements between the District Board and the Academy, if applicable.

Section 2.3 Method of Selection, Length of Term and Number of Members of the Board of Directors. The District Board has adopted the Policy providing for the method of selection, length of term, number of members, qualification of members, the procedure for removal of members and the names of the initial Academy Board. The Policy is incorporated into this Contract as Schedule 1 (see Policy Statement part V). At any time and in its sole discretion, the District Board may amend the Policy. Upon District Board approval, changes to

the Policy shall be automatically incorporated into this Contract and shall be exempt from the amendment procedures under Article VIII of the Terms and Conditions.

Section 2.4 Method for Monitoring Academy's Compliance with Applicable Law and Performance of its Targeted Educational Outcomes. The District Board has the responsibility to oversee the Academy Board's compliance with the Contract and all Applicable Law. The Academy shall perform the compliance certification duties required by the District Board as outlined in this Contract and the MCRR incorporated into this Contract as Schedule 6. Additionally, the Academy shall be responsible for the following:

- (a) The Academy shall provide the Superintendent with a copy of the annual educational report no later than thirty (30) days prior to the date required for publication by Applicable Law. To the extent permitted by law, including without limitation the Family Educational Rights and Privacy Act (FERPA), 20 USC §1232g; 34 CFR Part 99, the Academy shall submit to the Superintendent copies of reports and assessments concerning educational outcomes achieved by pupils attending the Academy and shall provide necessary approvals for the CSO Director 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 Superintendent determines that the Academy's educational outcomes are not meeting the targeted educational goals set forth in the Schedules, or that review is required to help determine if the Academy is meeting the educational goals set forth in the Schedules, the Superintendent, in his/her discretion, may require an objective evaluation of student performances by an educational consultant, acceptable to the Superintendent. The Academy shall pay for the expense of the evaluation. In addition, at any time, the Superintendent may require an evaluation of student performance to be selected by and at the expense of the District. The Academy shall cooperate with the evaluation include any student testing requirement.
- (c) The Academy shall submit audited financial reports, including auditor's management letters and any exceptions noted by the auditors, to the Superintendent. The reports shall be prepared by the Academy's independent auditor and submitted to the Superintendent thirty (30) days prior to the date by which such audited financial reports must be submitted to the State of Michigan pursuant to Applicable Law. The Parties agree to discuss and consider adjusting the receipt by the Superintendent to less than thirty (30) days prior to the date the audited financial reports must be submitted to the State of Michigan pursuant to Applicable Law, upon written request by the Academy's

independent internal auditor to the Academy Board and the Superintendent.

- (d) The Academy shall provide the Superintendent with a copy of the proposed annual budget for the upcoming fiscal year of the Academy no later than June 1. 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 District CSO following Academy Board approval.
- (e) The Academy shall provide to the Superintendent agendas and notice in advance of all Academy Board meetings and minutes of all Academy Board meetings. Minutes shall be provided no later than five (5) days after the approval of such meeting minutes. All notices of special meetings shall be accompanied by an affidavit that the posting was undertaken in accordance with this Contract, the Academy Board's Bylaws and Applicable Law.
- (f) The Academy shall promptly notify the Superintendent (in no event later than within seven (7) calendar days of receipt) of correspondence received from the Michigan Department of Education or State Board of Education that requires a formal response and provide a copy of said response.
- (g) The Academy shall immediately report to the Superintendent (in no event later than within three (3) calendar days of receipt) of any litigation or formal proceedings alleging a violation or violations of Applicable Law by the Academy, its officers, employees, agents, and/or contractors and/or the ESP, its officers, employees, agents, and/or contractors or subcontractors.
- (h) The Academy shall permit visitation of its facilities and programs at any time by representatives of the District authorized by the Superintendent. No advance notice is required.
- (i) The Academy shall permit examination and/or duplication of any and all records the Academy is required to maintain at any time by representatives of the District authorized by the Superintendent.
- (j) The Academy shall provide certification of its adoption of such policies as the Academy Board deems reasonable and necessary to discharge its functions and to comply with Applicable law.

**Section 2.5 District Administrative Fee.** The Academy shall pay the District Board an administrative fee of three percent (3%) of the State School Aid, excluding categoricals, received by the Academy for considering the application for a contract, for issuing the contract, and for

providing oversight of the contract. The Fee shall be retained by the District Board from each state school aid payment received by the District Board for forwarding to the Academy.

Section 2.6 Reimbursement for District Board Services Associated with Third Party Subpoenas and Freedom of Information Act (FOIA) Requests. If the District Board receives a subpoena from a third party (including the Academy, its counsel, the Academy's ESP or its counsel) demanding the production of Academy documents related to pending litigation or proceedings involving the Academy, the Academy's ESP (or any subcontractor of the ESP or other contractors of the Academy) or any third party, the District Board may charge the Academy for the cost of the services associated with the District Board's response to the subpoena (including actual attorney's fees in fulfilling the request). The Parties agree that the Academy may avoid or reduce the obligation to pay for services by the District Board associated with such responses by timely facilitating production of Academy documents to the requesting party. The Academy further agrees to reimburse the District for otherwise unreimbursed costs incurred by the District in responding to FOIA requests for public records concerning Academy operations.

Section 2.7 District Board as Fiscal Agent for the Academy. The District Board is the fiscal agent for the Academy. The District is hereby authorized to retain any amount owed to the District by the Academy pursuant to this Contract, provided that the District Board shall retain no more than the total of (a) 3% of the State School Aid, excluding categoricals, for its oversight, (b) District Board Costs and/or (c) the costs associated with responding to a subpoena or FOIA request under Section 2.6. For purposes of this Section, the responsibilities of the District, the State of Michigan, and the Academy are set forth in the Fiscal Agent Agreement incorporated herein as Schedule 3.

Section 2.8 Authorization of Employment. The Academy may employ or contract with personnel, in accordance with all state law requirements regarding certification and qualifications of certain employees of public schools and individuals assigned under contract to regularly and continuously work under contract for the Academy. The Academy shall make available to the District for its review all licenses, certifications, and other qualifications of Academy personnel required by law (including red-light/green-light letters, as applicable), and shall undertake or cause to be undertaken all criminal background and unprofessional conduct checks required by Applicable Law. If the Academy contracts for personnel with an Education Service Provider, the Academy shall submit a draft of the proposed ESP Agreement to the District CSO for review. The District CSO may disapprove the proposed agreement if it contains provisions in violation of this Contract or Applicable Law. No Management Agreement shall be effective unless and until the agreement complies with Section 10.13 of these Terms and Conditions. With respect to Academy employees, the Academy shall have the power and responsibility to: (i) select and engage employees; (ii) pay their wages; (iii) evaluate and dismiss employees; (iv) control the employees' conduct, including the method by which the employee carries out his or her work or (v) contract to a third party items (i) through (iv) in this paragraph. Such Third Party shall be governed by the provisions of this contract related to Educational Service Providers. An employee hired by the Academy shall be an employee of the Academy for all purposes and not an employee of the District for any purposes. The Academy Board shall prohibit any individual from being employed by the Academy, an ESP, or an employee leasing company involved in the operation of the Academy in more than one (1) full-time position, and

simultaneously being compensated at a full-time rate for each of these positions. The Academy shall be responsible for carrying workers' disability compensation insurance and unemployment insurance for its employees.

**Section 2.9 Borrowings by the Academy.** 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 District Board, or the District. 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 District Board of the District, shall ever be assigned or pledged for the payment of any Academy contract, agreement, note, mortgage, loan, or other instrument of indebtedness. The Academy shall not incur indebtedness or borrow money except in accordance with Applicable Law and with the prior notice to and review of the District. It is the Academy's obligation to provide the District with sufficient notice and time to review any and all closing documents prior to any anticipated closing. Failure to do so risks insufficient time for the District to issue non-disapproval of the borrowing in question or to deliver any certificates requested of the authorizing body. The Academy may not levy taxes. Notwithstanding the foregoing, the Academy, only after obtaining prior written non-disapproval of the District Board, may incur debt only as follows:

- (a) Short-term: The Academy may incur temporary debt in accordance with Section 1225 of the Code.
- (b) Long-term: The Academy may borrow money and issue bonds in accordance with section 1351a of the Code and in accordance with part VI of the Revised Municipal Finance Act, 2001 PA 34, MCL 141.2601 to 141.2613.
- (c) An 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. 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 School District of the City of Hazel Park shall ever be pledged for the payment of any Academy instrument of indebtedness. This provision shall be set forth in any Academy resolution authority A Borrowing.
- (d) The Academy has no authority whatsoever to enter into any contract or other agreement that would financially obligate the State of Michigan or The School District of the City of Hazel Park, nor does the Academy have any authority whatsoever to make any representations to lenders or third parties, that the State of Michigan or The School District of the City of Hazel Park in any way guarantee, are financially obligated, or are in any way responsible for any agreement, promissory note, contract, mortgage, loan or other instrument of indebtedness entered into by the Academy.



- (e) In the event that indebtedness of any sort contemplated by the Academy requires a certificate or certification by the District or the Superintendent, the issuance of such is subject to the sole discretion of the District or the Superintendent as the case may be and it is the Academy's responsibility to provide ample notice of at least sixty (60) days of its need for same to ensure sufficient time for review.

**Article III**  
**REQUIREMENT THAT ACADEMY ACT SOLELY**  
**AS GOVERNMENTAL ENTITY**

Section 3.1 Governmental Entity. The Academy shall act exclusively as a governmental entity and political subdivision, and shall delegate none of its governmental functions, including the determination to assert or not to assert governmental immunity under Applicable Law.

Section 3.2 Prohibition of Identified Family Relationships. No person shall be a member of the Academy Board if he or she is a Relative of: (A) another member of the Academy Board; (B) an employee, officer or individual with an ownership interest in, officer, policymaking, managerial, administrative, non-clerical or other significant role with, the Academy's ESP or a Relative of such individual; or (C) if he or she works at the Academy or provides contracted services to the Academy or is a Relative of such individual. Additionally, no Relative may directly supervise the position of another Relative. Likewise, prohibitions against holding incompatible public office and against specified conflicts of interest set forth in MCL 15.181 to 15.185, MCL 15.321 to 15.330, and MCL 380.1203, shall be scrupulously observed by the Academy Board, its employees, agents, and contracted services providers.

Section 3.3 Prohibition of Tuition and Religious Affiliation. The Academy shall not charge tuition of any nature and, to the extent disqualified under the state or federal constitution, 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.

Section 3.4 Prohibition of Employment in More Than 1 Full-Time Position. No individual shall be employed by or at the Academy in more than 1 full-time position in which he or she is compensated at a full time rate for each of those positions.

Section 3.5 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. To the extent consistent with this Contract and Applicable law, the Academy may enter into agreements with other public schools, public school academies, governmental units, businesses, community and nonprofit organizations where such agreements contribute to the effectiveness of the Academy or advance education in this State.

**Article IV  
PURPOSE**

Section 4.1 Academy's Purpose. The Academy's purpose is as stated in the Articles of Incorporation as set forth in Schedule 4 attached hereto. Any subsequent change to the Academy's purpose or mission shall be carried out by amendment in accordance with Article VIII of these Terms and Conditions.

**Article V  
CORPORATE STRUCTURE OF THE ACADEMY**

Section 5.1 Articles of Incorporation. Unless amended pursuant to Section 8.2 of Article VIII of this Contract, the Articles of Incorporation of the Academy, as set forth in Schedule 4, shall be the Articles of Incorporation of the Academy. The Academy Board represents to the District Board that Schedule 4 includes all amendments to the Academy's Articles of Incorporation as of the date set forth above.

Section 5.2 Bylaws. Unless amended pursuant to Section 8.3 of Article VIII of this Contract, the Bylaws of the Academy, as set forth in Schedule 5 shall be the Bylaws of the Academy. The Academy Board represents to the District that Schedule 5 includes all amendments to the Academy's Bylaws as of the date set forth above.

Section 5.3 Quorum. Notwithstanding any document in the Contract that is inconsistent with this Section, including the Academy's Articles of Incorporation and Bylaws, a quorum of the Academy Board that is necessary to transact business and to take action shall be a majority of the Academy Board members as defined in the Authorizing Resolution, or as required by law.

**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 the Bylaws. The Academy's Board of Directors shall meet monthly unless another schedule is mutually agreed upon by the Superintendent and the Academy.

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

Section 6.3 Educational Goals and Programs and Methods of Accountability. The Academy shall pursue the educational goals and programs identified in Schedule 7. Such goals may be amended pursuant to Section 8.1 of Article VIII of this Contract. The Academy shall provide, semi-annually, a report to the District Board of its performance in meeting these objectives. This report shall contain a statement of student growth and achievement as well as

the summarized results of all standardized testing administered at the Academy. The educational goals shall include demonstrated improved pupil academic achievement for all groups of pupils. To the extent applicable, the progress of the pupils in the Academy shall be assessed using at least the Michigan Student Test of Educational Progress (MSTEP) or the Michigan Merit Evaluation (MME) under MCL 380.1279g.

Section 6.4 Curriculum. The Academy shall have flexibility in developing, realigning, and implementing the curriculum identified in Schedule 8. Any changes to the curriculum shall be by an annual amendment pursuant to Section 8.1 of Article VIII of this Contract and shall follow the standards for quality on-line learning established by the National Association of Charter School Authorizers or other nationally recognized standards for quality on-line learning.

Section 6.5 Staff Responsibilities. Subject to Section 2.8 of this Contract, the District Board authorizes the Academy to employ personnel or to contract with an ESP to provide personnel as outlined in Schedule 9, which shall include copies of any agreement with an ESP or board liaison which the Academy may enter into, job descriptions (including identification of certifications required under Applicable Law) and a schematic or narrative governance structure of the Academy. A teacher who holds appropriate certification according to State Board Rules will be responsible for all of the following for each course in which a pupil is enrolled:

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

Section 6.6 Admission Policy. The Academy shall comply with all admissions policies and criteria required by Applicable Law, including reporting requirements of the Department in the form and manner prescribed. A copy of the Academy's admission policies and criteria are set forth in the Schedule 11. With respect to the Academy's pupil admissions process, the Academy shall provide any documentation or information requested by the District's CSO that demonstrates the following:

- (a) the Academy has made a reasonable effort to advertise its enrollment openings to all pupils in this State;
- (b) the Academy has made the following additional efforts to recruit pupils who are eligible for special education programs and services or English as a second language services to apply for admission:
  - (i) Reasonable efforts to advertise all enrollment openings to organizations and media that regularly serve and advocate for individuals with disabilities or children with limited English-language speaking ability throughout the state; and

- (ii) Inclusion in all pupil recruitment materials of a statement that appropriate special education services and English as a second language will be made available to pupils attending the Academy as required by law.
- (c) the Academy's open enrollment period was, at a minimum, for a period of at least two weeks and permitted the enrollment of pupils by parents at times in the evening and on weekends. Schedule 10;
- (d) the Academy has given enrollment priority to pupils who reside in the District (as authorizing body); and
- (e) each pupil's family has been offered a computer and a subsidy for the cost of internet access.

The Academy Board shall ensure that, when a pupil enrolls in the cyber school, the pupil and his or her parent or legal guardian are provided with a parent-student orientation. If the pupil is at least age 18 or is an emancipated minor, the orientation may be provided to the pupil only.

The Academy Board will abide by enrollment limits for cyber schools established in the Code or by the MDE, including maximum enrollment limitations based on years of operation. Cyber schools may not enroll any new pupils in the cyber school in a school year that begins after the Department has made a determination that the combined total statewide final audited membership for all pupils in membership in cyber schools exceeds a number equal to two percent (2%) of the combined total statewide final audited membership for all pupils in membership in public schools for the 2011-2012 State Fiscal Year.

**Section 6.7 School Calendar/School Day Schedule.** The Academy shall comply with all minimum standards for receipt of full funding under the State School Aid Act governing the length of the school term, minimum number of days and hours of instruction, and all holidays and other required commemorative occasions required by Applicable Law. Schedule 12. The Academy agrees to make available to the District's CSO a copy of the Academy's School Calendar/School Day Schedule no later than July 1. A copy of the School Calendar/School Day Schedule shall be automatically incorporated into the Schedules without the need for an amendment under Article VIII of these Terms and Conditions. In accordance with MCL 380.553a(2)(b), as amended effective December 28, 2018, the Academy shall make educational services available to pupils for a minimum of at least 1,098 hours during a school year. The Academy shall track a pupil's participation through attendance in the educational program offered by the Academy for the proportionate number of instructional hours from the date of enrollment of the pupil.

**Section 6.8 Age/Grade Range of Pupils Enrolled.** The Academy is authorized to operate grades K-12 and shall offer programs for the grades and ages set forth in its Bylaws. The Academy may add or delete additional grades in the future, pursuant to Section 8.1 of Article VIII of this Contract. Schedule 13.

**Section 6.9 Annual Financial Audit.** The Academy shall commission an annual financial audit to be conducted according to generally accepted governmental auditing principles

by an independent certified public accountant selected and retained by the Academy Board. The Academy shall submit the annual financial statement audit and auditor's management letter to the District's CSO in accordance with the MCRR. The Academy Board shall provide to the District's CRO a copy of any response to the auditor's management letter in accordance with the MCRR.

Section 6.10 Address and Description of Proposed Physical Plant Rider. The proposed address and physical plant description of the Academy's proposed site or sites is set forth in the Schedules. For purposes of this Contract, the Academy shall be in violation of the site requirements set forth in this Contract if the Academy operates at a site or sites without first obtaining the written authorization of the District Board. Following Academy Board and District Board approval, proposed changes to the address and description of any site or sites shall be incorporated into this Contract by amendment.

Section 6.11 Reports to the Superintendent. The Academy shall provide the Superintendent with copies of reports and assessments concerning the educational outcomes achieved by all groups of pupils attending the Academy.

Section 6.12 Accounting Standards. The Academy shall at all times comply with accounting standards required by Applicable Law, including generally accepted public sector accounting principles.

Section 6.13 [Reserved].

Section 6.14 Required Contents of Contracts with ESP. The District shall review, and may disapprove, all proposed agreements with an ESP if, in the sole opinion of the District, such agreements are contrary to Applicable Law or the terms of this Contract. In addition, any ESP agreement must comply with the following:

- (a) The Academy Board must ensure that, at all times during the term of this Contract, any ESP engaged by the Academy maintains comprehensive general liability and umbrella insurance coverage at levels satisfactory to the Superintendent, parallel to those coverages required for the Academy (see Article 11). The insurance coverage required of the ESP shall not be in lieu of the insurance coverage requirements applicable to the Academy. Any policy of insurance maintained by the ESP must include coverage for sexual molestation or abuse, must name the District as an additional, named insured, and shall not be changed, revoked or modified absent thirty (30) days' notice to the Superintendent. The ESP Agreement shall also specify that, in the event the Superintendent modifies the level, type, scope or other aspects of such coverage, then the ESP shall undertake like and similar modifications within thirty (30) days of being notified of such change. The Academy Board shall provide the Superintendent with documentation demonstrating the ESP's compliance with the

insurance coverage requirements imposed by this Contract and the Academy Board.

- (b) The Academy Board must ensure that, and the ESP Agreement shall provide that, any ESP performing services at the Academy shall comply with the requirements under this Contract to the extent such ESP is performing services on behalf of the Academy and shall further provide that “The provisions of the Academy’s Contract shall supersede any competing or conflicting provisions contained in this Agreement.”
- (c) No provision of the ESP Agreement shall interfere with the Academy Board’s duties under the Contract, and the Academy’s duties under the Contract shall not be limited or rendered impossible by action or inaction of the ESP.
- (d) No provision of the ESP Agreement shall predetermine the Academy Board’s course of action in choosing to assert or not assert governmental immunity.
- (e) The ESP Agreement shall state that all financial, educational and student records pertaining to the Academy are Academy property and that such records are subject to the provisions of Michigan’s Freedom of Information Act. All Academy records shall be physically or electronically available, upon request, at the Academy’s administrative offices. The Academy’s ESP may maintain electronic or paper copies of records and other services provided to the Academy elsewhere, unless prohibited by Applicable Law. All records pertaining to teacher and administrator certification, and a copy of the ESP’s employee handbook shall be maintained physically or electronically as required by Applicable Law.
- (f) The ESP Agreement shall state that all of the Academy’s financial and other ESP-related records will be made available to the Academy’s independent auditor and that the ESP staff will cooperate with said auditor. The Academy shall select and retain the Academy’s auditor. The ESP shall not select or retain the Academy’s auditor.
- (g) The ESP Agreement must certify that there shall be no markup of costs for supplies, materials or equipment procured by the ESP on the Academy’s behalf and that all supplies, materials and equipment procured for the Academy by the ESP shall be inventoried by an acceptable method of inventory and further that an inventory of Academy equipment shall be maintained so that it can be clearly established which property belongs to the Academy.

- (h) The ESP Agreement shall state that “If the Academy’s Contract issued by the District’s Board of Education is revoked or terminated, or a new charter contract is not issued to the Academy after expiration of the Contract, this Agreement shall automatically terminate on the same date as the Academy’s Contract is revoked or terminated without further action of the parties.”
- (i) The ESP Agreement shall contain a provision that states upon termination, the ESP shall work for a specified period of time to transition to a new ESP. There may be a fee set forth for this service.
- (j) The ESP Agreement shall contain a provision that states upon termination, the ESP shall, without charge (i) close the books on the then-current fiscal quarter; (ii) organize and prepare the Academy’s records for transition to the Academy Board or new ESP, as applicable; (iii) organize and prepare student records for transition to the Academy Board or new ESP, as applicable; and (iv) do nothing to interfere, to the extent applicable, with the orderly transition of employee compensation and benefits to the new ESP without disruption to staffing.
- (k) The ESP Agreement shall prohibit the ESP from executing contracts with its staff assigned to the Academy (including by way of example and not limitation, teachers, administrators, counselors and the like) that contain non-compete agreements of any nature.
- (l) The ESP Agreement shall contain the following provision: “Indemnification of The School District of the City of Hazel Park. The parties acknowledge and agree that The Board of Education for the School District of the City of Hazel Park and its members, officers, employees, agents or representatives are deemed to be third party beneficiaries for purposes of this Agreement. The ESP and the Academy, to the extent permitted by law, hereby promise to indemnify and hold harmless, as third party beneficiaries, The Board of Education for the School District of the City of Hazel Park, 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 The School District of the City of Hazel Park, which arise out of or are in any manner connected with The School District of the City of Hazel Park’s approval of the Application, the District 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 The School District of the City of Hazel Park and its Board of Education 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 The School District of the City of Hazel Park. The Parties expressly acknowledge and agree that The School District of the City of Hazel Park and its Board of Education members, officers, employees, agents or representatives may commence legal action against either party to enforce its rights as set forth in this Agreement.”

- (m) The ESP Agreement shall require all ESP employees working at or on behalf of the Academy to undergo criminal background and unprofessional conduct checks required by Applicable Law.
- (n) The ESP Agreement shall contain a provision requiring the Educational Service Provider to make information available to the Academy as deemed necessary by the Academy Board in order to enable the Academy to fully satisfy its obligations under Section 7.4 of this Contract and also at least the information that a school district is required to be disclosed under MCL 388.1618 for the most recent fiscal year for which that information is available. The ESP Agreement shall further provide that “Within thirty (30) days of receipt of this information, the Academy Board shall make the information available on the Academy’s website home page, in a form and manner prescribed by the Michigan Department of Education. The defined terms in section 553c of the Code, MCL 380.553c, shall have the same meaning in this Agreement.”
- (o) The ESP Agreement must contain a provision providing for the early termination or amendment of the ESP Agreement, with no cost or penalty to the Academy, and no recourse to the District or any third party affiliated with or engaged by the District, by the ESP or any subcontracted person or entity of the ESP, in the event the District determines to exercise its prerogative under MCL 380.561(8) and Section 9.3 hereof to reconstitute the Academy by requiring the termination or amendment of the ESP Agreement.
- (p) “Amendment Caused by Academy Site Closure or Reconstitution. In the event that the Academy is required (i) to close an Academy site pursuant to a notice issued by the State School Reform/Redesign Officer under Section 561 of the Code, MCL 380.561, or (ii) to undergo a reconstitution pursuant to Section 561 of the Code, MCL 380.561, and of the Contract Terms and Conditions, and such closure of an Academy site or reconstitution



causes an amendment to or termination of this Management Agreement, the parties agree that this Management Agreement shall be amended or terminated to implement the Academy site closure or constitution, with no cost or penalty to the Academy, and the ESP shall have no recourse against the Academy or the District Board for implementing such site closure or reconstitution.”

(q) Additional Required Provisions for Management Agreements. Management Agreements must include provisions that define the following, according to the standards set forth in Contract Schedule 7:

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

Section 6.15 District Board Approval of Condemnation. In the event that the Academy desires to acquire property pursuant to condemnation, it shall obtain the express written permission of the Superintendent for such acquisition. The Academy shall submit such written request to the District Board 120 days prior to the next regularly scheduled meeting of the District Board. The District Board reserves unto its sole discretion the determination to act, table or decline to act upon such request.

Section 6.16 Reporting of Total Compensation. The Academy Board shall, upon request, report to the Authorizing Body the total compensation for each Academy employee working at the Academy as required by Applicable Law, or for those ESP employees assigned to work at or on behalf of the Academy that are paid from “Program Expenses.”

Section 6.17 Contract Administration. If the Academy employs a Board liaison or contract administrator, it shall specify the role of such contract administrator or Board liaison in Schedule 8 and include a copy of its agreement with same.

Section 6.18 Cyber School Provisions. Because the Academy is a cyber school, it shall also follow the following requirements:

- (a) A teacher who holds appropriate certification according to the state board rule will be responsible for all of the following for each course in which a pupil is enrolled:
- (i) Improving learning by planned instruction;
  - (ii) Diagnosing a pupil’s learning needs;
  - (iii) Assessing learning, assigning grades, and determining advancement; and

(iv) Reporting outcomes to administrators and parents or legal guardians.

(b) The Academy shall make educational services available to pupils for a minimum of at least 1,098 hours during a school year. The Academy shall track a pupil's participation through attendance in the educational program offered by the Academy for the proportionate number of instructional hours from the date of enrollment of the pupil;

(c) The Academy shall have maximum enrollment limitations based on years of operation;

(d) The Academy may not enroll any new pupils in the Academy's program in a school year that begins after MDE determines that the combined total of statewide final audited membership for all pupils in membership in schools of excellence that are cyber schools for a state fiscal year that exceeds a number equal to 2% of the combined total statewide final audited membership for all pupils in membership in public schools for the 2011-2012 fiscal year, unless waived by the Department of Education; and

(e) The Academy Board shall ensure that every pupil that enrolls, along with his or her parent or legal guardian, are provided with a parent-student orientation. If the pupil is at least 18 or is an emancipated minor, the orientation may be provided to the pupil only.

(f) The Academy shall each pupil's family a computer and subsidize the cost of internet access.

## **Article VII COMPLIANCE WITH THE CODE AND OTHER LAWS**

Section 7.1 Compliance with the Code. The Academy shall comply with Part 6E and other parts of the Code that apply to Schools of Excellence operating as cyber schools.

Section 7.2 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 consistent with the purposes for which the funds were appropriated.

Section 7.3 Open Meetings Act. Pursuant to Section 553(6)(a) of the Code, the Academy Board shall conduct all of its meetings, including committee or other meetings in accordance with the Michigan Open Meetings Act, Act No. 267 of the Public Act of 1976, being Sections 15.261 to 15.275 of the Michigan Compiled Laws, as amended, as required.

Section 7.4 Freedom of Information Act. Pursuant to Section 553(6)(b) of the Code, the records of the Academy shall be records subject to the provisions of the Michigan Freedom

of Information Act (“FOIA”), Act No. 442 of the Public Acts of 1976, being Sections 15.231 to 15.246 of the Michigan Compiled Laws, as amended. The Academy Board shall designate a freedom of information act officer to assure compliance with FOIA and other applicable law providing for public disclosure or for protection of privacy.

**Section 7.5 Public Employees Relations Act.** Pursuant to Section 553(c) of the Code, the Academy shall comply with the provisions of the Michigan Public Employment Relations Act (“PERA”), Act No. 336 of the Public Acts of 1947, being Sections 423.201 to 423.216 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. Collective Bargaining Agreements in effect that impact the employees of the Academy shall be recognized as required by applicable law.

**Section 7.6 Prevailing Wage on State Contracts.** The Academy shall comply with the Prevailing Wage on State Contracts statute, Act No. 166 of the Public Acts of 1965, being Sections 408.551 to 408.558 of the Michigan Compiled Laws.

**Section 7.7 Uniform Budgeting and Account 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 7.8 Revised Municipal Finance Act of 2001.** With respect to the Academy’s borrowing of money and issuance of bonds, and in accordance with MCL 380.551(1) and 380.554a(g), the Academy shall comply with Section 1351a of the Code and part VI of the Revised Municipal Finance Act of 2001, Act No. 34 of the Public Acts of 2001, being MCL 141.2601 to 141.2613 of the Michigan Compiled Laws, except that the borrowing of money and issuance of bonds by the Academy is not subject to Section 1351a(4) or Section 1351(2) to (4) of the Code. Bonds issued by the Academy are subject to the Revised Municipal Finance Act, 2001 PA 34, MCL 141.2101 to 141.2821.

**Section 7.9 Non-discrimination.** Each party 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 Persons with Disabilities Civil Rights Act, as amended, being MCL 37.1101 et seq. and Subtitle A of Title 11 of the Americans with Disabilities Act of 1990, Public Law 101-336, 42 USC 12101 et seq. or any successor law.

**Section 7.10 Other State Laws.** The Academy shall comply with other state laws which are applicable to public school academies as public bodies and public schools, including but not limited to, MCL 380.1246-50, MCL 15.321 to 15.330, all laws relating to criminal background and unprofessional conduct checks and the terms of this Contract. Nothing in this Contract shall be deemed to apply any other state law to the Academy.

**Section 7.11 Federal Laws.** The Academy shall comply with federal laws which are applicable to public school academies as public bodies. Nothing in this Contract shall be deemed to apply any other federal law to the Academy.

Section 7.12 Matriculation Agreement(s). Before the Academy Board approves a matriculation agreement with another public school, the Academy shall provide a draft copy of the agreement to the District's CSO for review. Any matriculation agreement entered into by the Academy shall be added as Schedule 17 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 the matriculation agreement.

Section 7.13 Posting of Accreditation Status. The Academy shall timely post notice to the Academy's homepage on its website disclosing the accreditation status of each school in accordance with Section 1280e of the Code, MCL 380.1280e.

Section 7.14 Academy Site is Former Site of Closed Community School District School; State School Reform/Redesign Officer Approval Required. If the Academy's proposed site is located within the geographical boundaries of a Community District and is a site that was a former site of a Community District school closed by the State School Reform/Redesign Office within the last three (3) years, then the District Board shall not issue the Contract unless (a) the new Academy site has a substantially different leadership structure and curricular offering than the previous Community District school that operated at the site; and (b) the State School Reform/Redesign Officer has approved the Academy's use of the site. A copy of the State School Reform/Redesign Officer's approval shall be provided to the Charter Schools Office as part of the application process. \

Section 7.15 New Public School Academies Located within the Boundaries of a Community District. If the circumstances listed below in (a) and (b) or (c) apply to the Academy's site, the Academy represents to the District Board, intending that the District Board rely on such representation as a precondition to issuing this Contract, that the Academy will have a substantially different governance, leadership and curriculum than the public school previously operating at that site:

- (a) The Academy's proposed site is the same location as a public school that (i) is currently on the list under Section 1280c(1), MCL 380.1280c(1), of the public schools in this State that the State School Reform/Redesign Office has determined to be among the lowest achieving 5% of all public schools; or (ii) has been on the list during the immediately preceding 3 school years;
- (b) If an Accountability Plan has been in effect for at least 3 full school years, the Academy's proposed site is at the same location as a public school that has been assigned a grade of "F" under the Accountability Plan for 3 of the preceding 5 school years;
- (c) The Academy's proposed site is not the same location of another public school academy, urban high school academy, school of excellence or strict discipline academy whose contract was revoked or terminated by an authorizing body.

Section 7.16 Community District Accountability Plan. If any part of the Academy's proposed school site(s) is located within the geographical boundaries of a Community District, then the Academy shall comply with the Accountability Plan. This provision shall not apply if a statewide accountability system is enacted into law replacing the Accountability Plan.

Section 7.17 Certifications. The Academy shall use only certified staff, including teachers, chief business officials and administrators, including the superintendent, principal, assistant principal or any other person whose primary responsibility is administering an instructional program, unless permitted to use uncertified staff, and then it may do so only in accordance with Applicable Law.

Section 7.18 Transparency Reporting. The Academy shall collect, maintain, and make information concerning its operation and management available to the District on a disc or hard drive and in the same manner as is required by state law for a public school district, including at least the following:

- (a) a copy of this Contract and all attachments, schedules and amendments;
- (b) a list of all currently serving members of the Academy Board of Directors, including their names, addresses and terms of office;
- (c) copies of all policies approved by the Academy Board of Directors;
- (d) all board materials, agendas, formal resolutions and minutes (excluding minutes kept of closed session meetings maintained according to the Open Meetings Act) of all regular and special meetings of the Board of Directors of the Academy;
- (e) a copy of the budget, and any amendments thereto, approved by the Academy Board of Directors;
- (f) copies of all bills paid for amounts of \$10,000.00 or more in the form that they are submitted to the Academy Board;
- (g) quarterly financial reports submitted to the District;
- (h) a current list of all teachers and school administrators working at the Academy, including their individual salaries (as submitted to the registry of educational personnel), copies of their teaching or school administrator's certificates or permits (as applicable), evidence of compliance with the criminal background and unprofessional conduct checks required by the Code;
- (i) copies of all leases for equipment used at the Academy;

- (j) copies of all management or service contracts approved by the Academy Board of Directors;
- (k) all health and safety reports and certificates, including those relating to fire safety, environmental matters, asbestos inspections, boiler inspection and food service;
- (l) any management letters issued as part of the Academy's annual audit;
- (m) copies of all of the information required by Sections 1249 and 1249b of the Code (MCL 380.1249, 1249b) about the evaluation tool(s) used for the performance evaluation system for teachers and administrators employed by or working at the Academy;
- (n) copies of all information required by Section 1250 of the Code (MCL 380.1250) about the method of compensation for teachers and school administrators employed by or working at the Academy that includes job performance and job accomplishments as a significant factor in determining compensation and additional compensation; and
- (o) all other information required by applicable law.

The District shall ensure that that necessary information is posted on the Academy's website in accordance with Applicable Law.

### **Article VIII AMENDMENT**

**Section 8.1 Process for Amending the Contract.** Either Party may propose changes in this Contract or may propose a meeting to discuss potential revision of this Contract. The District Board will review and, if appropriate, approve changes or amendments to this Contract. The Contract shall be amended by the Academy upon notification by the District Board.

**Section 8.2 Process for Amending Academy Articles of Incorporation.** The Academy, by a majority vote of its Board of Directors, may at any time, propose specific changes to the Articles of Incorporation or may propose a meeting to discuss potential revisions to the Articles of Incorporation. The proposal will be made to the District Board through its designee. The District Board will review and, if appropriate, approve of changes or amendments to the Articles of Incorporation.

The District Board may, at any time, require specific changes to the Articles of Incorporation or may propose a meeting to discuss potential revision. The Academy Board may delegate to an officer of the Academy the review and negotiation of changes or amendments to the Articles of Incorporation.

Amendments to the Articles of Incorporation take effect only after they have been approved by the Academy Board and by the District Board and filed with the Michigan Department of Licensing and Regulatory Affairs, Corporation, Securities and Land Development Bureau. In addition, the Academy shall file with the amendment a copy of the District Board's or its designee's approval of the amendment. Upon receipt of the filed amendment, the Academy shall forward a copy of the filed amendment to the District CSO. The filed amendment shall be automatically incorporated in Schedule 4 of this Contract upon receipt of the amendment by the District CSO.

If the District identifies a provision in the Articles of Incorporation that violates or conflicts with this Contract, due to a change in law or for other reasons, after approval has been given, it shall notify the Academy Board in writing and the Academy Board shall amend the Articles of Incorporation to make them consistent with the Contract.

**Section 8.3 Process for Amending Academy Bylaws.** The Academy Board shall submit proposed Bylaw changes to the District's CSO, for review and comment, at least thirty (30) days prior to Academy Board adoption. The Academy's Bylaws, and any subsequent or proposed changes to the Academy's Bylaws, shall not violate or conflict with the Contract or Applicable Law. If at any time the District identifies a provision in the Academy Board's Bylaws that violates or conflicts with Applicable Law or this Contract, that provision of the Academy Board's Bylaws shall be automatically void and the Academy Board shall amend the identified provision to be consistent with Applicable Law and the Contract. The amendment shall be automatically incorporated into Schedule 5 of the Contract upon receipt by the District CSO of a duly authorized Academy Board Bylaw change made in accordance with this Section 8.3

**Section 8.4. Final Approval of Amendments.** Amendments to this Contract take effect only after they have been approved as required by applicable provisions of this Contract. If any proposed amendment conflicts with any of the District Board's general policies on public school academies, including schools of excellence that are a cyber school, the proposed amendment shall take effect only after approval by the Academy Board and the District Board.

**Section 8.5. 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 District Board, this Contract shall be altered or amended to reflect the change in existing laws as of the effective date of such change. To the extent possible, the responsibilities and obligations of the Academy and the District Board shall conform to and be carried out in accordance with the change in Applicable Law.

**Section 8.6. Emergency Action on Behalf of District 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 District Board. An emergency situation shall be deemed to occur if the District Charter Schools Office Director, in his or her sole discretion, determines that the facts and circumstances warrant that emergency action take place before the next board meeting of the District Board. Upon the determination that an emergency situation exists, the District Charter Schools Office Director may temporarily take action on behalf of the District Board with regard to the Academy or the Contract, so long

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

## **Article IX ENFORCEMENT AND REVOCATION**

Section 9.1 Grounds and Procedures for Termination by Academy Board. At any time and for any reason, the Academy Board may terminate this Contract with required notice to the District. The Academy Board shall provide written notice of intent to terminate the Contract to the District Charter Schools Office Director not less than six (6) calendar months in advance of the intended effective date of termination. The District Board, in its sole discretion, may waive the six (6) months' notice requirement. A copy of the Academy Board's resolution approving the Contract termination, including a summary of the reasons for terminating the Contract, shall be included with the written notice of intent to terminate.

Section 9.2 Termination by District Board. The District Board may terminate this Contract before the end of the Contract Term as follows:

- (a) Termination Without Cause. Except as otherwise provided in subsections (b), (c), or (d), the District Board, in its sole discretion, reserves the right to terminate this Contract before the end of the Contract Term for any reason provided that such termination shall not take place less than six (6) calendar months from the date of the District Board's resolution approving such termination. The District Charter Schools Office shall provide written notice of the termination to the Academy. If during the period between the District Board's action to terminate and the effective date of termination the Academy violates, or is found to have violated, the Contract or Applicable Law, the District Board may elect to initiate suspension or revocation of the Contract as set forth in this Article IX.
- (b) Termination Caused by Change in Applicable Law. Following issuance of this Contract, if there is a change in Applicable Law that the District Board, in its sole discretion, determines impairs its rights and obligations under the Contract or requires the District Board to make changes in the Contract that are not in the best interest(s) of the District Board or District, then the District Board may terminate the Contract at the end of the Academy's school fiscal year in which the District Board's decision to terminate is



adopted. For purposes of this Section, a change in Applicable Law includes without limitation the following:

- (i) the issuance of an order by the Superintendent of Public Instruction, pursuant to Section 1280c of the Code, placing the Academy under the supervision of the State School Reform/ Redesign Officer or appointing a Chief Executive Officer to take control of the Academy site(s); or
  - (ii) the development of, or changes to, a redesign plan by the Academy pursuant to Section 1280c of the Code; or
  - (iii) the imposition of a school improvement plan by the State School Reform/Redesign Officer following the rescission of the State's Automatic Closure Notice, as defined in Section 9.8.
- (c) Termination Caused by Failure to Secure a Facility. If the District Superintendent determines, in his or her sole discretion, that conditions or circumstances exist that the Academy Board has lost its right to occupancy of the physical facilities described in Section 6.10, 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, then the District Board may terminate this Contract as of the last day the Academy has occupancy rights to its existing facility. Prior to termination, the District Board shall work with a school district or another public school, or with a combination of these entities, to facilitate a smooth transition for the affected pupils.
- (d) Automatic Termination Caused By Placement of Academy in State School Reform/Redesign School District. If the Academy is notified by the State that the Academy will be placed in the State School Reform/ Redesign School District pursuant to Section 1280c of the Code, then the District Board may terminate this Contract at the end of the current school year.

The revocation procedures in Section 9.6 shall not apply to a termination of this Contract under this Section.

**Section 9.3 Contract Suspension.** The District Board's process for suspending the Contract is as follows:

- (a) District CSO Director Action. If the District CSO Director determines, in his or her sole discretion, that conditions or circumstances exist that the Academy Board (i) has placed the health or safety of Academy staff and/or students at risk; (ii) is not properly exercising its fiduciary obligations to protect and preserve

the Academy's public funds and property; (iii) has lost its right to occupancy of the physical facilities described in Section 6.10, 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 10, or (v) has willfully or intentionally violated this Contract or Applicable Law, the District CSO Director may immediately suspend the Contract. If the conditions or circumstances involve an alleged violation of Sections 9.5(e) or (f), the District CSO Director is authorized to suspend the Contract immediately pending completion of the procedures set forth in Section 9.6. Unless otherwise specified in the suspension notice, the Academy shall cease operations on the date on which the suspension notice is issued. A copy of the suspension notice, setting forth the ground(s) for suspension, shall be sent to the Academy Board and to the Hearing Panel, if applicable. If this subsection is implemented, the notice and hearing procedures set forth in Section 9.6 shall be expedited as much as possible.

- (b) Disposition of State School Aid Funds. Notwithstanding any other provision of the Contract, any state school aid funds received by the District Board after a decision by the District Board President to suspend the Contract, may be retained by the District Board for the Academy until the Contract is reinstated, or shall be returned to the Michigan Department of Treasury.
- (c) Immediate Revocation Proceeding. If the Academy Board, after receiving a Suspension Notice from the District CSO Director continues to engage in conduct or activities that are covered by the suspension notice, the Hearing Panel may immediately convene a Revocation Hearing in accordance with the procedures set forth in Section 9.6(f) of the Terms and Conditions. The Hearing Panel has the authority to accelerate the time line for revoking the Contract, provided that notice of the revocation hearing shall be provided to the District 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 the revocation of the Contract. The District Board shall proceed to consider the Hearing Panel's recommendation in accordance with Section 9.6(h) and (i).

**Section 9.4** Statutory Grounds for Revocation. In addition to the grounds for an automatic revocation of the Contract as set forth in Section 9.8, this Contract may also be revoked by the District Board upon a determination by the District Board, pursuant to the procedures set forth in Section 9.6, that one or more of the following has occurred:

- (a) Failure of the Academy to demonstrate improved pupil academic achievement for all groups of pupils or meet the educational goals set forth in this Contract;
- (b) Failure of the Academy to comply with all Applicable Law;
- (c) Failure of the Academy to meet generally accepted public sector accounting principles or demonstrate sound fiscal stewardship; or
- (d) The existence of one or more other grounds for revocation as specified in this Contract.

Section 9.5 Other Grounds for Revocation. In addition to the statutory grounds for revocation set forth in Section 9.4 and the grounds for an automatic revocation of the Contract set forth in Section 9.8, the District Board may revoke this Contract, pursuant to the procedures set forth in Section 9.6, upon a determination that one or more of the following has occurred:

- (a) The Academy is insolvent, has been adjudged bankrupt, or has operated for one or more school fiscal year(s) with a Fund Balance Deficit;
- (b) The Academy has insufficient enrollment to successfully operate the Academy, or the Academy has lost more than twenty-five percent (25%) of its student enrollment from the previous school year;
- (c) The Academy defaults in any of the terms, conditions, promises or representations contained in or incorporated into this Contract;
- (d) The Academy files amendments to its Articles of Incorporation with the appropriate state agency without first obtaining District Board (or Designee) approval;
- (e) District discovers grossly negligent, fraudulent or criminal conduct by the Applicant, or the Academy's directors, officers, employees or agents in relation to their performance under this Contract;
- (f) The Applicant, or the Academy's directors, officers, employees or agents have provided false or misleading information or documentation to the District Board in connection with the District Board's approval of the Application, the issuance of this Contract, or the Academy's reporting requirements under this Contract or Applicable Law;
- (g) The Academy violates the site restrictions set forth in the Contract or the Academy operates at a site or sites without the prior written authorization of the District Board; or

- (h) The District 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 11.14 of the Terms and Conditions.

Section 9.6 District Board Procedures for Revoking Contract. Except for the automatic revocation process set forth in Section 9.8, or the termination of Contract by the District Board in Section 9.2, the District Board's process for revoking the Contract is as follows:

- (a) Notice of Intent to Revoke. The Charter Schools Office Director, upon reasonable belief that such grounds for revocation of the Contract exist, shall notify the Academy Board of such grounds by issuing the Academy Board a Notice of Intent to Revoke for non-compliance with the Contract or Applicable Law. The Notice of Intent to Revoke shall be in writing and shall set forth in sufficient detail the alleged grounds for revocation.
- (b) Academy Board's Response. Within thirty (30) days of receipt of the Notice of Intent to Revoke, the Academy Board shall respond in writing to the alleged grounds for revocation. The Academy Board's response shall be addressed to the Charter Schools Office Director, and shall either admit or deny the allegations of non-compliance. If the Academy's response includes admissions of non-compliance with the Contract or Applicable Law, the Academy Board's response must also contain a description of the Academy Board's plan and time line for correcting the non-compliance with the Contract or Applicable Law. If the Academy's response includes a denial of non-compliance with the Contract or Applicable Law, the Academy's response shall include sufficient documentation or other evidence to support a denial of non-compliance with the Contract or Applicable Law. A response not in compliance with this section shall be deemed to be non-responsive. As part of its response, the Academy Board may request that a meeting be scheduled with the Charter Schools Office Director prior to a review of the Academy Board's response.
- (c) Plan of Correction. Within fifteen (15) days of receipt of the Academy Board's response or after a meeting with Academy Board representatives, whichever is sooner, the Charter Schools Office Director shall review the Academy Board's response and determine whether a reasonable plan for correcting the deficiencies can be formulated. If the Charter Schools Office Director determines that a reasonable plan for correcting the deficiencies set forth in the Notice of Intent to Revoke can be formulated, the

Charter Schools Office Director shall develop a plan for correcting the non-compliance (“Plan of Correction”). In developing a Plan of Correction, the Charter Schools Office Director is permitted to adopt, modify or reject some or all of the Academy Board’s response for correcting the deficiencies outlined in the Notice of Intent to Revoke. The Notice of Intent to Revoke shall be withdrawn if the Charter Schools Office Director determines any of the following: (i) the Academy Board’s denial of non-compliance is persuasive; (ii) the non-compliance set forth in the Notice of Intent to Revoke has been corrected by the Academy Board; or (iii) the Academy Board has successfully completed the Plan of Correction. In the event the Notice of Intent to Revoke is withdrawn, the Charter Schools Office Director shall notify the Academy Board, in writing, of such withdrawal.

- (d) Plan of Correction Shall Include Conditions to Satisfy District Board’s Contract Reconstitution Obligation. As part of the Plan of Correction, the Charter Schools Office Director may reconstitute the Academy in an effort to improve student educational performance and to avoid interruption of the educational process. An attempt to improve student educational performance may include, but is not limited to, one (1) of the following actions: (i) removal of 1 or more members of the Academy Board; (ii) termination of at-will board appointments of 1 or more Academy Board members; (iii) withdrawal of the Academy Board’s authorization to contract with an Educational Service Provider; or (iv) the appointment of a new Academy Board of Directors or a receiver to take over operations of the Academy. The Charter Schools Office Director shall notify the Superintendent of Public Instruction of any Plan of Correction that includes a reconstitution of the Academy to ensure that the Academy is not included on the list of school buildings subject to automatic closure under Section 1280c of the Code.
- (e) Reconstitution of the Academy does not prohibit the State School Reform/Redesign Officer from issuing an order under Section 561 of the Code, MCL 380.561, directing the automatic closure of the Academy’s site(s). If, however, the Academy is located within the boundaries of a Community District and an Accountability Plan is in place, the Charter Schools Office Director shall notify the State School Reform/Redesign Officer of the Plan of Correction that includes a reconstitution of the Academy to ensure that the Academy is not subject to automatic closure by the State School Reform/Redesign Officer under the Accountability Plan.
- (f) Request for Revocation Hearing. The Charter Schools Office Director may initiate a revocation hearing before the District

Charter Schools Hearing Panel if the Charter Schools Office Director determines that any of the following has occurred:

- (i) the Academy Board has failed to timely respond to the Notice of Intent to Revoke as set forth in Section 9.5(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 Charter Schools Office Director deems cannot be remedied or cannot be remedied in an appropriate period of time, or for which the Charter Schools Office Director determines that a Plan of Correction cannot be formulated;
- (iv) the Academy Board's response contains denials that are not supported by sufficient documentation or other evidence showing compliance with the Contract or Applicable Law;
- (v) the Academy Board has not complied with part or all of a Plan of Correction established in Section 9.5(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 Charter Schools Office Director shall send a copy of the Request for Revocation Hearing to the Academy Board at the same time the request is sent to the Hearing Panel. The Request for Revocation Hearing shall identify the reasons for revoking the Contract.

- (g) Hearing before District Charter Schools Office Hearing Panel. Within thirty (30) days of the date of a Request for Revocation Hearing, the Hearing Panel shall convene a revocation hearing. The Hearing Panel shall provide a copy of the Notice of Hearing to the District Charter School 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 request of the Charter Schools Office Director for Contract revocation, and to make a recommendation to the District Board on whether the Contract should be revoked. The revocation hearing shall be held at a location, date and time as determined by the Charter Schools Office Director. The hearing shall be transcribed by a court reporter and the cost of the court reporter shall be divided equally between the District and the Academy. The Charter Schools

Office Director or his or her designee, and the Academy Board or its designee, shall each have equal time to make their respective presentations to the Hearing Panel. Each party is permitted to submit affidavits and exhibits in support of their respective positions, but the Hearing Panel will not hear testimony from any witnesses for either side. The Hearing Panel, may, however, question the Charter Schools Office Director and one or more members of the Academy Board. Within thirty (30) days of the Revocation Hearing, the Hearing Panel shall make a recommendation to the District Board concerning the revocation of the Contract. In its discretion, the Hearing Panel may extend any time deadlines set forth in this subsection. A copy of the Hearing Panel's recommendation shall be provided to the District Charter Schools Office and the Academy Board at the same time that the recommendation is sent to the District Board.

- (h) District Board Decision. If the Hearing Panel's recommendation is submitted to the District Board at least fourteen (14) days before the District Board's next regular meeting, the District Board shall consider the Hearing Panel's recommendation at its next regular meeting and vote on whether to revoke the Contract. The District Board reserves the right to modify, reject or approve all or any part of the Hearing Panel's recommendation. The District Board shall have available copies of the Hearing Panel's recommendation and the transcript of the hearing. The District 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 District Board's decision shall be provided to the District Charter Schools Office, the Academy Board, and the Michigan Department of Education.
- (i) Effective Date of Revocation. If the District Board votes to revoke the Contract, the revocation shall be effective on the date of the District Board's act of revocation, or at a later date as determined by the District Board.
- (j) Disposition of State School Aid Funds. Notwithstanding any other provision of the Contract, any state school aid funds received by the District Board after a recommendation is made by the Hearing Panel to revoke the Contract, or a decision by the District Board to revoke the Contract, may be held by the District Board and returned to the Michigan Department of Treasury. Provided, however, that the District shall forward to the Academy the current fiscal year allotment of State School Aid received from the state as fiscal agent for the Academy prior to contract revocation consistent with Section 101 of the State School Aid Act, MCL 388.1701, and

reimbursement of categorical expenditures incurred prior to the effective date of revocation.

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

Section 9.7 Appointment of Conservator. Notwithstanding any other provision of the Contract, when the District Board President determines that conditions or circumstances exist to lead the District Board President to believe that the health, safety, or welfare of the Academy students, property, or funds is at risk, the District Board President may take immediate action to appoint a person to serve as the Conservator of the Academy. Upon appointment, the Conservator shall have all the power of a Board of Directors of a school of excellence and act in the place and stead of the Academy Board. The District Board President shall appoint the conservator for a definite term which may be extended in writing. During this appointment, the Academy Board members are suspended and all powers of the Academy Board are suspended. All appointments made under this provision must be presented to the District Board for final determination at its next regularly scheduled meeting. During the period of Appointment, the Conservator shall have the following powers:

- (a) take into his or her possession all Academy property and records, including financial, board, employment and student records;
- (b) institute and defend board actions by or on behalf of the Academy;
- (c) continue the business of the Academy including entering into contracts, borrowing money, and pledging, mortgaging, or otherwise encumbering the property of the Academy as security for the repayment of loans. However, the power shall be subject to any provisions and restrictions in any existing credit documents;
- (d) hire, fire, and discipline employees of the Academy;
- (e) settle or compromise with any debtor or creditor of the Academy, including any taxing authority;
- (f) review all outstanding agreements to which the Academy is a party and to take those actions which the Academy Board may have exercised to pay extend, rescind, renegotiate, or settle such agreements as needed; and
- (g) perform all acts necessary and appropriate to fulfill the Academy's purposes as set forth under the Code or this Contract.



**Section 9.8 Automatic Revocation by State of Michigan.** If the District Board is notified by the Superintendent of Public Instruction that the Academy is subject to closure under Part 6E (Section 561(5)) of the Code, MCL 380.561(5), (“State’s Automatic Closure Notice”), then this Contract shall be automatically revoked at the end of the current school year in which the notice is received without any further action of the District Board or the Academy. The District Board’s revocation procedures set forth in Section 9.6 do not apply to an automatic revocation initiated by the State.

Following receipt of the State’s Automatic Closure Notice, the District 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 school of excellence 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 9.9 Material Breach of Contract.** If the District Board receives notice that (i) an order has been issued by the Superintendent of Public Instruction, pursuant to Section 1280c of the Code, placing the Academy under the supervision of the State School Reform/ Redesign Officer, or (ii) an order is issued by the State School Reform/Redesign Officer appointing a Chief Executive Officer to take control of any Academy site pursuant to Section 1280c(7) of the Code, MCL 380.1280c(7), the Charter Schools Office Director may, at his or his discretion, determine that the issuance of such an order constitutes a material breach of this Contract. If the Charter Schools Office Director determines that the issuance of such an order constitutes a material breach of this Contract, the Charter Schools Office Director shall notify the Academy of the material breach and request a meeting with Academy Board representatives to discuss the matter. To remedy the material breach, the Academy shall work toward the development of a corrective action plan that is acceptable to the District Charter Schools Office Director. In addition to other matters, the corrective action plan shall include the Academy’s redesign plan, if applicable, prepared pursuant to Section 1280c of the Code.

The development of a corrective action plan under this Section 9.9 shall not in any way limit the rights of the District Board to terminate, suspend or revoke this Contract. If the Charter Schools Office Director determines that the Academy is unable to develop a corrective action plan that can remedy the material breach and that is acceptable to District, the Charter Schools Office Director shall recommend that the District Board terminate the Contract at the end of the school year. If the District Board approves to terminate the Contract under Section 9.8, the Contract shall be terminated at the end of the current school year, without any further action of either party. If this Contract is terminated pursuant to this Section 9.9, the termination and revocation procedures in Sections 9.2 and 9.6 shall not apply.

**Section 9.10 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 for Oakland County, the Michigan Court of Claims, or the United States District Court for the Eastern District of Michigan. The Parties hereby irrevocably accept for themselves and in respect to 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 part, 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 proceeding is brought in accordance with this Section 9.10. This Section 9.10 shall not in any way be interpreted as an exception to the Academy's covenant not to sue contained in Section 10.7 of these Terms and Conditions.

## **Article X PROVISIONS RELATING TO CHARTER SCHOOLS**

**Section 10.1 Student Conduct and Discipline.** In accordance with Section 1312(8) of the Code, MCL 380.1312(8), the Academy Board shall develop and implement a code of student conduct and shall enforce its provisions with regard to pupil misconduct in a classroom, elsewhere on school premises, on a school bus or other school-related vehicle, or at a school sponsored activity or event, whether or not it is held on school premises.

**Section 10.2 Employment Qualifications for Classroom Teachers.** The Academy shall employ (or require that any Management Company assigns to the Academy) teachers that are properly certified, licensed, permitted, or endorsed, as required by Applicable law.

**Section 10.3 Criminal Background and History Checks; Disclosure of Unprofessional Conduct; Compliance with School Safety Initiative.** The Academy shall comply with the Code concerning criminal history checks and criminal background checks for all employees or individuals assigned to regularly and continuously work under contract in the Academy. For purposes of this provision, the terms "in the Academy" and "at school", as defined by way of example in Sections 1230(15)(a) and 1230a(15)(a) of the Code (MCL 380.1230(15)(a) and 380.1230a.(15)(a)), shall include the provision of instructional or counseling services to pupils or related and auxiliary services to special education pupils through online learning or otherwise on a computer or other technology, which instruction and learning may be remote from a school facility. In addition, the Academy shall comply with the Code concerning the disclosure of unprofessional conduct by persons applying for Academy employment or seeking to be assigned to regularly and continuously work under contract in the Academy.

**Section 10.4 Academy Budget; Transmittal of Budgetary Assumptions; Budget Deficit; Enhanced Deficit Elimination Plan.** The Academy agrees to comply with all of the following:

- (a) The Academy Board is responsible for establishing, approving, and amending an annual budget in accordance with the Uniform Budgeting and Accounting Act, MCL 141.121, et seq.
- (b) Within ten (10) days after adoption by the Academy Board (but not later than July 1st) each year, the Academy Board shall submit to the Charter Schools Office a copy of its annual budget for the upcoming fiscal year. The budget must detail budgeted expenditures at the object level as described in the Michigan Department of Education's Michigan Public School Accounting

Manual. In addition, the Academy Board is responsible for approving all revisions and amendments to the annual budget. Within 10 days after Academy Board approval, revision, or amendment, the Academy's budget shall be submitted to the Charter Schools Office.

- (c) Unless exempted from transmitting under section 1219 of the Code, MCL 380.1219, the Academy, on or before July 7th of each school fiscal year, shall transmit to the Center for Educational Performance and Information ("CEPI") the budgetary assumptions used when adopting its annual budget pursuant to the Uniform Budgeting and Accounting Act, MCL 141.421, et seq.
- (d) The Academy shall not adopt or operate under a deficit budget, or budget that creates a Fund Balance Deficit, or incur an operating deficit in a fund during any fiscal year. At any time during the term of this Contract, the Academy shall not have an existing Fund Balance Deficit, incur a Fund Balance Deficit, or adopt a current year budget that projects a Fund Balance Deficit. If the Academy has an existing Fund Balance Deficit, incurs a Fund Balance Deficit in the most recently completed school fiscal year, or adopts a current year budget that projects a Fund Balance Deficit, all of the following apply:
  - (i) The Academy shall notify the Superintendent of Public Instruction and the State Treasurer immediately upon the occurrence of the circumstance, and provide a copy of the notice to the District Charter Schools Office.
  - (ii) Within thirty (30) days after making notification under subdivision (d)(i), the Academy shall submit to the Superintendent of Public Instruction in the form and manner prescribed by the Department an amended budget for the current school fiscal year and a deficit elimination plan approved by the Academy Board, with a copy to the State Treasurer. The Academy shall transmit a copy of the amended budget and the deficit elimination plan to the District Charter Schools Office.
  - (iii) After the Superintendent of Public Instruction approves Academy's deficit elimination plan, the Academy shall post the deficit elimination plan on the Academy's website.
- (e) If the Academy is required by the State Treasurer to submit an enhanced deficit elimination plan under Section 1220 of the Code, MCL 380.1220, the Academy shall do all of the following:

- (i) The enhanced deficit elimination plan shall be approved by the Academy Board before submission.
  - (ii) After the State Treasurer approves an enhanced deficit elimination plan for the Academy, the Academy shall post the enhanced deficit elimination plan on the Academy's website.
  - (iii) As required, submit to the Superintendent of Public Instruction and State Treasurer enhanced monthly monitoring reports in a form and manner prescribed by the State Treasurer and post such monthly reports on the Academy's website.
- (f) The Academy shall, within one (1) business day of receipt, notify the CSO if it receives a notice of probable financial stress.

**Section 10.5 Transportation.** The Academy Board may enter into contracts with other school districts or other persons, including municipal and county governments to the extent permitted by law, 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. The Academy Board shall ensure compliance with Applicable Law, including pupil transportation requirements and criminal background checks.

**Section 10.6 Extracurricular Activities and Intramural/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 10.7 Legal Liabilities.** The Academy and its Board members acknowledge and agree that they have no authority to extend the faith and credit of the District or to enter into a contract that would bind the District. The Academy also is limited in its authority to contract by the amount of funds obtained from the state school aid fund, as provided hereunder, or from other independent sources. The Academy and Academy Board members hereby covenant not to sue the District or any of the members of its board of education, officers, employees, agents, or representatives for any matters that arise under or are in any way related to this Contract. The District does not assume any obligation with respect to any Academy 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 District or any of the members of its Board of Education, employees, agents, or independent contractors as a result of the issuance, termination, revocation, suspension, or reconstitution of this Contract.

**Section 10.8 Lease and Occupancy and Safety Certificates.** The Academy shall ensure that all physical facilities comply with all applicable fire, health and safety standards and shall provide to the Superintendent (a) copies of the Academy's lease or deed for the premises in which the Academy shall operate; and (b) copies of all certificates of occupancy and safety which are required by law for the operation of a public school. The Academy shall not conduct

classes at any site until the Academy has complied with this Section 10.8. A copy of the Academy's lease or deed and site information, including certificates of occupancy and safety, shall be incorporated into the Schedules. (Schedule 10).

Section 10.9 Students with Disabilities. Pursuant to Section 1701a of the Code (MCL 380.1701a) and Subsections 51a(15), (16) of the State School Aid Act (MCL 388.1651a(15), (16)), the Academy shall comply with federal and state law concerning non-discrimination on the basis of disabilities and the provision of special education programs and services at the Academy.

Section 10.10 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, and shall deposit or invest all surplus funds received by the Academy in a bank, savings and loan association, or credit union which is eligible to be a depository of surplus funds belonging to the state under Section 6 of Act No. 105 of the Public Acts of 1855, being Section 21.146 of the Michigan Compiled Laws. Such deposit shall be made within three (3) business days after receipt of the funds by the Academy.

Section 10.11 Nonessential Elective Courses. Before providing nonessential elective courses in accordance with Section 166b of the State School Aid Act (MCL 388.1766b), the Academy Board shall obtain a written legal opinion from its attorney on whether Section 166b applies to a cyber school that does not provide courses "at a public school site" and, if so, shall ensure that the Academy has sufficient documentation to qualify for pro-rated pupil membership allocations under the State School Aid Act. The provision (if any) of nonessential elective courses by the Academy shall be incorporated into this Contract as an amendment pursuant to Article VIII of these Terms and Conditions.

Section 10.12 Unprofessional Conduct Check. The Academy shall comply with all sections of the Code concerning unprofessional conduct checks for all staff positions. In the event the Academy contracts with an ESP, the ESP shall comply with same as if it were the Academy and certify such to the Academy and the Superintendent.

Section 10.13 Management Agreements. The Academy may enter into a Management Agreement with an ESP to contract out its administrative and/or educational functions and personnel. For the purposes of this Contract, an employee leasing agreement shall be considered a Management Agreement, and an employee leasing company shall be considered an ESP. The Academy Board must retain independent legal counsel to review and advise on the negotiation of the Management Agreement. Legal counsel for the Academy shall not represent the ESP or an ESP owner, director, officer, or employee. The Management Agreement must be an arms-length, negotiated agreement between an informed Academy Board and the ESP.

Prior to entering any Management Agreement with an ESP, the Academy shall submit a copy of the final draft Management Agreement to the District Charter School Office in a form or manner required by the District CSO. The District Charter School Office may disapprove the proposed Management Agreement submitted by the Academy if the Management Agreement is contrary to this Contract or Applicable Law. Any subsequent amendment to a Management

Agreement shall be submitted for review by the District Charter School Office in the same form and manner as a new Management Agreement.

Section 10.14 Required Provisions for Educational Service Provider Agreements. Any Management Agreement entered into by the Academy must comply with the provisions of such policies as may be implemented, from time to time, by the District Charter Schools Office.

Section 10.15 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; the Contracts of Public Servants With Public Entities statute, Act No. 371 of the Public Acts of 1968, being MCL 15.330 of the Michigan Compiled Laws; and Section 1203 of the Code, MCL 380.1203. 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 Service Provider or an employee leasing company that has an ESP agreement with the Academy;
- (b) An individual simultaneously serving as an Academy Board member and an Academy employee;
- (c) An individual simultaneously serving as an Academy Board member and an independent contractor to the Academy;
- (d) An individual simultaneously serving as an Academy Board member and as a member of the governing board of another public school; and
- (e) An individual simultaneously serving as an Academy Board member and an employee, official, or consultant of the District.

Section 10.16 Academy Board Legal Counsel. Academy Board legal counsel must be independent of, and not representing the interests of the ESP or any ESP owner, director, officer, or employee.

Section 10.17 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 10.18 Oath of Public Office. Academy Board members are public officials. Before entering upon the duties of a public school board member, each Academy Board member shall take, sign, and file the constitutional oath of office (Mich Const of 1963, Art. IX, §1) with the District Charter School Office. The oath must be taken before a justice, judge, or clerk of a court, or before a notary public, MCL 600.1440.

Section 10.19 Information Available to the Public and District.

- (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 District in the same manner and to the same extent as is required for public schools and school districts.
- (b) Information to be Provided by Educational Service Providers. The agreement between the Academy and the ESP shall contain a provision requiring the Educational Service Provider to make information concerning the operation and management of the Academy, including the information in Schedule 6, available to the Academy as deemed necessary by the Academy Board in order to enable the Academy to fully satisfy its obligations under subparagraph (a).

Section 10.20 Administrator and Teacher Evaluations Systems. The Academy Board shall adopt and implement a policy requiring that a rigorous, transparent, and fair system of performance evaluation and a method of performance-based compensation be implemented and maintained for all personnel employed by the Academy or employed by an ESP and assigned under contract to work at the Academy (as defined in Section 10.13 of these Terms and Conditions), as necessary to comply with sections 1249, 1249a, 1249b, and 1250 of the Code, MCL 380.1249, 380.1249a, 380.1249b, 380.1250; provided, however, that in no event shall this Section be construed to require the Academy Board to evaluate the performance of non-employees.

Section 10.21 Student Privacy. In order to protect the privacy of students enrolled at the Academy, the Academy Board shall not:

- (a) Sell or otherwise provide to a for-profit business entity any personally identifiable information that is part of a pupil's education records. This subsection does not apply to any of the following situations:
  - (i) For students enrolled in the Academy, providing such information to an educational management organization that has a contract with the Academy and whose contract has not been disapproved by The School District of the City of Hazel Park;
  - (ii) Providing the information as necessary for standardized testing that measures a student's academic progress and achievement; or
  - (iii) Providing the information as necessary to a person that is providing educational support services to the student under

a contract with either the Academy or an educational management organization that has a contract with the Academy and whose contract has not been disapproved by The School District of the City of Hazel Park.

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

Section 10.22 Disclosure of Information to Parents and Legal Guardians.

- (a) Within thirty (30) days after receiving a written request from a student’s parent or legal guardian, the Academy shall disclose without charge to the student’s parent or legal guardian any personally identifiable information concerning the student that is collected or created by the Academy as part of the student’s education records.
- (b) Except as otherwise provided in this subsection (b) and within thirty (30) days after receiving a written request from a student’s parent or legal guardian, the Academy shall disclose to a student’s parent or legal guardian without charge any personally identifiable information provided to any person, agency, or organization. The Academy’s disclosure shall include the specific information that was disclosed, name and contact information of each person, agency, or organization to which the information has been disclosed; and the legitimate reason that the person, agency, or organization had in obtaining the information. The parental disclosure requirement does not apply to information that is provided:
  - (i) to the Department or CEPI;
  - (ii) to the student’s parent or legal guardian;
  - (iii) by the Academy to The School District of the City of Hazel Park or to the educational management organization with which the Academy has an educational service provider agreement that has not been disapproved by The School District of the City of Hazel Park;
  - (iv) by the Academy or the Academy’s intermediate school district or another intermediate school district providing services to the Academy or the Academy’s students pursuant to a written agreement.
  - (v) to the Academy by the Academy’s intermediate school district or another intermediate school district providing



services to pupils enrolled in the Academy pursuant to a written agreement;

- (vi) to the Academy by The School District of the City of Hazel Park;
  - (vii) to a person, agency, or organization with written consent from the student's parent or legal guardian, or from the student if the student is at least 18 years of age;
  - (viii) to a person, agency or organization seeking or receiving records in accordance with an order, subpoena, or ex parte order issued by a court of competent jurisdiction;
  - (ix) as necessary for standardized testing that measures a student's academic progress and achievement; or
  - (x) in the absence of, or in compliance with, a properly executed opt-out form, as adopted by the Academy in compliance with Section 1136(6) of the Code, pertaining to uses for which the Academy commonly would disclose a pupil's "directory information."
- (c) If the Academy considers it necessary to make redacted copies of all or part of a student's education records in order to protect personally identifiable information of another student, the Academy shall not charge the parent or legal guardian for the cost of those redacted copies.
- (d) The terms "educational records," "personally identifiable information," and "directory information" shall have the same meaning as defined in MCL 380.1136(8)(g) and 34 CFR 99.3.

Section 10.23 List of Uses for Student Directory Information; Opt-Out Form; Notice to Student's Parent or Legal Guardian.

- (a) The Academy shall do all of the following:
  - (i) Develop a list of uses (the "Uses") for which the Academy commonly would disclose a student's directory information.
  - (ii) Develop an opt-out form that lists all of the Uses and allows the student, if 18 years of age, or a student's parent or guardian to elect not to have the student's directory information disclosed for 1 or more of the Uses.

- (iii) Present the opt-out form to each student's parent or guardian within the first thirty (30) days of the school year and at other times upon request.
  - (iv) If an opt-out form is signed and submitted to the Academy by a student, if 18 years of age, or a student's parent or guardian, then the Academy shall not include the student's directory information in any of the Uses that have been opted out of in the opt-out form.
- (b) The terms "directory information" shall have the same meaning as defined in (MCL 380.1136(8)(g) and 34 CFR 99.3.

Section 10.24 Partnership Agreement. If an Academy site is listed as a Priority School on the list of lowest performing schools prepared by the Michigan Department of Education and the Superintendent of Public Instruction proposes a Partnership Agreement with the Academy, the Academy shall work with the Charter Schools Office to finalize an agreement that is acceptable to the Michigan Department of Education, the Academy, and the Charter Schools Office. The Partnership Agreement shall be incorporated into this Contract by amendment pursuant to Article VIII of these Terms and Conditions and shall be included as Schedule 18. The Contract amendment shall include any other amendments to this Contract that are required to ensure the Partnership Agreement is consistent with this Contract.

Section 10.25 Data Breach Response Plan. Within one year after the effective date of this Contract, the Academy Board shall design and implement a comprehensive data breach response plan. The data breach response plan should be made available to Academy personnel and any Educational Service Provider contracting with the Academy. The data breach response plan should be updated periodically by the Academy Board to address changes in data threat assessments and changes in applicable state and federal privacy laws.

## **Article XI INSURANCE AND INDEMNIFICATION**

Section 11.1 Insurance. The Academy Board shall insure the real and personal property of the Academy and shall purchase general liability insurance. The Academy may join with other public school academies to obtain real and personal property and casualty insurance if the Academy Board finds that such an association provides economic advantages to the Academy. The Academy shall list the District on the insurance policies as an additional named insured. In addition, the Academy shall send to the Superintendent copies of its insurance policies. The Academy may expend funds for payment of the cost of participation in an accident or medical insurance program to insure protection for pupils while attending school or participating in a school program or activity.

Section 11.2 Minimum Insurance Coverage. The Academy shall maintain at least the minimum insurance coverages required from time to time by District insurance providers, including but not limiting to, M.U.S.I.C. At the time of execution and the effective date of this

Contract, these coverages are as follows, and shall include coverage for sexual molestation and abuse:

- (a) Property insurance covering all of the Academy's real and personal property, whether owned or leased;
- (b) General/Public Liability: Minimum of \$1 million per occurrence, \$2 million aggregate (Occurrence Form); The School District of the City of Hazel Park Additional insured;
- (c) Automobile Liability (Owned and Non-Owned): Minimum \$1 million per accident, The School District of the City of Hazel Park Additional Insured;
- (d) Workers' Disability Compensation: Meeting statutory requirements if without employees; and Employers' Liability insurance with a minimum of \$500,000;
- (e) School Leaders Errors and Omissions (including coverage for sexual molestation and abuse): Minimum \$1 million per occurrence and \$3 million aggregate (Claims Made or Occurrence Form), The School District of the City of Hazel Park Additional Insured;
- (f) Crime (Including Employee Dishonesty): Minimum \$500,000 per occurrence; and
- (g) Employment Practices Liability: Minimum \$1 million per claim/aggregate (Claims made or Occurrence); The School District of the City of Hazel Park Additional Insured.

The insurance must be obtained from a licensed mutual, stock, or other responsible company licensed to do business in the State of Michigan. The insurance carrier(s) must be an "A" best rating or better. The Academy may join with other public school academies to obtain insurance if the Academy finds that such an association provides economic advantages to the Academy, provided that each Academy maintains its identity as first named insured.

The Academy shall list the District Board and the District on the insurance policies as an additional insured on insurance coverages listed in (b), (c), (e) and (g) above. The Academy shall have a provision included in all policies requiring notice to District, at least thirty (30) days in advance, upon termination or non-renewal of the policy or of changes in insurance carrier or policy limit changes. In addition, the Academy shall provide the District Superintendent copies of all insurance certificates and endorsements required by this Contract. The Academy shall also provide to the District Charter Schools Office an entire copy of the insurance policies. The Academy may expend funds for payment of the cost of participation in an accident or medical insurance program to insure protection for pupils while attending school or participating in a school program or activity. Other insurance policies and higher minimums may be required depending upon academic offerings and program requirements.

The Academy understands that the District's insurance carrier periodically reviews the types and amounts of insurance coverage that the Academy must secure in order for the District to maintain insurance coverage for authorization and oversight of the Academy. In the event that the District'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 District's insurance carrier within thirty (30) days after notice of the insurance coverage change.

**Section 11.3 Additional Insurance Requirements.** The Academy agrees that it shall maintain any and all insurance coverage required by the District. The Academy shall purchase additional coverage or policies if so requested by the District or required by the District's insurance providers or by law. The Academy agrees to enter into additional agreements regarding indemnification, insurance and subrogation that may be required by the District's insurance providers. The ESP shall purchase, and provide evidence to the District Board, insurance meeting the requirements set forth above (including the inclusion of coverage for sexual molestation and abuse), naming the Academy and the District as additional, named insureds. Any ESP Agreement shall require that such ESP (or employee leasing company) obtain insurance coverage similar to the insurance coverage required of the Academy hereunder.

**Section 11.4 Indemnification.** The Parties acknowledge and agree that the District, its Board of Education, members, officers, employees and agents are deemed to be third party beneficiaries for purposes of this Agreement. To the extent permitted by law, the Academy hereby promises to indemnify and hold harmless, as third party beneficiaries, the District, its Board of Education (jointly and severally), members, officers, employees, representatives, and agents from all claims, demands, or liability, including actual attorney fees, and related expenses on account of injury, losses, damage (both incidental and consequential), 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 District, which arise out of or are in any manner connected with the District's approval of the Academy's application or the issuance of this Contract, the Academy's preparation for and operation of a public school, or which are incurred as a result of reliance by the District, its Board of Education, members, officers, employees, agents, or representatives, upon information supplied by the Academy (including its officers, employees, agents or representatives), or which may rise out of the failure of the Academy (including its officers, employees, agents or representatives) to perform its obligations under this Contract. The parties expressly acknowledge and agree that the District and its Board of Education, members, officers, employees or agents may commence legal action against the Academy (its officers, employees, agents or representatives) to enforce the rights set forth in this Contract. Any ESP Agreement entered into between the Academy and an ESP shall likewise contain this promise to indemnify the District and its Board of Education, members, officers, employees and agents by the ESP.

## **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, telex 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 person or address as the respective party may designate by notice delivered pursuant hereto:

If to the District Board:           TIME-SENSITIVE  
Board of Education  
The School District of the City of Hazel Park  
c/o Superintendent  
1620 E. Elza  
Hazel Park, MI 48030

If to the Academy:                   TIME-SENSITIVE  
Board of Directors  
Michigan Virtual Charter Academy  
c/o Board President  
1620 E. Elza  
Hazel Park, MI 48030

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

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

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

Section 12.5 Assignment. This Contract is not assignable by either party without the prior written consent of the other party, by amendment of the Contract pursuant to Article VIII of these Terms and Conditions.

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 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 12.8 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 12.9 No Third Party Rights. This Contract is made for the sole benefit of the Academy and the District. Except as otherwise expressly provided, nothing in this Contract shall create or be deemed to create a relationship between the parties hereto, or either of them, and any third person, including a relationship in the nature of a third party beneficiary or fiduciary.

Section 12.10 Non-agency. It is understood that the Academy is not the agent of the District.

Section 12.11 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 12.12 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 12.13 Term of Contract. This Contract shall commence on July 1, 2019 and shall remain in full force and effect for a period of five (5) academic years, ending June 30, 2024, unless sooner terminated according to the terms hereof. The Parties shall meet at least every two years, upon request of the Academy Board, to assess the Academy program's viability and success and to obtain the input from the Authorizer as to how to improve the success of the program. In determining whether to recommend issuance of a successor contract, the Superintendent shall ascertain the success that the Academy has achieved in the implementation of its Educational Program using, in part, the reports provided under Section 6.3, the results it obtains through reported data from pupil assessments and the Academy's annual education report and use these results to inform his/her decision regarding renewal, extension and/or termination. Such decisions shall, nevertheless, be subject to his/her sole and absolute discretion. The most important factor that the District will consider in contemplating the renewal or nonrenewal of the Academy's Contract will be increases in academic achievement for all groups of pupils as measured by assessments and other objective criteria.

Section 12.14 Survival of Provisions. The terms, provisions, and representations contained in Sections 10.10, 10.21, 11.4 and 12.16, and any other provisions of this Contract that by their sense and context are intended to survive termination of this Contract, shall survive.

Section 12.15 Termination of Responsibilities. Upon termination or revocation of this Contract, the District Board and its designees shall have no further obligations or responsibilities under this Contract to the Academy or any other person or persons in connection with this Contract. Provided, however that the District shall forward to the Academy the current fiscal year allotment of State School Aid received from the State as fiscal agent for the Academy for

the hours of pupil instruction provided by the Academy prior to contract revocation consistent with section 101 of the State School Aid Act, MCL 388.1701, and reimbursement of categorical expenditures incurred prior to the effective date of revocation, provided the Academy complied with the requirements of MCL 380.553a(2)(b) for each pupil claimed in membership.

Section 12.16 Disposition of Academy Assets upon Termination or Revocation of Contract. Following termination or revocation of the Contract, the Academy shall follow the applicable wind-up and dissolution provisions set forth in the Academy's Articles of Incorporation and in accordance with Applicable Law, including without limitation Section 18b of the State School Aid Act, MCL 388.1618b

Section 12.17 District Policies on Charter Schools Shall Apply. Notwithstanding any provision of this Contract to the contrary, if the District Board adopts additional general policies clarifying procedure and the requirements applicable to public school academics under this Contract, the District Board's general policies as from time to time amended will automatically apply to the Academy after thirty (30) days' notice, provided they are not inconsistent with provisions of this Contract. The Academy shall comply with all such policy statements and operating guidelines prepared by the District and/or the District Board of Education.

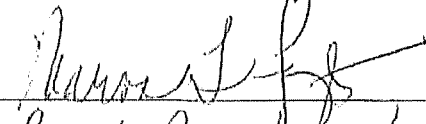
Section 12.18 Compliance with All Applicable Law. The execution of this Contract is by a duly-authorized member of the Academy Board and the signature and Academy Board certify compliance by the Academy and the Academy Board with the terms and conditions of this Contract and all applicable law. To the extent that the Academy operates an online learning program, the Academy shall submit a monthly report to MDE, in a form and manner prescribed by MDE, that reports the number of pupils enrolled in the online or distance learning program, during the immediately preceding month.

Section 12.19 Contract Submission to MDE. This Contract shall be submitted to the Michigan Department of Education within ten (10) days of issuance.

The undersigned have read, understand, and agree to comply with and be bound by the terms and conditions set forth in this Contract and applicable law.

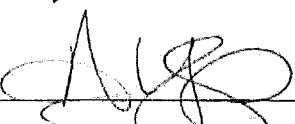
**ACADEMY:**

Michigan Virtual Charter Academy a Michigan School of Excellence that is a Cyber School

By:   
Its: Board President  
Date: February 27, 2019

**AUTHORIZING BODY:**

The Board of Education for the School District of the City of Hazel Park

By:   
Its: Superintendent  
Date: Feb. 28, 2019