

COMMUNITY SCHOOL CONTRACT

This Community School Contract (“Contract”) is entered into by and between the Ohio Council of Community Schools (hereinafter “**Sponsor**”); and the Board of Directors and governing authority of the Arts and College Preparatory Academy (hereinafter “**Governing Authority**”), an entity established in accordance with Chapter 1702 of the Ohio Revised Code. The parties intend for this Contract to fully supersede and replace any previous version of this Contract prior to execution.

WHEREAS, Chapter 3314 of the Ohio Revised Code permits the formation and operation of community schools; and

WHEREAS, the Ohio Council of Community Schools is an authorized **Sponsor** under Chapter 3314 of the Ohio Revised Code; and

WHEREAS, Ohio law allows the **Governing Authority** and the **Sponsor** to enter into a renewal contract to allow for the continued operation of a community school; and

WHEREAS, the **Governing Authority** seeks to continue to operate a community school.

NOW THEREFORE, the **Governing Authority** and the **Sponsor** enter into this Contract, pursuant to the following terms and conditions.

- A. **Continuation of Community School.** The **Governing Authority** and the **Sponsor** agree that the **Governing Authority** may continue to operate the community school (hereinafter referred to as the “**School**”) as permitted by and subject to applicable federal laws, the laws of the state of Ohio, and the terms of this Contract. The **Governing Authority** shall be responsible for carrying out the provisions of this Contract, unless the Contract specifically places a duty upon the **Sponsor**.
- B. **Community School Obligations.** The **Governing Authority**, for itself and on behalf of the **School**, covenants and agrees as follows:
1. As required by Section 3314.03(A)(1) of the Ohio Revised Code, the **School**, having been established as either a nonprofit corporation (if established under Chapter 1702 of the Ohio Revised Code prior to April 8, 2003), or a public benefit corporation (if established after April 8, 2003), shall be operated and maintain its status as a nonprofit corporation in good standing.
 2. The **School’s** Certificate of Incorporation, Articles of Incorporation, Appointment of Statutory Agent, Code of Regulations, Taxpayer Employer ID No., Ohio certificate of non-profit status, and IRS Letter of Determination of the **School’s** federal tax-exempt status (or, until the Letter of Determination is issued, copy of the submitted IRS Form 1023) are attached at **ATTACHMENT 1** to this Contract. If any of these documents are modified or created subsequent to this Contract being executed, the **School** must submit these documents to the **Sponsor** in a timely manner, not to exceed 30 days after receipt or execution.

3. Except as otherwise permitted by this Contract or the **Sponsor**, any future contracts entered into with third parties shall provide for a right to cancel, terminate, or non-renew effective upon the expiration date of this Contract or in 10 years, whichever date is earlier.

4. In accordance with the Ohio Revised Code, as a community school pursuant to Chapter 3314 of the Ohio Revised Code, the **School** shall comply with Sections 9.90, 9.91, 109.65, 121.22, 149.43, 2151.357, 2151.421, 2313.19, 3301.0710, 3301.0711, 3301.0712, 3301.0715, 3301.0729, 3301.948, 3313.472, 3313.50, 3313.536, 3313.539, 3313.5310, 3313.608, 3313.609, 3313.6012, 3313.6013, 3313.6014, 3313.6015, 3313.6020, 3313.6024, 3313.643, 3313.648, 3313.6411, 3313.66, 3313.661, 3313.662, 3313.666, 3313.667, 3313.668, 3313.67, 3313.671, 3313.672, 3313.673, 3313.69, 3313.71, 3313.716, 3313.718, 3313.719, 3313.7112, 3313.721, 3313.80, 3313.814, 3313.816, 3313.817, 3313.818, 3313.86, 3313.89, 3313.96, 3319.073, 3319.321, 3319.39, 3319.391, 3319.41, 3319.46, 3321.01, 3321.041, 3321.13, 3321.14, 3321.141, 3321.17, 3321.18, 3321.19, 3321.191, 3327.10, 4111.17, 4113.52, and 5705.391 and Chapters 117., 1347., 2744., 3365., 3742., 4112., 4123., 4141., and 4167. of the Ohio Revised Code, as if it were a school district and will comply with Section 3301.0714 of the Ohio Revised Code in the manner specified in Section 3314.17 of the Ohio Revised Code. Additionally, if applicable, the **School** will comply with Sections 3301.50 to 3301.59 of the Ohio Revised Code and the minimum standards for preschool programs prescribed in rules adopted by the state board under Section 3301.53 of the Ohio Revised Code.

The **School** will comply with Sections 3313.6021 and 3313.6023 of the Ohio Revised Code as if it were a school district unless it is an internet- or computer-based community school, or a community school in which a majority of the enrolled students are children with disabilities as described in division (A)(4)(b) of Section 3314.35 of the Ohio Revised Code.

As outlined in Section 3323.012 of the Ohio Revised Code, the **School** is considered a school district for purposes of Chapter 3323 of the Ohio Revised Code. The **School** is also considered a school district for all purposes provided for in Section 3314.082 of the Ohio Revised Code. The **Governing Authority** and **School** shall also comply with Chapter 102 and Section 2921.42 of the Ohio Revised Code and must have a conflicts of interest policy. The **Governing Authority** and **School** will comply with Sections 3302.04 and 3302.041 of the Ohio Revised Code, except that any action required to be taken by a school district pursuant to those Sections shall be taken by the **Sponsor** in accordance with the Ohio Revised Code. However, the **Sponsor** shall not be required to take any action described in Division (F) of Section 3302.04 of the Ohio Revised Code. The **School** shall comply with federal and state laws regarding the education of students with disabilities.

To comply with requirements in this Paragraph, members of the **Governing Authority**, the designated fiscal officer, the Chief Administrative Officer, other administrative employees of the **School**, and all individuals performing supervisory or administrative services for the **School** under a contract with the management company shall complete training on an annual basis on the public records and open meetings laws.

The **School**, unless it is an internet- or computer-based community school, will comply with Section 3313.801 of the Ohio Revised Code, as if it were a school district.

5. The **School** and **Governing Authority** shall not carry out any act or perform any function that is not in compliance with the Ohio Community School Law located in Ohio Revised Code Chapter 3314 or other applicable laws in the Ohio Revised Code, the United States Constitution, the Ohio Constitution, or Federal law.
6. **ATTACHMENT 2** contains the deed or lease agreement and an outline of the **School** facilities including: a detailed description of each facility used for instructional purposes, specifying the location of the **School**, the physical and/or mailing address, and approximate number of square feet utilized by the **School**; the annual costs associated with leasing each facility that are paid by or on behalf of the **School**; the annual mortgage principal and interest payments that are paid by the **School**; and the name of the lender or landlord, identified as such, and the lender's or landlord's relationship to the operator, if any. The facilities used by the **School** will not be changed or altered in a way that would impact the available square footage without the prior written consent of the **Sponsor**, which consent shall not be unreasonably withheld, delayed, or conditioned. To the extent that square footage is moved or replaced with alternative classroom settings, the **Sponsor** must consent to any such changes.

If the **School** changes or expands its location, and such location has been or will be leased, no lease shall be signed by the **Governing Authority** unless in accordance with the financial plan included with **ATTACHMENT 7**, which may be revised to include the specifics of the costs for the new location. The **Sponsor** shall have the right to inspect the site before a lease is signed. If the location has been or will be purchased by the **Governing Authority**, the contract of sale and related documents shall not be signed unless in accordance with the financial plan included with **ATTACHMENT 7**, which may be revised to include the specifics of the costs for the new location. Approval of the financial plan or site shall not be unreasonably withheld and/or delayed. After leasing or purchase, a copy of the fully executed lease or conveyance documents, subsequent amendments, modifications, or renewals thereof, and all related documents shall be provided to the **Sponsor** within 10 business days and included in **ATTACHMENT 2**, along with updated facilities information as specified above and in Section 3314.03(A)(9) of the Ohio Revised Code.

Any facility used for or by the **School** shall meet all applicable standards established by state or federal law for community school buildings, including, but not limited to, all requirements imposed by the Americans with Disabilities Act unless legally exempted.

The **Governing Authority** recognizes the rights of public health and safety officials to inspect the facilities of the **School** and to order the facilities closed if those facilities are not in compliance with health and safety laws and regulations.

The Ohio Department of Education has the authority as the community school oversight body to suspend the operation of the **School** under Section 3314.072 of the Ohio Revised Code if the Ohio Department of Education has evidence of conditions or violations of law at the **School** that pose an imminent danger to the health and safety of the **School's** students and employees working in the **School** and the **Sponsor** refuses to take such action.

7. The **School** shall be authorized to provide learning opportunities for grades K-12 for at least 25 students for a minimum of 920 hours per school year or in accordance with any applicable changes of law.
8. The **School** was not a non-public chartered or non-chartered school in existence on January 1, 1997. This representation is material, and if in error, the **Sponsor** may terminate this Contract. For purposes of this Paragraph, if the **School** is new but the faculty and students in 1997 were almost all located at the same non-public chartered or non-chartered school in existence on January 1, 1997, the **School** will be considered to be a non-public chartered or non-chartered school.
9. The **School** shall be nonsectarian in its programs, admissions policies, employment practices, and all other operations, and it will not be operated by a sectarian school or religious institution.
10. A list of the current members of the **Governing Authority**, including all contact information required by law, is included as **ATTACHMENT 3**. A description of the process by which the **Governing Authority** of the **School** shall be selected in the future shall also be included, unless that process is outlined in the Code of Regulations included with **ATTACHMENT 1**. The **Governing Authority** shall consist of not less than 5 members and a majority of the members must be comprised of individuals who live or work in the county in which the **School** is located, or an adjacent county. In accordance with Section 3314.035 of the Ohio Revised Code, the **Governing Authority** shall ensure the name of each member is posted on the **School's** website. For new members, the **School's** website shall be updated within 30 days of appointment.

No person shall serve on the **Governing Authority** under any of the circumstances prohibited by Section 3314.02(E) of the Ohio Revised Code, including, but not limited to, serving on the governing authority of more than 5 community schools at the same time. Additionally, in accordance with Section 3314.02(E)(7), each then

current member of the **Governing Authority** shall make the required annual disclosures by October 31 of each year or within 60 days of appointment to the **Governing Authority**.

Meetings of the **Governing Authority** must occur at least 6 times per year in the county in which the **School** is located, or an adjacent county, and at least 1 meeting must be held at the **School**. Unless the **Governing Authority** has approved a different rule in compliance with the requirements in Section 121.22 of the Ohio Revised Code, proper notice of any regularly scheduled meeting and all special meetings shall be published on the **School's** website and any other location that the **School** determines would be useful to provide notice of its public meeting. Written notification of any regularly scheduled meeting shall be provided to the **Sponsor** at least 7 days in advance and notice to the **Sponsor** shall be provided immediately upon the scheduling of any special or emergency meeting. Appropriate documents related to any public meeting under Section 121.22 of the Ohio Revised Code shall be provided to the **Sponsor** at the same time they are provided to **Governing Authority** members.

At all times, 1 representative of the **Sponsor** or its designee shall be granted all rights and privileges associated with being a non-voting member of the **Governing Authority**, but shall not be considered a member of the **Governing Authority** under any provision of Ohio law or this Contract. This representative or designee has the authority to attend all executive sessions, unless explicitly excused by the **Governing Authority** so that the **Sponsor** may be discussed or to avoid unintentional waiver of attorney-client privilege, but must maintain appropriate confidentiality. This confidentiality requirement does not preclude the individual from sharing information with other employees or agents of the **Sponsor**, as long as the employees or agents likewise keep the information confidential.

All members of the **Governing Authority** must be approved by the **Sponsor** prior to appointment as an official member counted for quorum and voting purposes, which approval shall not be unreasonably withheld, conditioned, or delayed. Any individual under final consideration for appointment to the **Governing Authority** shall have an Ohio and federal background check conducted in the manner described in Section 3319.39 of the Ohio Revised Code and as may be required by law every 5 years after the initial background check is performed. The results of these background checks shall be provided first to the **Governing Authority** or its legal counsel and then to the **Sponsor**. Any consent needed to forward the results of the background checks by prospective **Governing Authority** members shall be obtained by the **Governing Authority**. The names, mailing addresses, electronic mail addresses, telephone numbers, and biographical information reflecting experience, education, and/or professional information of current and prospective members of the **Governing Authority** shall also be provided to the **Sponsor**. To the extent that the **Sponsor** needs assistance from the **Governing Authority** confirming the lack of findings of recovery, assistance from the **Governing Authority** will not be unreasonably withheld.

Within 1 year of appointment to the **Governing Authority**, all members without community school governing authority experience must attend at least 8 hours of training. Any training offered by the **Sponsor** shall be free of charge. The annual training required in Section 3314.037 of the Ohio Revised Code shall count toward the required hours of training noted above. Unless the **Sponsor** conducts this training, the **Governing Authority** shall be permitted to obtain training from an outside provider with approval given by the **Sponsor**, which approval shall not be unreasonably withheld or delayed.

The **Governing Authority** may provide by resolution for the compensation of each of its members in accordance with Ohio law. The **Governing Authority** shall submit such a resolution to the **Sponsor** promptly upon its approval.

Additionally, any attorney, accountant, or entity specializing in audits, contracted by the **Governing Authority** shall be independent from the management company as contracted by the **Governing Authority**.

11. The **School's** Chief Administrative Officer will be the **School's** leader and chief administrator. This individual is responsible for the daily operations at the **School** and will be listed in any state reporting system as the Superintendent, or other similar title. Within 5 business days, the **School** or the **School's** designee shall notify the **Sponsor**, in writing, of any change in the identity of the **School's** Chief Administrative Officer and shall include any documentation required by law.
12. The **School** shall begin operation for the academic year no later than September 30 (unless it is a drop-out prevention and recovery program) by teaching the minimum number of students required by law or this Contract.
13. The **School's** Educational Plan, including its mission, academic goals, characteristics of students the **School** is hoping to attract (including ages and grades), instructional program and methods, focus of the curriculum, educational philosophy of the **School**, and a description of the learning opportunities that will be offered to students (including both classroom and non-classroom based learning opportunities, if present) that complies with the criteria for student participation in Section 3314.08(H)(2) of the Ohio Revised Code are attached as **ATTACHMENT 4**. If applicable, **ATTACHMENT 4** shall also include a notation if the **Governing Authority** is seeking designation as a STEM school equivalent under Section 3326.032 of the Ohio Revised Code, and, if the **School** is operating using the blended learning model as defined in Section 3301.079 of the Ohio Revised Code, the required information as outlined in Section 3314.03(A)(29) of the Ohio Revised Code. The **Governing Authority** shall give the **Sponsor** advanced written notice of its desire to update **ATTACHMENT 4**; however, changes shall not be implemented without prior written approval of the **Sponsor**, which approval shall not be unreasonably withheld. Additionally, if the **School** is serving any of grades K-8, multiple grade levels shall not be served concurrently in the same classroom without prior written approval of the **Sponsor**, which approval shall not be unreasonably withheld.

In the event the **School** is at risk of state-issued sanctions, including, but not limited to, permanent closure based upon poor academic performance, the **Sponsor** may take prompt action to require additional information and requirements be incorporated into **ATTACHMENT 4**. In such an instance, the **School** and **Governing Authority** agree to comply with reasonable requests, including, but not limited to, an in-depth evaluation of the **School's** curriculum and instructional methods by qualified curriculum and instructional professionals, quarterly reviews of the School Improvement Plan, and any other items deemed necessary by the **Sponsor**.

14. The Performance and Accountability Plan is included as **ATTACHMENT 5** and identifies the minimum performance standards and/or performance requirements to be satisfied by the **Governing Authority** and the **School** in the Core Performance Areas of legal compliance, organization and operational performance, financial performance, and student and academic performance, including all applicable report card measures set forth in Sections 3302.03 or 3314.017 of the Ohio Revised Code.

Within 60 days of being notified by the **Sponsor**, the **Governing Authority** shall submit a Performance Improvement Plan, as outlined in the Performance and Accountability Plan, for any individual indicator, goal, or data point where the **Governing Authority** or **School** did not meet the standards.

The Performance and Accountability Plan will be a significant factor in any **Sponsor** action in accordance with Paragraph F. of this Contract, including, but not limited to, entering into a Performance Improvement Plan, being placed on probation or issuing an intent to suspend operations. Additionally, an egregious underperformance or a consistent inability to meet the standards of indicators, goals, or data points in any of the Core Performance Areas will also factor into any action taken by the **Sponsor**. The **Sponsor** reserves the right to make changes to the Performance and Accountability Plan as necessary. The **Governing Authority** recognizes that these changes may be required and the **Sponsor** agrees to reasonably negotiate any changes with the **Governing Authority**.

The **School** shall timely administer all statewide achievement assessments required by law, and the results of the assessments will be a factor used to determine progress toward meeting the student and academic performance requirements included in the Performance and Accountability Plan.

15. Within 4 months after the end of each school year, the **Governing Authority** must submit a report of its activities and progress in meeting the goals and standards set forth in this Contract and its financial status to the **Sponsor** and the parents of all students enrolled in the **School**.
16. The **Governing Authority** or its designee shall report annually to the **Sponsor** and the State Board of Education on the day set by the State Board of Education all of

the reporting requirements set by Chapter 3314 of the Ohio Revised Code, including, but not limited to, those found in Section 3314.08(B) of the Ohio Revised Code.

17. The **Governing Authority** or its designee shall report in writing every month to the **Sponsor** with statistics and other items required by the **Sponsor**, including financials, enrollment, staff and teacher turnover, expulsions, suspensions, and shall respond promptly to the **Sponsor's** inquiries regarding such information or other matters the **Sponsor** reasonably deems important. Provided that the **Sponsor** uses its reasonable discretion, while visiting the **School**, the **Sponsor** shall use best efforts to avoid undue disruption. The **Sponsor** shall be allowed to observe the **School** in operation at site visits and shall have open access for such visits. Upon the written request of **Sponsor**, the **Governing Authority** shall also report in writing all of the following data: total assets, current assets, total liabilities, current liabilities, total number of people on payroll, gross revenue, occupancy cost, payroll/instruction cost, state revenue, management fee cost, grant revenue, and total number of students.

The **Governing Authority**, **School**, and **Sponsor** agree and state that pursuant to 20 U.S.C. Section 1232g, the Family Educational Rights and Privacy Act ("FERPA") and 34 CFR Part 99, the **Sponsor** is an authorized representative of a state educational authority and that the **School** is permitted to disclose to the **Sponsor** personally identifiable information from an education record of a student without parental consent (or student consent where applicable). Uses of the information may include conducting audits, compliance evaluations, and other reviews as necessary for the **Sponsor** to carry out its statutory duties. Accordingly, the **School** agrees to grant to **Sponsor's** employees access as defined hereinafter to "education records" as defined by FERPA and all documents, records, reports, databases, and other information made available to or maintained by the **School** or its agent(s) (including education management companies) that is reportable to the Ohio Department of Education or its agencies, to the Ohio Auditor of State, or to any outside vendor. Such information shall include, but is not limited to, the School Options Enrollment System, and the Education Management Information System, or any successor systems. "Full and complete access" shall include the ability to inspect and copy paper and electronic documents at the **School** and the **School** or its agent(s) (including education management companies) shall provide usernames and passwords where applicable to enable the **Sponsor** to have remote self-service access in read-only format, if available.

The **Governing Authority** hereby appoints the **Sponsor** as a representative pursuant to Section 3319.39(D) of the Ohio Revised Code, for purposes of receiving and reviewing the results of criminal records checks performed pursuant to Section 3319.39(A)(1) of the Ohio Revised Code for employees working at the **School** and authorizes its agent(s) (including education management companies) to communicate this information directly to the **Sponsor**.

The **Sponsor** agrees to comply with FERPA and the regulations promulgated thereunder and warrants that it uses reasonable methods to limit **Sponsor** employee access to only those records and that as required by law the **Sponsor** will destroy the educational records when no longer needed for the purposes outlined in this Contract, or otherwise needed under state or federal law or any applicable court order.

The **Sponsor** agrees that it is responsible for any and all reasonable costs or damages that result from the **Sponsor's** failure to comply with FERPA, or the **Sponsor's** failure to comply with other state and federal laws regarding the privacy of education records and the results of criminal records checks. **Sponsor** shall also be responsible for any liability or adverse consequence(s) resulting from an accidental or other deletion, release, or alteration of information or data systems of the **School** or Ohio Department of Education as a result of such access.

18. The admission procedures of the **School** are set forth in **ATTACHMENT 6** and shall comply with Section(s) 3314.06, and, if applicable, 3314.061 of the Ohio Revised Code, including the following requirements:
 - (a) Specify that the **School** will not discriminate in its admission of students to the **School** on the basis of gender, race, religion, color, national origin, disability, intellectual ability, athletic ability, or measurement of achievement or aptitude; and,
 - (b) Be open to any individual entitled to attend school in the state of Ohio pursuant to Section 3313.64 or Section 3313.65 of the Ohio Revised Code, except that admission to the **School** may be limited to (i) students who have obtained a specific grade level or are within a specific age group; (ii) students who meet a definition of "at-risk" that the parties to this Contract agree upon, and/or; (iii) residents of a specific geographic area within the district as defined in this Contract.

The **Governing Authority** and **School** shall allow the enrollment of students who reside in any district in the state of Ohio, unless the admissions procedures set forth in **ATTACHMENT 6** establishes a different and lawful enrollment policy.

The **School** will not restrict its marketing or recruiting efforts to any particular racial or ethnic group, but will attempt to achieve the racial and ethnic balance reflective of the community it serves. The **School's** methods for achieving this balance are described in **ATTACHMENT 6**.

Notwithstanding the admissions procedures of this Contract, in the event that the racial composition of the enrollment of the **School** violates a federal desegregation order, the **School** shall take all corrective measures to comply with the desegregation order.

If the number of applicants exceeds the capacity of the **School's** programs, classes, grade levels, or facilities, then students shall be admitted by lot from all eligible applicants, except preference shall be given to students attending the **School** the previous year and to students who reside in the district in which the **School** is located. Preference may also be given to eligible siblings of students attending the **School** the previous year and children of full-time staff members employed by the **School**, provided the total number of children of staff members receiving this preference is less than five percent of the **School's** total enrollment.

19. Tuition in any form shall not be charged for the enrollment of any student, except for the enrollment of any student who is not a resident of Ohio in accordance with Section 3314.08(F) of the Ohio Revised Code. The **School** shall not require contributions either from any student eligible to enroll or enrolled in the **School** or from any parent or guardian of a student who is enrolled or intending to enroll in the **School**. Nothing in this Paragraph shall prevent the **School** from charging reasonable class, book, or similar fee(s), or engaging in voluntary fund-raising activities.
20. The **School** shall follow all reasonable dismissal procedures, according to Section 3314.03(A)(6)(a) of the Ohio Revised Code.
21. The **Governing Authority** shall adopt a school attendance policy that includes procedures for verifying attendance, as required by law, and for automatically withdrawing a student from the **School** if the student, without legitimate excuse, fails to participate in 72 consecutive hours of the learning opportunities offered to the student. Attendance and participation policies will be available for public inspection. Attendance and participation records shall be made available to the Ohio Department of Education, the Ohio Auditor of State, and the **Sponsor**, to the extent permitted by FERPA and Section 3319.321 of the Ohio Revised Code.

The **Governing Authority** shall adopt an enrollment and attendance policy or policies that requires a student's parent to notify the **School** when there is a change in the location of the parent's or student's primary residence. Such policy or policies shall also require the verification of student residence and address information for students enrolling in or attending the **School**.
22. The **Governing Authority** shall adopt a policy regarding suspension, expulsion, emergency removal, and permanent exclusion of a student that specifies, among other things, the types of misconduct for which a student may be suspended, expelled, or removed, and the due process related to any action taken under this Paragraph. The policy and practices pursuant to the policy shall comply with the requirements of Sections 3313.66, 3313.661, and 3313.662 of the Ohio Revised Code. Those policies and practices shall not unlawfully infringe upon the rights of students with disabilities as provided by state and federal law.
23. Unless operations are suspended in accordance with Section 3314.072 of the Ohio Revised Code, the **School** must remain open for students to attend until the end of

the school year in which it is determined that the **School** must close. The programs provided to students in the final year of the **School** must continue without interruption or reduction to the fullest extent possible, unless program changes are approved in writing by the **Sponsor**. The **Sponsor** may, but is not obligated to, assume operation of the **School** as provided for in Section 3314.073 of the Ohio Revised Code. Provided prior written notice is delivered to all members of the **Governing Authority**, the **Sponsor** may also replace the **Governing Authority** if the **Governing Authority** abandons or materially breaches its duties under this Contract or at law in a manner that could cause immediate and irreparable harm to the **School** and/or its students.

24. At least 1 full-time classroom teacher or 2 part-time classroom teachers each working more than 12 hours per week must be employed to work in the **School**. The full-time classroom teachers and part-time classroom teachers working more than 12 hours per week shall be licensed in accordance with Sections 3319.22 to 3319.31 of the Ohio Revised Code. Non-licensed persons may teach up to 12 hours per week in the **School** pursuant to Section 3319.301 of the Ohio Revised Code. The student to full-time equivalent classroom teacher ratio shall be no more than 30:1 without prior written approval of the **Sponsor**. The **School** may employ non-teaching employees.

If the **School** is the recipient of moneys from a grant awarded under the federal race to the top program, Division (A), Title XIV, Sections 14005 and 14006 of the "American Recovery and Reinvestment Act of 2009," Pub. L. No. 111-5, 123 Stat. 115, the **School** will pay teachers based upon performance in accordance with Section 3317.141 and will comply with Section 3319.111 of the Ohio Revised Code as if it were a school district.

25. Although the **Governing Authority** may employ teachers and non-teaching employees necessary to carry out its mission and fulfill this Contract, no contract of employment shall extend beyond the expiration of this Contract or termination according to the procedures set forth in the Ohio Revised Code.
26. The **Governing Authority** shall specify any arrangements for providing health and other benefits to employees. To the extent required by law, the benefits provided by the **School** must include and are subject to Chapters 3307 and 3309 of the Ohio Revised Code ("STRS" and "SERS"), as applicable.
27. The **School's** financial records shall be maintained in the same manner as are financial records of school districts, pursuant to rules of the Ohio Auditor of State.

The **School** shall submit to the **Sponsor** no later than November 15th of each year a draft of the statutorily-required reports to be generated and submitted to the Ohio Auditor of State no later than 150 days following the close of the fiscal year. In the event this statutory requirement is lifted, the **School** shall be required to comply with relevant statutory provisions.

The **School** shall meet the requirements of the duly authorized laws, rules, and procedures for program and financial audits established by the Ohio Auditor of State and the Ohio Department of Education. The audits shall be conducted in accordance with Section 117.10 of the Ohio Revised Code.

The **Sponsor** may order a financial audit of the **School** if, in the sole discretion of the **Sponsor**, the **Sponsor** has reason to believe that the **School** has:

- (a) Engaged in, been a victim of, or is in any way otherwise connected to irregularities or improprieties involving the **School's** finances;
- (b) Improperly maintained its financial records; and/or,
- (c) Insufficient financial controls in place.

If an audit is ordered under this Paragraph, the **Governing Authority** or **School** shall pay the costs. In the event this audit does not materially support findings regarding any of the reasons for which the **Sponsor** may order such audit as described in (a) through (c) above, the **Sponsor** shall reimburse the **Governing Authority** or **School** for direct costs associated with a third-party auditor.

Any breach of this provision will be considered a material breach. The **Sponsor** may exercise all rights afforded to it under statutory or common law to enforce this provision. To the extent that the **Sponsor** incurs damages based upon the **School's** breach of this provision, the **School** agrees to compensate the **Sponsor** for all reasonable costs and damages resulting directly from the **School's** breach of this provision.

- 28. The fiscal year for the **School** shall begin July 1 and end June 30 of the following year.
- 29. A financial plan detailing a projected **School** budget for each fiscal year of this Contract is included with **ATTACHMENT 7**. Each year of this Contract, on or before June 30, a revised financial plan shall be submitted by the **Governing Authority** to the **Sponsor**. The **Governing Authority** and **School** agree that if a deficit is projected, the parties will take appropriate measures to budget for a positive cash flow. All projected and actual revenue sources must be included in the plan and projected expenses must include the total estimated per pupil expenditure amount for each such year. In accordance with Section 3314.042 of the Ohio Revised Code, the **Governing Authority** agrees to comply with Section 3301.07(B)(2) of the Ohio Revised Code in terms of financial reporting.

An appropriately licensed and bonded, fiscal officer shall be designated by the **Governing Authority**. Except as provided by Section 3314.011(C) of the Ohio Revised Code, the fiscal officer shall be employed by or engaged under a contract with the **Governing Authority** of the **School**. The **School's** designated fiscal

officer shall maintain the internal financial controls, as approved by the **Governing Authority**, and carry a bond for this individual **School** in an amount no less than \$25,000.00. All revenue received by the **School** pursuant to state or federal law, or pursuant to a grant shall be placed in the custody of the fiscal officer. The fiscal officer's bond, proper contact information, license, and the approved internal financial controls shall be included in **ATTACHMENT 7**. If the fiscal officer changes, the **Governing Authority** shall immediately notify the **Sponsor** in writing and provide updated fiscal officer documentation within 10 business days, such as confirmation of the bond and other requirements of this Contract as they relate to the **School's** fiscal officer.

If applicable, as a pre-condition to the initiation of operations of the **School**, the **Governing Authority** or any management company as outlined in **ATTACHMENT 9**, shall post a bond in the amount of \$50,000.00 with the auditor of state, or otherwise secure a cash deposit or written guarantee as allowed under Section 3314.50 of the Ohio Revised Code. The bond or cash deposit shall be used, in the event the **School** closes, to pay the auditor of state any moneys owed or that become owed by the **School** for the costs of audits conducted by the auditor of state or a public accountant under Chapter 117. of the Ohio Revised Code. The ongoing provision of a bond, cash deposit, or written guarantee, as specified under Section 3314.50 of the Ohio Revised Code, is a legal precondition to the initiation, maintenance, and continuation of operations of the **School**.

If the Ohio Auditor of State or other independent auditor concludes the **School's** financial records are unauditible, for any fiscal year in which the individual listed in **ATTACHMENT 7** was the fiscal officer of the **School**, the **School** shall take immediate action to suspend the fiscal officer and retain the services of another fiscal officer in good standing.

If the **Governing Authority** enters into an agreement with an operator to manage daily operations at the **School**, the **Governing Authority** agrees to procure from the operator, sufficient data, at the **Sponsor's** discretion, to allow the **Sponsor** to review the **Governing Authority** and **School's** financial information relative to revenue, expenses, and all other financial information allowed by law.

30. Pursuant to Section 3314.08(G) of the Ohio Revised Code, the **School** may borrow money to pay any necessary and actual expenses of the **School** in anticipation of receipt of any portion of the payments to be received by the **School** pursuant to Section 3314.08(C) of the Ohio Revised Code. The **School** may issue notes to evidence such a borrowing to mature as necessary. The proceeds from the notes shall be used only for the purposes for which the anticipated receipts may be lawfully expended by the **School**. The **School** may borrow money for a term not to exceed 15 years for the purpose of acquiring facilities. Any monies loaned to the **School** by the management company, including facilities loans or cash flow assistance, must be accounted for, documented, and bear interest at a fair market rate.

31. The **Governing Authority** shall purchase, or ensure that, insurance coverage providing for the general liability of the **School** is maintained at all times. The **Governing Authority** shall ensure that this liability insurance policy provides coverage for itself; the **School** and its employees; and shall include the **Sponsor**, its Board, officers, employees, and contractors of the **Sponsor** as additional insureds thereunder. The policy or certificate indicating coverage shall be provided to the **Sponsor** upon execution of this Contract. This policy shall provide coverage in amounts not less than \$1 million per occurrence and \$5 million in the aggregate or \$1 million per occurrence, \$2 million in the aggregate, and at least a \$5 million umbrella covering all claims otherwise payable under the policy. The **Governing Authority** shall provide documentation regarding any change in or renewal of this policy to the **Sponsor** as soon as reasonably practicable following the renewal of the policy and shall require the insurer to notify the **Sponsor** in writing promptly upon receiving notification from the insurer of any material adverse change to, or cancellation of, such coverage. To the extent obtained under this Contract, the **School** must provide copies of all commercial general liability, real or personal property, directors and officers liability insurance, proof of workers' compensation payments, and unemployment compensation payments, and notice of lapse of any such coverage to **Sponsor** within 5 business days of written request by the **Sponsor**.
32. The **Governing Authority** and **School** shall indemnify and hold harmless the **Sponsor** and its Board, and their respective members, employees, agents, and officers, from any claims, demands, actions, suits, causes of action, obligations, losses, costs, expenses, attorneys' fees, damages, judgments, orders and liabilities of whatever kind or nature, in law, equity or otherwise, arising from any of the following, which include, but are not limited to:
- (a) A failure of the **Governing Authority** and/or **School** or any of its officers, trustees, directors, employees, successors, agents, or contractors to perform any duty, responsibility, or obligation imposed by law or by this Contract; and/or
 - (b) An action or omission by the **Governing Authority** and/or **School** or any of its officers, trustees, directors, employees, successors, agents, or contractors that result in injury, death, or loss to person or property, breach of contract, or violation of statutory law or common law (state and federal).

The entering into of this Contract and the oversight of the **Sponsor** of the **School** and the **Governing Authority** pursuant to this Contract, shall in no way implicate the **Sponsor** or render it liable or responsible for the acts or omissions of the **Governing Authority** or the **School**.

The parties agree that the **Governing Authority** and **School** will not be required to indemnify the **Sponsor** and its Board to the extent that the relevant actions were attributable to specific acts or omissions by the **Sponsor** and/or its Board. In

addition, in the event that the **Governing Authority** and **School** engage in litigation that is adverse with the **Sponsor** and/or its Board, or vice versa, no indemnification applies.

To comply with Ohio law, this indemnification provision is limited to \$5 million. The **Governing Authority** and **School** hereby agree that it will name the **Sponsor** as an additional insured under its required insurance policies up to and including the required amount of indemnification.

33. Where required by this Contract, the **Governing Authority** and **School** shall comply with all reasonable requests of the **Sponsor**. Unless otherwise directed in writing for a longer period of time, any reasonable request of the **Sponsor** shall be fulfilled in writing within 10 business days.
34. If the **School** includes a high school, the **School** shall comply with Sections 3313.61, 3313.611, 3313.614, 3313.617, 3313.618, and 3313.6114 of the Ohio Revised Code, except with regard to students who entered ninth grade for the first time before July 1, 2010, the requirement in Sections 3313.61 and 3313.611 of the Ohio Revised Code that a person must successfully complete the curriculum in any high school prior to receiving a high school diploma may be met by completing the curriculum adopted by the **Governing Authority**. Beginning with students who entered ninth grade for the first time on or after July 1, 2010, the requirement in Section 3313.61 and 3313.611 of the Ohio Revised Code that a person must successfully complete the curriculum of a high school prior to receiving a high school diploma shall be met by completing the Ohio core curriculum prescribed in division (C) of Section 3313.603 of the Ohio Revised Code, unless the person qualifies under division (D) or (F) of that Section. The **School** shall comply with the plan for awarding high school credit based on demonstration of subject area competency, and beginning with the 2017-2018 school year, with the updated plan that permits students enrolled in seventh and eighth grade to meet curriculum requirements based on subject area competency adopted by the State Board of Education under divisions (J)(1) and (2) of Section 3313.603 of the Ohio Revised Code. Beginning with the 2018-2019 school year, the **School** shall comply with the framework for granting units of high school credit to students who demonstrate subject area competency through work-based learning experiences, internships, or cooperative education developed by the department under division (J)(3) of Section 3313.603 of the Ohio Revised Code.
35. In addition to provisions provided in the Ohio Revised Code, any individual, responsible for the care, custody or control of a student, under final consideration for appointment or employment with the **Governing Authority** or **School** shall have an Ohio and federal background check conducted in the manner described in Section 3319.39 of the Ohio Revised Code and as may be required by law every 5 years after the initial background check is performed. The results of all employee background checks will be provided to the **Sponsor** within 3 business days of receipt and/or appointment and subsequently upon request.

36. Pursuant to Section 3314.03(B) of the Ohio Revised Code, a comprehensive plan for the **School** must be submitted to the **Sponsor**. The requirements for the comprehensive plan are fulfilled through various attachments to this Contract. The **School's** comprehensive plan shall specify the following:
- (a) The process by which the Governing Authority of the School will be selected in the future (portion of ATTACHMENT 1 – Code of Regulations);
 - (b) The management and administration of the School (portion of ATTACHMENT 7 – Financial Plan and ATTACHMENT 8 – Management Agreement);
 - (c) If the community school is a currently existing public school or educational service center building, alternative arrangements for current public school students who choose not to attend the converted school and for teachers who choose not to teach in the school or building after conversion (If applicable, these arrangements will be developed and added);
 - (d) The instructional program and educational philosophy of the School (ATTACHMENT 4 – Education Plan);
 - (e) Internal financial controls (portion of ATTACHMENT 7 – Internal Financial Controls); and,
 - (f) Any other information or documentation as determined by the **Sponsor** or as deemed necessary by the **Governing Authority** to comply with the requirements of the comprehensive plan.

C. **Sponsor Obligations.** The **Sponsor** shall work with the **Governing Authority** to perform a high-stakes review before considering any renewal of this Contract pursuant to Paragraph F., or, in the **Sponsor's** sole discretion, as appropriate based on the academic and/or financial performance, and at least once every five years. Additionally, the **Sponsor** shall provide monitoring, oversight, and technical assistance to the **Governing Authority** and **School** including, but not limited, to:

1. Monitoring the **School's** compliance with applicable law, and the terms of this Contract;
2. Monitoring and evaluating the academic and fiscal performance and the organization and operation of the **School** on at least an annual basis;
3. Reporting annually the results of its evaluation to the Ohio Department of Education and parents of students enrolled in the **School**;
4. Submitting the necessary, **Sponsor**-required reports to the Ohio Department of Education, or other appropriate entities;

5. Providing technical assistance to assist the **School** in complying with applicable laws and this Contract;
6. Intervening and taking action as the **Sponsor** deems necessary in the **School's** operation to correct problems with overall performance, including, but not limited to, exercising its right to place the **School** on probation, suspend operations of the **School**, and/or terminate this Contract according to Sections 3314.073, 3314.072 or 3314.07, respectively, of the Ohio Revised Code;
7. Preparing and assisting with contingency plans in the event the **School** experiences financial difficulties or closes before the end of the school year;
8. Timely performance of any other duties related to the **School** that may be relegated to the **Sponsor** through state or federal law; and,
9. Pursuant to Paragraph G. of this Contract and in compliance Ohio law, the **Sponsor** will oversee the **Governing Authority** and **School's** actions in the closure of a community school established under Chapter 3314 of the Ohio Revised Code.

D. **Fee Structure.** The parties covenant and agree as follows:

1. As permitted by Section 3314.03(C) of the Ohio Revised Code, the **Governing Authority** shall pay to the **Sponsor** the amount of 1.0% of all state funds received each year by the **School**, in consideration for time, organization, monitoring, oversight, technical assistance, fees, and costs of the **Sponsor** pursuant to this Contract. Such payments shall be paid based on invoices from the **Sponsor**. The invoices shall be payable within 10 days of receipt of the invoice and the **School's** receipt of the associated state funds. Calculations for the invoicing shall be taken from the Ohio Department of Education-issued report identifying the amount of state funds paid to the **School** for the invoice period.

Additionally, beginning in the 2020-2021 school year and for each year of this Contract thereafter, based on the **School's** academic performance as indicated on the Local Report Card (or successor vehicle) issued by the Ohio Department of Education for that school year, the **Governing Authority** may be eligible for a performance grant based on the sponsorship fees paid to the **Sponsor** by the **Governing Authority** under this provision for that fiscal year. For the first year of this Contract, the most recent Local Report Card with applicable data shall be used if no Local Report Card is issued.

The performance grant awarded to the **Governing Authority** will be equal to:

- (a) 100% of the sponsorship fees paid to the **Sponsor** if the **School** receives a: "B" or better as the "School Grade"; or, "B" or better in "Performance Index" in the Achievement component and "Overall" value added in the Progress component.

- (b) 50% of the sponsorship fees paid to the **Sponsor** if the **School** receives a: “C” as the “School Grade”; or, “C” in “Performance Index” in the Achievement component and “Overall” value added in the Progress component.

Payment of the performance grant shall be made within 45 days of the official posting of the **School’s** Local Report Card (or successor vehicle) on the Ohio Department of Education's website, or any other means that the Ohio Department of Education chooses to make such results public. If the payment is not made within 45 days, the **Governing Authority** may contact the **Sponsor** to request the payment, which will be done within 30 days of written request.

In the event the **School** is closed in accordance with Section 3314.35 of the Ohio Revised Code due to the **School’s** academic performance, the **Governing Authority** and **Sponsor** agree that any performance grant based on academic performance will not be paid in the **School’s** final year of operation.

The **Governing Authority** and/or **School’s** financial obligations regarding any fees due to the **Sponsor** under this Contract prior to termination shall survive termination, non-renewal, and expiration of this Contract. The fees due shall be limited in coverage to the term of this Contract or the duration of the Contract whichever is shorter, provided, that the **Sponsor** shall be entitled to its fees related to amounts received by the **School** or **Governing Authority** which are related to periods prior to termination, non-renewal, or expiration of this Contract whether such amounts are actually received during or after the term of this Contract. Similarly, the **Sponsor** shall repay any fees it receives from the **School** or **Governing Authority**, as appropriate, related to amounts adjusted by the Ohio Department of Education that are related to periods prior to termination, non-renewal, or expiration of this Contract whether such adjustment is made during or after the term of this Contract.

- E. **Contract Authorization.** Prior to signing this Contract, each party must authorize, in accordance with applicable laws and regulations, the execution of this Contract and vest one or more individuals with the authority to execute this Contract for and on behalf of the party with full authority to bind that party. Upon its execution, the **Governing Authority** and **Sponsor** shall provide a resolution, or other verification, indicating authorization to execute this Contract.
- F. **Renewal; Termination; Closure.** Upon the expiration of this Contract and approval of the **Governing Authority**, the **Sponsor** may elect to renew this Contract in accordance with Section 3314.03(E) of the Ohio Revised Code for a term determined by the **Sponsor**, but not expiring earlier than the end of any school year. The **Sponsor** may elect not to renew the Contract upon, or terminate prior to, its expiration pursuant to Section 3314.07 of the Ohio Revised Code; suspend operations of the **School** pursuant to Section 3314.072 of the Ohio Revised Code, which may or may not void this Contract under Section 3314.072(E) of the Ohio Revised Code; and/or, place the **School** on probation or assume

operation of the **School** in accordance with Section 3314.073 of the Ohio Revised Code for any reason defined in Section 3314.07(B)(1) of the Ohio Revised Code or any of the following:

1. Failure to meet student performance requirements stated in this Contract and the Performance and Accountability Plan (**ATTACHMENT 5**);
2. Failure to meet generally accepted standards of fiscal management;
3. Violation of any provision of this Contract or applicable local, state, or federal law; or,
4. Other good cause.

The **Sponsor** and **Governing Authority** recognize the authority of the Ohio Department of Education to act in accordance with Sections 3314.072 and 3314.015(C) of the Ohio Revised Code.

In reaching a decision on any **Sponsor** action as outlined in this paragraph, the **Sponsor** will consider all of the student performance requirements stated in this Contract and the Performance and Accountability Plan (**ATTACHMENT 5**), an egregious underperformance or a consistent inability to meet the standards of indicators, goals, or data points in any of the Core Performance Areas, as well as applying any other objective, reasonable criteria in accordance with the **Sponsor's** policies in its reasonable discretion, and state and/or federal law.

Not later than January 15 in the year in which the **Sponsor** intends to terminate or non-renew this Contract, the **Sponsor** shall notify the **Governing Authority** of the proposed action in writing. The notice shall include the reasons for the proposed action in detail. The **Governing Authority** may, within 14 days of receiving the notice, request in writing an informal hearing before the **Sponsor**, unless this time period is modified upon the agreement of both the **Governing Authority** and the **Sponsor**. No other appeals will be granted to the **Governing Authority** other than those provided for in Ohio law.

If the **Governing Authority** does not intend to renew this Contract with the **Sponsor**, the **Governing Authority** shall notify the **Sponsor** at least 180 days prior to the expiration date of this Contract in writing, or otherwise in compliance with Ohio law. In the event the **Governing Authority** provides notice to the **Sponsor** in accordance with this paragraph and Ohio law, the **Governing Authority** agrees to diligently pursue any necessary approval for changing sponsors and to apply for sponsorship with one or more eligible sponsors. The **Governing Authority** shall promptly respond to reasonable requests from the **Sponsor** regarding the status of such approval and the search for a different sponsor. By March 15 of the year this Contract expires, the **Governing Authority** shall provide the **Sponsor** with documentation showing that the **Governing Authority** has executed a charter contract with a different sponsor for a term beginning July 1 of that year, or, if it has not yet executed a charter contract, documentation which is sufficient to support the conclusion that a charter contract will be signed prior to July 1. For good cause and in the

sole discretion of the **Sponsor**, the March 15 deadline can be extended until April 15. Good cause will exist under circumstances supporting that the **Governing Authority** will likely obtain a new sponsor and in the absence of undue hardship on students. In the event the **Governing Authority** does not provide such documentation, the **Governing Authority** agrees to begin planning for closure and cease operations on June 30 if it does not have a signed sponsor contract before July 1, and work with the **Sponsor** to ensure an orderly and timely school closure, including, but not limited to, prompt notification of parents and students.

G. **Closing the Community School.** Regardless of the reason the **School** is closing, once it is determined the **School** will cease operations as a community school established under Chapter 3314 of the Ohio Revised Code, the following requirements and procedures apply regarding the **Governing Authority** and the **School** (unless operations continue as a public school of an existing school district):

1. If the **School** is non-renewed or terminated under Sections 3314.07(B)(1)(a) or (b) of the Ohio Revised Code or permanently closed under 3314.035, the **School** shall permanently close at the end of the school year or applicable and lawful date. In the event the **School** permanently closes or the **Governing Authority** secures a new sponsor and for the time following expiration of this Contract, the **Sponsor**, **Governing Authority**, and **School** agree to continue to follow all reporting requirements and relinquish all necessary documents until all of their responsibilities under this Contract are completed.
2. Upon termination of this Contract, by law or by these Contract provisions, or upon dissolution of the Ohio non-profit corporation which operates the **School**, all equipment, supplies, real property, books, furniture or other assets of the **School**, including, property acquired by the management company in the manner described in Section 3314.0210 of the Ohio Revised Code, shall be distributed in accordance with Sections 3314.015(E) and 3314.074 of the Ohio Revised Code, and the **Governing Authority's** Articles of Incorporation, and Code of Regulations.
3. Upon prior written request of the **Sponsor**, the **Governing Authority**, **School**, and/or their agents will immediately provide the **Sponsor** any and all documentation and records, including, but not limited to, financial records deemed necessary within reason by the **Sponsor** to facilitate the **School's** closure. This transmittal of documentation and records to the **Sponsor** excludes all students' educational records, which should be forwarded to the individual student's school district of residence or where the student has enrolled.
4. In accordance with Section 3314.44 of the Ohio Revised Code, the **School's** leader, as Chief Administrative Officer of the **School**, shall take all reasonable steps necessary to collect and assemble the students' educational records in an orderly manner and transmit the records to the student's school district of residence within 7 business days of the **School's** closing. The fiscal officer shall deliver all financial and enrollment records to the **Sponsor** within 30 days of the **School's** closure. The **School** agrees that the fiscal services agreement will state that the fiscal officer is

primarily responsible for all finance-related portions of the closing procedures if the **School** closes. Additionally, the **Governing Authority** agrees that the fiscal officer is primarily responsible for closing procedures related to the finances of the **School** and, upon the written request of the **Sponsor**, the **Governing Authority** agrees to remain in place and will use its best efforts to retain the services of a fiscal officer to complete a final audit, if the current fiscal officer is no longer available.

5. The **School** also hereby agrees that it will cooperate fully with **Sponsor** to complete the appropriate procedures and paperwork as outlined by the **Sponsor**, the Ohio Department of Education, or in statute in the event the **School** is closed. Any refusal by the **School** to cooperate fully with **Sponsor** will be considered a material breach of this Contract.
6. In the event that this Contract is voided by operation of Section 3314.016(C) of the Ohio Revised Code or similar provision based upon sponsor rating, the parties agree that neither may seek damages as a result of the voiding of this Contract by operation of such a provision.

H. **Dispute Resolution.** Other than a dispute falling under Paragraph F. of this Contract, for all other disputes regarding either any term of this Contract or any community school issue, the parties shall use the following non-binding dispute resolution procedure: The parties shall make initial attempts to resolve any dispute through an agent designated by the **Sponsor** and an agent designated by the **Governing Authority**. If those parties cannot resolve the dispute, the dispute will be submitted to mediation. The parties will take efforts to agree mutually on a mediator with relevant background and experience with community schools. In the event the parties cannot agree to a mediator within 21 days of the request for mediation, the party requesting dispute resolution will request a list of 7 mediators, with experience in charter schools and/or education from the Ohio State Bar Association but not a party who has ever represented the **Sponsor** or the **Governing Authority** or who is conflicted out due to business conflict reasons. Each party, beginning with the party requesting mediation, will strike one name from the list, until one name remains, which shall be the mediator.

The mediator shall conduct proceedings as he or she deems appropriate to resolve the dispute. The parties maintain sole discretion on resolution. Pending mediation, all other obligations of the parties hereto will continue as stipulated herein, and all monies not directly involved in such dispute or difference will be paid when due. The fees and expenses of the mediator shall be divided equally between the parties. All other costs or fees incurred by each party will be borne by the respective party.

This Contract shall be construed in accordance with, and governed by, the laws of Ohio. The parties agree that any legal action sought by either party in state court shall be brought in Franklin County, Ohio. Any legal action sought by either party in federal court shall be brought in the United States District Court for the Southern District of Ohio, Eastern Division, in Columbus, Ohio. Furthermore, the parties agree to waive all questions of personal jurisdiction or venue so as to give full effect to this provision.

- I. **Term.** This Contract shall be for a term commencing on **July 1, 2020** and expiring on **June 30, 2030**.
- J. **Management by Third Parties.** The **Governing Authority** may enter into a contract with a management company to assist with its obligations under this Contract or for any other lawful reason that does not conflict with the terms of this Contract. If the **Governing Authority** contracts with a management company, the **Governing Authority** shall immediately notify the **Sponsor**. The fully-executed management agreement between the **Governing Authority** and management company must be provided to the **Sponsor** and is attached as **ATTACHMENT 8**. Any new or renewed management agreement shall comply with the provisions set forth in this Contract and Section 3314.032 of the Ohio Revised Code. Further, the **Governing Authority** shall ensure full compliance with additional requirements placed on its relationship with a management company, including, but not limited to, Sections 3314.02(E), 3314.0210, 3314.024, and 3314.036 of the Ohio Revised Code. Any changes to the management agreement shall be provided to the **Sponsor** within 10 business days, after which the **Sponsor** may notify the **Governing Authority** if it believes that any provisions do not comply with this Contract and the applicable law. The **Governing Authority** must hold all rights to the name or a license to use the name of the **School**.
- K. **Organizational Structure.** The organizational structure and management / administration, employee, **Governing Authority** relationships must be accurately reflected in an organizational chart and attached as **ATTACHMENT 9**. Written summaries which describe working relationships of each entity if not in the contract itself must also be included. Any material modifications to the chart, relationships, descriptions, and/or positions must be submitted in written form to the **Sponsor** within 10 business days.
- L. **Headings and Attachments.** Headings are for the convenience of the parties only. Headings have no substantive meaning. All **ATTACHMENTS 1-9** of this Contract are attached hereto and incorporated by reference into this Contract.
- M. **Assignments and Modifications.** Subject to Paragraph J. above, this Contract and its terms shall not be assigned or delegated without the written approval of the other party which shall not be unreasonably withheld. No modifications to this Contract shall be valid and binding unless signed by both the **Sponsor** and the **Governing Authority** and attached to this Contract. Notwithstanding the preceding sentence, modifications to and substitutions of any attachment hereto may be done in accordance with applicable laws and the regulations of each party.
- N. **Notification Procedures.** Any notice to one party by the other shall be satisfied upon receipt, and delivered by personal delivery or by certified mail, return receipt requested, as well as electronic mail service. As for delivery via electronic mail, burden of proving receipt, if necessary, lies with the sending party.

Notice to the **Governing Authority** shall be sent to the Chair or President at the most current address with copies to the address in **ATTACHMENT 2** and to legal counsel as

identified in **ATTACHMENT 3**. Additions, changes and/or modifications to the Notification Procedures for the **Governing Authority** may only be made at the express written request of the **Governing Authority** Chair or President.

Notice to the **Sponsor** shall be sent to the **Sponsor's** Executive Director with a copy to the **Sponsor's** Legal Counsel. At the inception of this Contract, notice shall be sent to the following persons and addresses:

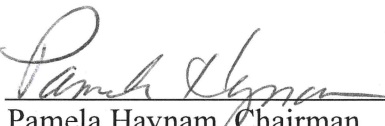
Sponsor:
Lenny Schafer, M.Ed.
Ohio Council of Community Schools
3131 Executive Parkway, Suite 306
Toledo, OH 43606
lenny@ohioschools.org

With a copy to:
Mark H. Troutman
Isaac Wiles Burkholder & Teetor, LLC
Two Miranova Place, Suite 700
Columbus, OH 43215
mtroutman@isaacwiles.com

Additions, changes and/or modifications to the Notification Procedures for the **Sponsor** will be made in writing to the **Governing Authority** pursuant to the notification procedures outlined herein.

- O. **Severability.** If any term, provision or clause of this Contract is unlawful or unenforceable, the parties agree that the remaining provisions and terms of the Contract shall continue to be in full force and effect and the unlawful or unenforceable term, provision, or clause shall be removed and replaced in a manner that most nearly conforms to the removed portion and original intent of the parties, in a written modification.
- P. **Counterparts.** This Contract may be executed in one or more counterparts including signing a facsimile or scanned electronic version. Each counterpart shall be deemed an original and all counterparts together shall constitute one and the same instrument.

OHIO COUNCIL OF COMMUNITY SCHOOLS

By: 
Pamela Haynam, Chairman

23 June 2020
Date

ARTS AND COLLEGE PREPARATORY ACADEMY

By: 
Sara J. Levitt (Jun 16, 2020 17:16 EDT)
Sara Levitt, Chairman

Jun 16, 2020
Date

INTERNAL REVENUE SERVICE

DEPARTMENT OF THE TREASURY

P. O. BOX 2508
CINCINNATI, OH 45201

Date: FEB 02 2005

THE ARTS AND COLLEGE PREPARATORY
ACADEMY
C/O SCOTT R DEBONIS
600 CITY CENTRE ONE
YOUNGSTOWN, OH 44503

Employer Identification Number:

~~17053190004004~~

DIN:

17053190004004

Contact Person:

NANCY L STUERENBERG

ID# 31428

Contact Telephone Number:

(877) 829-5500

Accounting Period Ending:

June 30

Public Charity Status:

170(b)(1)(A)(ii)

Form 990 Required:

Yes

Effective Date of Exemption:

June 25, 2004

Contribution Deductibility:

Yes

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

Please see enclosed Information for Exempt Organizations Under Section 501(c)(3) for some helpful information about your responsibilities as an exempt organization.

Letter 947 (DO/CG)



DATE	DOCUMENT ID	DESCRIPTION	FILING	EXPED	PENALTY	CERT	COPY
04/08/2010	201009800127	DOMESTIC/REINSTATEMENT (REN)	25.00	100.00		.00	.00

Receipt

This is not a bill. Please do not remit payment.

EASTMAN & SMITH, LTD.
 100 EAST BROAD STREET
 ATTN: AMY J. BORMAN, ESQ
 COLUMBUS, OH 43215

**STATE OF OHIO
 CERTIFICATE**

Ohio Secretary of State, Jennifer Brunner

1219604

It is hereby certified that the Secretary of State of Ohio has custody of the business records for

THE ARTS AND COLLEGE PREPARATORY ACADEMY

and, that said business records show the filing and recording of:

Document(s):
DOMESTIC/REINSTATEMENT

Document No(s):
201009800127



United States of America
 State of Ohio
 Office of the Secretary of State

Witness my hand and the seal of the
 Secretary of State at Columbus,
 Ohio this 6th day of April, A.D.
 2010.

Jennifer Brunner

Ohio Secretary of State



**Form 525B Prescribed by the:
Ohio Secretary of State**

Central Ohio: (614) 466-3910
Toll Free: (877) SOS-FILE (767-3453)

www.sos.state.oh.us
Busserv@sos.state.oh.us

Expedite this form: (select one)

Mail form to one of the following:

Expedite PO Box 1390
Columbus, OH 43216

*** Requires an additional fee of \$100 ***

Non Expedite PO Box 788
Columbus, OH 43216

REINSTATEMENT

Filing Fee: \$25

(CHECK ONLY ONE (1) BOX)

(1) Reinstatement of a Nonprofit Corporation
(for failure to file a statement of
continued existence)
(109-RENN)

(2) Reinstatement of a Limited Liability Partnership
(for failure to file biennial report(s))
(112-PLR)

THIS FORM MUST BE ACCOMPANIED BY ALL DELINQUENT
BIENNIAL REPORT(S) AND FILING FEE(S)

(3) Reinstatement of a Professional Corporation
(for failure to file biennial report(s))
(110-RENP)

THIS FORM MUST BE ACCOMPANIED BY ALL DELINQUENT
BIENNIAL REPORT(S) AND FILING FEE(S)

RECEIVED
 SECRETARY OF STATE
 2010 APR -6 AM 11:09
 CLIENT SERVICE CENTER

Name of Entity The Arts and College Preparatory Academy

Charter/Registration Number 1219604

Cancellation Date 12/3/2009
The entity was canceled on

By signing and submitting this form to the Ohio Secretary of State, the undersigned hereby certifies that he or she has the requisite authority to execute this document.

REQUIRED

Must be
authenticated
(signed) by an
authorized
representative
(See Instructions)

Jacqueline Stuts
Signature

Jacqueline Stuts, Vice President
Print Name

4/6/10
Date

Signature

Date

Print Name



DATE:	DOCUMENT ID	DESCRIPTION	FILING	EXPED	PENALTY	CERT	COPY
12/02/2004	200433701322	DOMESTIC/AMENDED RESTATED ARTICLES (AMA)	50.00	100.00	.00	.00	.00

Receipt

This is not a bill. Please do not remit payment.

WILLIAM SOLTIS JR
66 OLENTAGY ST
COLUMBUS, OH 43202

STATE OF OHIO CERTIFICATE

Ohio Secretary of State, J. Kenneth Blackwell

1219604

It is hereby certified that the Secretary of State of Ohio has custody of the business records for

THE ARTS AND COLLEGE PREPARATORY ACADEMY

and, that said business records show the filing and recording of:

Document(s)

DOMESTIC/AMENDED RESTATED ARTICLES

Document No(s):

200433701322



United States of America
State of Ohio
Office of the Secretary of State

Witness my hand and the seal of
the Secretary of State at Columbus,
Ohio this 2nd day of December,
A.D. 2004.

J. Kenneth Blackwell
Ohio Secretary of State



Prescribed by **J. Kenneth Blackwell**

Ohio Secretary of State
 Central Ohio: (614) 466-3910

Toll Free: 1-877-SOS-FILE (1-877-767-3453)

www.state.oh.us/sos

e-mail: busserv@sos.state.oh.us

Expedite this Form: (Select One)	
Mail Form to one of the Following:	
<input checked="" type="radio"/> Yes	PO Box 1390 Columbus, OH 43216 *** Requires an additional fee of \$100 ***
<input type="radio"/> No	PO Box 1028 Columbus, OH 43216

**Certificate of Amendment by
 Shareholders or Members
 (Domestic)
 Filing Fee \$50.00**

2004 NOV 23 AM 11:04

(CHECK ONLY ONE (1) BOX)

(1) Domestic for Profit	PLEASE READ INSTRUCTIONS		(2) Domestic Non-Profit
	<input type="checkbox"/> Amended (122-AMAP)	<input type="checkbox"/> Amendment (125-AMDS)	
			<input type="checkbox"/> Amendment (128-AMD)

Complete the general information in this section for the box checked above.

Name of Corporation The Arts and College Preparatory Academy

Charter Number 1219604

Name of Officer William Soltis

Title CEO and Board Member

Please check if additional provisions attached.

The above named Ohio corporation, does hereby certify that:

A meeting of the shareholders directors (*non-profit amended articles only*)

members was duly called and held on November 16, 2004
 (Date)

at which meeting a quorum was present in person or by proxy, based upon the quorum present, an affirmative vote was cast which entitled them to exercise 100% % as the voting power of the corporation.

In a writing signed by all of the shareholders directors (*non-profit amended articles only*)

members who would be entitled to the notice of a meeting or such other proportion not less than a majority as the articles of regulations or bylaws permit.

2004 DEC -2 AM 11:09

Clause applies if amended box is checked.

Resolved, that the following amended articles of incorporations be and the same are hereby adopted to supercede and take the place of the existing articles of incorporation and all amendments thereto.

All of the following information must be completed if an amended box is checked.
 If an amendment box is checked, complete the areas that apply.

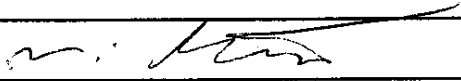
FIRST: The name of the corporation is: The Arts and College Preparatory Academy

SECOND: The place in the State of Ohio where its principal office is located is in the City of:
Columbus Franklin
 (city, village or township) (county)

THIRD: The purposes of the corporation are as follows:
 See Attached.

FOURTH: The number of shares which the corporation is authorized to have outstanding is: _____
 (Does not apply to box (2))

REQUIRED
 Must be authenticated
 (signed) by an authorized
 representative
 (See Instructions)



Authorized Representative

11-17-04

Date

William Soltis, Board Member and
 (Print Name)

Chief Education Officer

Authorized Representative

Date

(Print Name)

**ATTACHMENT TO CERTIFICATE OF AMENDMENT
BY SHAREHOLDERS OR MEMBERS**

DOMESTIC

The purpose for which the Corporation is formed is:

A public charter high school with an emphasis on the arts, provided:

a. The organization is organized exclusively for charitable, religious, educational, and/or scientific purposes under section 501 (c)(3) of the Internal Revenue Code.

b. Upon the dissolution of the organization, assets shall be distributed for one or more exempt purposes within the meaning of section 501 (c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.

c. No part of the net earnings of the organization shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the organization shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in the purpose clause hereof. No substantial part of the activities of the organization shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the organization shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of this documents, the organization shall not carry on any other activities not permitted to be carried on (a) by an organization exempt from federal income tax under section 501 (c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or (b) by an organization, contributions to which are deductible under section 170 (c)(2) of the Internal Revenue Code, or corresponding section of any future federal tax code.



DATE:	DOCUMENT ID	DESCRIPTION	FILING	EXPED	PENALTY	CERT	COPY
04/03/2001	200109202284	DOMESTIC ARTICLES/NON-PROFIT (ARN)	25.00	10.00	.00	.00	.00

Receipt

This is not a bill. Please do not remit payment.

ACPA
246 LANSING ST
COLUMBUS, OH 43206

STATE OF OHIO

Ohio Secretary of State, J. Kenneth Blackwell

1219604

It is hereby certified that the Secretary of State of Ohio has custody of the business records for

THE ARTS AND COLLEGE PREPARATORY ACADEMY

and, that said business records show the filing and recording of:

Document(s)

DOMESTIC ARTICLES/NON-PROFIT

Document No(s):

200109202284



United States of America
State of Ohio
Office of the Secretary of State

Witness my hand and the seal of
the Secretary of State at Columbus,
Ohio this 29th day of March, A.D.
2001.

J. Kenneth Blackwell
Ohio Secretary of State



Prescribed by **J. Kenneth Blackwell**

Please obtain fee amount and mailing instructions from the **Forms Inventory List** (using the 3 digit form # located at the bottom of this form). To obtain the **Forms Inventory List** or for assistance, please call Customer Service:
Central Ohio: (614)-466-3910 Toll Free: 1-877-SOS-FILE (1-877-767-3453)

Expedite this form
 Yes

RECEIVED

MAR 29 2001

J. KENNETH BLACKWELL
SECRETARY OF STATE

ARTICLES OF INCORPORATION

(Under Chapter 1702 of the Ohio Revised Code)
Non-Profit Corporation

The undersigned, desiring to form a corporation, not for profit, under Sections 1702.01 et seq of the Ohio Revised Code do hereby state the following:

FIRST. The name of said corporation shall be:
The Arts and College Preparatory Academy

SECOND. The place in Ohio where its principal office is to be located is
Columbus, Franklin County, Ohio

THIRD. The purpose(s) for which this corporation is formed is :
A Public charter high school with an emphasis on the arts.

J. Kenneth Blackwell Secretary of State

FOURTH. The following persons, not less than three, shall serve said corporation as trustees until the first annual meeting or other meeting called to elect trustees.

(Please print or type the names of the trustees. Trustees need not sign)

<u>Patricia J. Howard</u> (trustee)	<u>506 Riley Ave.</u> (street address)
<u>Worthington</u> (city)	<u>Ohio</u> <u>43085</u> (state) (zip code)
<u>Michelle J. Hughes</u> (trustee)	<u>2105 Indiana Ave.</u> (street address)
<u>Columbus</u> (city)	<u>Ohio</u> <u>43201</u> (state) (zip code)
<u>William G. Soltis Jr.</u> (trustee)	<u>246 Lansing St.</u> (street address)
<u>Columbus</u> (city)	<u>Ohio</u> <u>43206</u> (state) (zip code)
_____ (trustee)	_____ (street address)
_____ (city)	_____ (state) (zip code)

NOTE: P.O. Box addresses are not acceptable

IN WITNESS WHEREOF, we have hereunto subscribed our names on 3/9/01
(date)

Signature: Patricia J. Howard, Incorporator
 Name: PATRICIA J. HOWARD

Signature: Michelle J. Hughes, Incorporator
 Name: MICHELLE J. HUGHES

Signature: W. G. Soltis Jr., Incorporator
 Name: WILLIAM G. SOLTIS JR.



J. Kenneth Blackwell

Prescribed by:
J. Kenneth Blackwell
Secretary of State
30 East Broad St. 14th Floor
Columbus, Ohio 43266-0418

ORIGINAL APPOINTMENT OF STATUTORY AGENT

The undersigned, being at least a majority of the incorporators of
The Art and College Preparatory Academy
(name of corporation)

hereby appoint William G. Soltis Jr. to be statutory agent upon whom any process, notice or demand required or permitted by statute to be served upon the corporation may be served. The complete address of the agent is:

296 Lansing St.
(street address)
Columbus, Ohio 43206
(city) (zip code)

Note: P.O. Box addresses are not acceptable

Signature: Patricia J. Howard
Name: PATRICIA J. HOWARD
Signature: W. G. Soltis Jr.
Name: William G. Soltis Jr.
Signature: Michelle J. Hughes
Name: Michelle J. Hughes

ACCEPTANCE OF APPOINTMENT

The undersigned, William G. Soltis Jr., named herein as the statutory agent for The Art and College Preparatory Academy, hereby acknowledges and accepts the appointment of statutory agent for said corporation.

Signature: W. G. S.
Statutory Agent



DATE	DOCUMENT ID	DESCRIPTION	FILING	EXPED	PENALTY	CERT	COPY
01/06/2015	201500501966	SUBSEQUENT AGENT APPOINTMENT (AGS)	25.00	0.00	0.00	0.00	0.00

Receipt

This is not a bill. Please do not remit payment.

NICOLA, GUDBRANSON & COOPER, LLC
 ATTN B M SCHEIMAN
 25 W PROSPECT AVE STE 1400
 CLEVELAND, OH 44115

STATE OF OHIO CERTIFICATE

Ohio Secretary of State, Jon Husted

1219604

It is hereby certified that the Secretary of State of Ohio has custody of the business records for

THE ARTS AND COLLEGE PREPARATORY ACADEMY

and, that said business records show the filing and recording of:

Document(s)

SUBSEQUENT AGENT APPOINTMENT

Effective Date: 01/02/2015

Document No(s):

201500501966



United States of America
 State of Ohio
 Office of the Secretary of State

Witness my hand and the seal of the
 Secretary of State at Columbus, Ohio this
 6th day of January, A.D. 2015.

Jon Husted

Ohio Secretary of State



Form 521 Prescribed by:
JON HUSTED
Ohio Secretary of State

Central Ohio: (614) 466-3910
 Toll Free: (877) SOS-FILE (767-3453)
 www.OhioSecretaryofState.gov
 Busserv@OhioSecretaryofState.gov

Mail this form to one of the following:

Regular Filing (non expedite)
 P.O. Box 788
 Columbus, OH 43216

Expedite Filing (Two-business day processing time requires an additional \$100.00).
 P.O. Box 1390
 Columbus, OH 43216

Statutory Agent Update
Filing Fee: \$25

(CHECK ONLY ONE(1) BOX)

(1) Subsequent Appointment of Agent

Corp (165-AGS)
 LP (165-AGS)
 LLC (171-LSA)
 Business Trust (171-LSA)
 Real Estate Investment Trust (171-LSA)

(2) Change of Address of an Agent

Corp (145-AGA)
 LP (145-AGA)
 LLC (144-LAD)
 Business Trust (144-LAD)
 Real Estate Investment Trust (144-LAD)

(3) Resignation of Agent

Corp (155-AGR)
 LP (155-AGR)
 LLC (153-LAG)
 Partnership (153-LAG)
 Business Trust (153-LAG)
 Real Estate Investment Trust (153-LAG)

2015 JAN 2 PM 1:13

Name of Entity

Charter, License or Registration No.

Name of Current Agent

Complete the information in this section if box (1) is checked

Name and Address of New Agent

Name of Agent

Mailing Address

City State Zip Code

Complete the information in this section if box (1) is checked and business is an Ohio entity

ACCEPTANCE OF APPOINTMENT FOR DOMESTIC ENTITY'S AGENT

The Undersigned, , named herein as the
Name of Agent

statutory agent for , hereby acknowledges
Name of Business Entity

and accepts the appointment of statutory agent for said entity.

Signature:
Individual Agent's Signature/Signature on behalf of Business Serving as Agent

Complete the information in this section if box (2) is checked

New Address of Agent
Mailing Address

City State Zip Code

Complete the information in this section if box (3) is checked

The agent of record for the entity identified on page 1 resigns as statutory agent.

Current or last known address of the entity's principal office where a copy of this Resignation of Agent was sent as of the date of filing or prior to the date filed.

Mailing Address

City State Zip Code

By signing and submitting this form to the Ohio Secretary of State, the undersigned hereby certifies that he or she has the requisite authority to execute this document.

Required

Agent update must be signed by an authorized representative (see instructions for specific information).


Authorized Representative

By (if applicable)

If authorized representative is an individual, then they must sign in the "signature" box and print their name in the "Print Name" box.

William Klatt, President
Print Name

If authorized representative is a business entity, not an individual, then please print the business name in the "signature" box, an authorized representative of the business entity must sign in the "By" box and print their name in the "Print Name" box.

Authorized Representative

By (if applicable)

Print Name



DATE:	DOCUMENT ID	DESCRIPTION	FILING	EXPED	PENALTY	CERT	COPY
04/13/2010	201010300053	DOMESTIC AGENT SUBSEQUENT APPOINTMENT (AGS)	25.00	.00		.00	.00

Receipt

This is not a bill. Please do not remit payment.

EASTMAN & SMITH LTD
100 EAST BROAD STREET, STE 600
COLUMBUS, OH 43215

**STATE OF OHIO
CERTIFICATE**

Ohio Secretary of State, Jennifer Brunner

1219604

It is hereby certified that the Secretary of State of Ohio has custody of the business records for

THE ARTS AND COLLEGE PREPARATORY ACADEMY

and, that said business records show the filing and recording of:

Document(s)
DOMESTIC AGENT SUBSEQUENT APPOINTMENT

Document No(s):
201010300053



United States of America
State of Ohio
Office of the Secretary of State

Witness my hand and the seal of
the Secretary of State at Columbus,
Ohio this 6th day of April, A.D.
2010.

Ohio Secretary of State



**Form 521 Prescribed by the:
Ohio Secretary of State**

Central Ohio: (614) 466-3910
Toll Free: (877) SOS-FILE (767-3453)

www.sos.state.oh.us
Busserv@sos.state.oh.us

Expedite this form: (select one)	
Mail form to one of the following:	
<input checked="" type="radio"/> Expedite	PO Box 1390 Columbus, OH 43216
*** Requires an additional fee of \$100 ***	
<input type="radio"/> Non Expedite	PO Box 788 Columbus, OH 43216

STATUTORY AGENT UPDATE

Filing Fee: \$25

(CHECK ONLY ONE (1) BOX)

<p>(1) Subsequent Appointment of Agent</p> <p><input checked="" type="checkbox"/> Corp (165-AGS) <input type="checkbox"/> LP (165-AGS) <input type="checkbox"/> LLC (171-LSA)</p>	<p>(2) Change of Address of an Agent</p> <p><input type="checkbox"/> Corp (145-AGA) <input type="checkbox"/> LP (145-AGA) <input type="checkbox"/> LLC (144-LAD)</p>	<p>(3) Resignation of Agent</p> <p><input type="checkbox"/> Corp (155-AGR) <input type="checkbox"/> LP (155-AGR) <input type="checkbox"/> LLC (153-LAG) <input type="checkbox"/> Partnership (155-AGR)</p>
--	---	---

Name of Entity	<u>The Arts and College Preparatory Academy</u>
Charter, License or Registration No.	<u>1219604</u>
Name of Current Agent	<u>William G. Soltis, Jr.</u>

RECEIVED STATE
 2010 APR -6 AM 11:10
 SERVICE CENTER

Complete the information in this section if box (1) is checked		
Name and Address of New Agent	<u>Amy J. Borman, Esq.</u>	
	<u>Name of Agent</u>	
	<u>100 E. Broad Street, Suite 600</u>	
	<u>Mailing Address</u>	
	<u>Columbus</u>	<u>43215</u>
	<u>Ohio</u>	<u>Zip Code</u>
	<u>City</u>	<u>State</u>

Complete the information in this section if box (1) is checked and business is an Ohio entity

ACCEPTANCE OF APPOINTMENT FOR DOMESTIC ENTITY'S AGENT

The Undersigned, Amy J. Borman, Esq., named herein as the
Name of Agent

Statutory agent for, The Arts and College Preparatory Academy, hereby acknowledges
Name of Business Entity

and accepts the appointment of statutory agent for said entity.

Signature: *Amy J. Borman, Esq.*
Statutory Agent

If the agent is an individual using a P.O. Box, the agent must check this box to confirm that the agent is an Ohio resident.

Complete the information in this section if box (2) is checked

New Address of Agent

Mailing Address

City Ohio _____
State Zip Code

If the agent is an individual using a P.O. Box, check this box to confirm that the agent is an Ohio resident.

Complete the information in this section if box (3) is checked

The agent of record for the entity identified on page 1 resigns as statutory agent.

Current or last known address of the entity's principal office where a copy of this Resignation of Agent was sent as of the date of filing or prior to the date filed.

Mailing Address

City Ohio _____
State Zip Code

By signing and submitting this form to the Ohio Secretary of State, the undersigned hereby certifies that he or she has the requisite authority to execute this document.

REQUIRED Must be authenticated (signed) by an authorized representative (See Instructions)	 _____ Authorized Representative	4/6/10 _____ Date
	Jacqueline Stuts, Vice President _____ Print Name	
	_____ Authorized Representative	_____ Date
	_____ Print Name	

**AMENDED AND RESTATED
CODE OF REGULATIONS
OF
THE ARTS AND COLLEGE PREPARATORY ACADEMY**

**ARTICLE I
PURPOSE**

Section 1. Purpose. The Arts and College Preparatory Academy (the "Corporation") is organized exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the corresponding provision of any future United States Internal Revenue law to operate as a community school in the State of Ohio.

**ARTICLE II
Members**

Section 1. Membership. The Corporation shall not have Members. The Directors of the Corporation, in conformance with the procedures established for the Board of Directors and to the extent required by law, shall have the authority that is granted to and carry out the duties that are imposed upon the Members of a nonprofit corporation under Ohio law.

**ARTICLE III
Directors**

Section 1. Number. The number of Directors of the Corporation shall be at least five (5) and no more than nine (9), or such greater number as may be subsequently determined by the Directors; provided however, in no case shall the number of Directors be less than five (5) once the Corporation has entered into a community school contract with a sponsor unless Ohio law is amended to allow the governing authority of an Ohio community school to be composed of less than five (5) Directors.

Section 2. Term. Each Director will serve a three-year term, which expires on June 30th of the third year following the year of their election, and which may be renewed as many times as such Director is elected. Each Director shall hold office until that Director's term expires, or until his or her successor is elected, or until his or her earlier resignation, removal from office, or death.

Section 3. Qualifications and Role of Directors. Once the Corporation becomes a public school, the Directors, in their capacity as Directors, shall be the Governing Board of a public Ohio community school. The Directors shall have a strong interest in the welfare of the Corporation and in education. Each Director should be willing and able to attend all meetings, both regular and special, and also be willing to accept special assignments and serve on committees.

Section 4. Election of Directors. At the annual meeting of Directors that is held on or before the date that such term expires, the Board of Directors shall elect a successor to any Director whose term is set to expire. The remaining Directors shall fill any vacancy in the Board

of Directors created by the resignation, removal or death of a Director at a regular or special meeting of the Board of Directors. The remaining Directors shall have the authority to fill any such vacancy despite the fact that the remaining Directors do not constitute a quorum. Candidates for Director may be nominated by any Director.

Section 5. Meetings. The annual meeting of the Directors shall be held in June of each year on such date, at such time, and at such place as a majority of the Directors may determine. In the event the Board of Directors is unable to hold its annual meeting in June, it shall hold such annual meeting on a date and at a time and place determined by a majority of the Directors. Special meetings may be called at any time by the President or by any one (1) of the Directors. Provided however, once the Corporation becomes a public school, meetings relating in any way to the business or operation of the public school must be open to the public and publicized or advertised as required by law.

Section 6. Quorum and Voting. The presence of a simple majority of the total number of Directors shall constitute a quorum for the transaction of business at all meetings of the Board of Directors. Except as otherwise provided by law, the Corporation's Articles of Incorporation, or this Code of Regulations, a vote of a simple majority of the Directors present at a meeting at which a quorum is present shall be required to effectuate action on all matters within the powers of the Board of Directors. In addition to those Directors who are actually present at a meeting, Directors shall for purposes of this section be deemed present and able to vote at such meeting if a conference telephone or similar communications equipment is used by which all persons participating in the meeting can simultaneously communicate with each other. Provided however, once the Corporation becomes a public school, the Directors must be physically present at a meeting in order to be counted as part of a quorum and to vote.

Section 7. Notice and Waiver. Any notice required to be given by this Code shall be in writing and shall be delivered personally or sent by telegram, telecopy, or electronic mail transmission or by United States mail, express mail, or courier service, with postage or fees prepaid. For any notice made by personal delivery, telegram, telecopy or electronic mail, notice shall be deemed to be given when delivered or transmitted. For any notice sent by United States mail, or courier service, notice shall be deemed to be given when deposited in the mail or with the courier service. Unless waived in writing, notice of each annual meeting communicating the day, hour, and place shall be given to each Director by the Secretary of the Corporation not more than sixty (60) days nor less than three (3) days before any such meeting. Unless waived in writing, notice of each special meeting communicating the day, hour and place, and the purpose or purposes thereof shall be given to each Director by the Secretary of the Corporation not more than sixty (60) days nor less than three (3) days before any such meeting. Notice of the time, place and purposes of any meeting may be waived in writing, either before or after the holding of such meeting, by any Director, which writing shall be filed with or entered upon the records of the meeting. The attendance of any Director at a meeting without protesting, prior to or at the commencement of the meeting, shall waive notice or lack of proper notice for that meeting. Nothing in this Section 7 shall alter, however, the duty of the Corporation to provide notice to the public of meetings, once the Corporation becomes a public school.

Section 8. Action by Written Consent. Any action required or permitted to be taken at

any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if a written consent to such action is signed by all of the Board of Directors or all of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or committee. Such a written consent may be signed by facsimile signatures which shall be construed as originals, and/or on separate but identical documents which shall be construed as one original. Provided however, once the Corporation becomes a public school, all actions must be taken at open and public meetings and action by written consent shall not be allowed.

Section 9. Committees of Directors. The Board of Directors may create an Executive Committee and such other committee or committees as the Directors may determine, the members of which committee or committees shall consist of not less than one (1) Director unless Ohio law allows otherwise in the future. A simple majority of the members of any such committee shall constitute a quorum, and the act of a simple majority of the votes cast at a meeting at which a quorum is present shall be the act of the committee. In every instance, however, the final action on all committee business shall only be a recommendation to the Board of Directors with respect to such matter. Notwithstanding anything to the contrary in this Section 9 however, once the Corporation becomes a public school, no committee nor any group of Directors, which consist of a majority of the Board of Directors, shall meet in a prearranged manner to discuss school business, without proper notice to the public of a regular or special meeting, and, only the actions of the Board of Directors shall be valid and binding.

Section 10. Other Advisory Councils. The Board of Directors may, at its discretion, also consider recommendations of associations, supporting organizations or advisory councils which are not part of the Board of Directors, such as parents associations.

Section 11. Removal of Directors. Any Director may be removed, with or without cause, at any time by the majority vote of the Board of Directors.

Section 12. Resignations and Vacancies. Any Director may resign by tendering a written resignation to the Board of Directors. The resignation shall be effective on the date of its receipt by the Board of Directors, and the receipt of the resignation shall require no further action to be effective. Vacancies in the Board of Directors shall be filled in accordance with Section 4 of this Article II.

Section 13. Powers of Directors. The policies of the Corporation shall be directed by the Board of Directors in accordance with the law, and when a public school, also in accordance with the Corporation's Charter Contract. Subject to the provisions of Ohio law in general, the Ohio Nonprofit Corporation Law, the Articles of Incorporation and the Code of Regulations of the Corporation, the Board of Directors shall do and perform every act and thing whatsoever which it shall deem necessary, expedient or advisable to carry out the purposes of the Corporation.

Section 14. Honorary Directors. Any individual, whether an emeritus Director or not, who has provided extraordinary service to the Corporation over a period of time, may be honored with the title Honorary Director, at the discretion of the Board, by a majority vote of the entire

Board. Honorary Directors are not voting members of the Board and are permitted but not required to attend meetings. The Board of Directors may remove an Honorary Director at any time, with or without cause, by a majority vote of the entire Board.

ARTICLE IV OFFICERS

Section 1. Number, Title and Election. The officers of the Corporation shall consist of a President, Vice President, Secretary and Treasurer, and may include such other officers and assistant officers as the Board of Directors shall deem advisable, each of whom shall be elected by the Board at the annual meeting of the Board. With the exception of the office of President, an individual may simultaneously hold two offices. Officers shall hold office for a term of one year, or until their successors are elected and qualified, except in the event of their earlier death, resignation or removal.

Section 2. Vacancies. A vacancy in any office because of death, resignation or removal of an officer shall be filled by the Board of Directors for the unexpired term of such office.

Section 3. Resignation or Removal of Officers. An officer of the Corporation may resign at any time by tendering his or her resignation in writing to the Board of Directors and such resignation shall become effective immediately upon its delivery to the Board. An officer of the Corporation may be suspended or removed at any time, with or without cause, by the Board of Directors. The election or appointment of an officer for a term of office shall not be deemed to create employment or other contractual rights.

Section 4. President. The President shall preside at all meetings of the Board and shall coordinate the activities directed by the Board of Directors and shall oversee the administration of the Corporation in all its activities subject to the policies and goals established by the Board of Directors.

Section 5. Vice President. The Vice President shall perform the duties of the President when the President is absent, and all other duties as may be assigned by the Board of Directors or the President.

Section 6. Secretary. The Secretary shall be responsible for providing notice of meetings to the Board of Directors where notice is required, and to the public for the matters concerning the public school, and shall keep a record of the proceedings of the Board of Directors, and shall perform other duties as may be required by the Board of Directors or the President. However, in all of the above responsibilities, subject to approval by a majority of the Directors, the Secretary's responsibilities or parts thereof, may be contracted for by the Directors.

Section 7. Treasurer. The Treasurer shall act as the fiscal officer of the Corporation and shall have custody of the cash, securities, and other assets of the Corporation, and shall perform other duties as may be required by the Board of Directors or the President. The Treasurer shall receive contributions, bequests, revenues, and other assets to which the Corporation is entitled and disburse funds as directed by the Board of Directors, maintaining records thereof. The

Treasurer shall maintain appropriate books of account and supporting records and shall prepare and file all returns and related reports required by federal and state statutes and regulations and by the Board of Directors. However, in all of the above responsibilities, subject to approval by a majority of the Directors, the Treasurer's responsibilities or parts thereof, may be contracted for by the Directors. The Board may require a bond in any amount, at its discretion or as directed by law, and the cost of the bond or bonds shall be paid for by the Corporation.

ARTICLE V INDEMNIFICATION

Indemnification of Directors, Officers, Employees and Agents. Each person who at any time is or shall have been a Director, officer, employee or agent of the Corporation, or a Director member of the Governing Board of the school, and such person's heirs, executors and administrators, shall be indemnified by the Corporation, both during and after their association with the Corporation terminates, for those acts or omissions concerning the Corporation, in accordance with and to the full extent permitted by the Nonprofit Corporation Law (Ohio Revised Code Chapter 1702) as in effect at the time of the adoption of these Regulations or as amended from time to time thereafter. The foregoing right of indemnification shall not be deemed exclusive of other rights of indemnification to which any Director, officer, employee, agent or other person may be entitled, in any capacity, as a matter of law or under any regulation, agreement, vote of Directors, or otherwise. As authorized by the Board of Directors, the Corporation may purchase and maintain insurance against liability on behalf of any such person to the full extent permitted by law in effect at the time of the adoption of these Regulations or as amended from time to time thereafter.

ARTICLE VI CONTRACTS BETWEEN CORPORATION AND RELATED PERSONS

To the greatest extent allowed by Ohio law and, while operating as a public Ohio community school specifically subject to the limitations and restrictions imposed on public officers, any contract or other transaction between this Corporation and one or more of its Directors, or between this Corporation and any entity of which one or more of this Corporation's Directors are interested, whether such Director is a member of the Governing Board of the school or not, shall be valid for all purposes, notwithstanding the presence of such Director at the meeting at which the Board of Directors of the Corporation acts upon, or in reference to, such contract or transaction, and notwithstanding the participation of the Director in such action, if the fact of such interest shall be disclosed or known to the Board of Directors, and the Board of Directors nevertheless, authorize, approve or ratify such contract or transaction by a vote of a majority of the Directors present. Unless Ohio law otherwise prohibits or permits, the interested Director may be counted in determining whether a quorum is present, but may not be counted in voting upon the matter or in calculating the majority of such quorum necessary to carry such vote. This Article shall not be construed to invalidate any contract or other transaction which would otherwise be valid under the common and statutory law applicable thereto.

ARTICLE VII
BOOK AND RECORDS

The Corporation shall keep correct and complete books, records and minutes of the Board of Directors' meetings, and, during the time when the Corporation is functioning as a public school, such books and records shall be public records. The Secretary of the Corporation shall keep an accurate list of the names and addresses of the Board of Directors.

ARTICLE VIII
AMENDMENTS

The Code of Regulations shall be adopted and, from time to time, amended by a majority vote of the entire Board of Directors.



Department of the Treasury
Internal Revenue Service
Ogden, UT 84201

In reply refer to: 0444948759
Apr 09, 2010 LTR 147C
31-1769026

ARTS IN COLLEGE PREPARATORY ACADEMY
% WILLIAM G SOLTIS
2202 S HAMILTON RD
COLUMBUS OH 43232-4304 023

Taxpayer Identification Number: 31-1769026

Form(s):

Dear Taxpayer:

This letter is in response to your telephone inquiry of April 9th, 2010.

Your Employer Identification Number (EIN) is 31-1769026. Please keep this number in your permanent records. You should enter your name and your EIN, exactly as shown above, on all business federal tax forms that require its use, and on any related correspondence documents.

If you have any questions regarding this letter, please call our Customer Service Department at 1-800-829-0115 between the hours of 7:00 AM and 10:00 PM. If you prefer, you may write to us at the address shown at the top of the first page of this letter. When you write, please include a telephone number where you may be reached and the best time to call.

Sincerely,

M. BROWN

#0142698

Customer Service Representative

General Information

School Name: Arts and College Preparatory Academy

Physical Address: 4401 Hilton Corporate Drive
Columbus, OH 43232

Phone Number: (614) 986-9974 **Fax Number:** (614) 986-9976

County: Franklin County

Grade Levels Served: 7-12 **Grade Levels in Contract:** K-12

Public School District: Columbus City School District

Description of the Facility (including the approx. number of sq. ft. used):

The original building is approximately 34,000 sq. ft. The 2019 addition is 17,000 sq. ft.

Additional information is found in the documents.

Financial Information

Lease Information n/a

Monthly Payment: **Annual Payment:**

Lease Start Date: **Lease Expiration Date:**

Mortgage Information

Monthly Payment: \$19,570 **Annual Principal:**

Annual Interest Payment:

Landlord Information n/a

Name of Landlord / Lender: **Relationship to the Operator:**

REAL ESTATE SALE AGREEMENT

This Real Estate Sale Agreement ("Agreement") is entered into this 25th day of January, 2010, by and between Hamilton/70 Corporate Square, LLC, a Michigan limited liability company ("Seller"), with an address of 34975 West Twelve Mile Road, Suite 100, Farmington Hills, Michigan 48331, and The College of Arts and Preparatory Academy, an Ohio non-profit Corporation and Public Community School ("Purchaser") with an address of 2202 South Hamilton Road, Columbus, Ohio 43232.

1. Purchase and Sale. In consideration of the mutual covenants and promises set forth in this Agreement, Seller agrees to sell to Purchaser, and Purchaser agrees to purchase from Seller, for the Purchase Price, as hereinafter defined, and on the terms and conditions set forth herein, the following:

(a) All of the land situated in the City of Columbus, County of Franklin, State of Ohio, described on Exhibit "A" attached hereto (the "Real Estate").

(b) All structures, buildings, improvements and fixtures on and used in connection with the operation or occupancy of the Real Estate, owned by Seller at the time of execution hereof (collectively the "Improvements"); and

(c) All personal property owned by Seller at the time of execution hereof located on or in the Real Estate or Improvements and used in connection with the operation, occupancy or maintenance of the Real Estate or Improvements (the "Personal Property"); and

(d) All intangible property and other contract rights and interests owned or held by Seller and used in connection with or respecting the Real Estate, Improvements or Personal Property at the time of execution hereof, including Seller's interest in all service contracts (all such intangible property and other contract rights and interests shall collectively be referred to herein as the "Intangible Property").

The Real Estate, Improvements, Personal Property and Intangible Property are sometimes collectively referred to herein as the "Premises".

2. Purchase Price; Earnest Money. The purchase price for the Premises shall be One Million Two Hundred Thousand and 00/100 dollars (\$1,200,000.00) ("the Purchase Price"). The Purchase Price shall be payable as follows:

(a) Within two (2) Business Day after the Effective Date, as hereinafter defined, Purchaser shall deposit the sum of One Hundred Thousand and 00/100 Dollars (\$100,000.00) (the "Earnest Money") with Title Source, Inc., of 1450 West Long Lake Road, Troy, Michigan 48098, Attention: Robert Powell ("Title Company" or "Escrow Holder"), to be held in an interest bearing escrow account.

After expiration of the Due Diligence Period, as hereinafter defined, or any extension thereof, if the Purchaser terminates this Agreement or if the Closing fails to occur, unless such termination or failure is due to Seller's default hereof, and unless Purchaser then stands ready, willing and able to close the purchase and sale contemplated herein, the entire Earnest Money shall be immediately paid to Seller. Except should Purchaser not be able to obtain financing

from Huntington Bank or all applicable approvals and building permits from the local municipality in order to construct the Premises, the entire Earnest Money shall be returned to Purchaser as soon as reasonably practical.

In the event Purchaser consummates the transaction contemplated hereby, the Earnest Money and Additional Deposit, if any, shall be applied to the Purchase Price at Closing.

For purposes of this Agreement, the term "Effective Date" means the date when Seller and Purchaser have both executed this Agreement, and the term "Business Day" means any day other than Saturday, Sunday or any other day on which the national banks in the State of Michigan are not open for business.

(b) Not later than 10:00 a.m., Eastern Time on the Closing Date, Purchaser shall deposit with the Title Company, in immediately available funds, the sum necessary, along with the Earnest Money, to make the total consideration paid to Seller at Closing equal to the Purchase Price, plus or minus prorations as hereinafter provided.

3. Closing.

(a) The formal consummation of the purchase and sale of the Premises ("Closing") shall take place at the office of Escrow Agent, either in escrow or with the parties present, not later than ten (10) days after the expiration of the Due Diligence Period, as the same may be extended as provided in this Agreement.

(b) This transaction shall be closed in accordance with this Agreement. The Purchase Price shall be paid and all documents necessary for the consummation of this transaction shall be executed and delivered on or prior to the Closing Date.

(c) At or prior to Closing, Seller shall cause to be delivered to Escrow Agent the following documents:

- (1) An Ohio Limited Warranty Deed, properly executed on behalf of Seller, conveying to Purchaser in fee simple the Real Estate and Improvements described on Exhibit "A", subject to the Permitted Exceptions, as hereinafter defined;
- (2) A Bill of Sale with warranty of clear title only, executed by Seller and conveying to Purchaser the Personal Property, if any; and
- (3) An Assignment and Assumption of Intangible Property and Contract Interests, conveying to Purchaser the Intangible Property and containing an assumption by Purchaser of Seller's obligations and liabilities respecting the Intangible Property subject only to prior review and acceptance of Buyer during the initial 45 day Due Diligence Period; and
- (4) A Non-Foreign Affidavit.

(d) At Closing, Seller and Purchaser shall each execute and deliver to the other (i) a closing statement showing the amounts by which the Purchase Price shall have been adjusted, and (ii) all other documents and instruments reasonably required to consummate the transactions contemplated by this Agreement.

4. Inspection of Premises.

(a) Seller and Purchaser agree that the closing of this sale and purchase is subject to satisfaction or waiver by Purchaser of the following condition on or before forty five (45) days after the Effective Date (the "Due Diligence Period") which Purchaser shall have the right to extend as provided in paragraph 4(b). Such Due Diligence shall include inspection of the physical condition and use of the Real Estate and Improvements, including but not limited to the availability of utilities, lead paint and asbestos inspections. For the purpose of conducting physical inspections, Seller agrees to provide Purchaser and its authorized agents, accompanied by a representative of Seller, reasonable access to the Real Estate and Improvements at all reasonable times on Business Days during the Due Diligence Period, upon at least forty-eight (48) hours prior written notice to Seller, and Purchaser shall conduct such inspections in a manner not disruptive of the physical condition or operation of the Real Estate and Improvements. Purchaser shall maintain liability insurance against loss due to bodily injury or death of any persons on or about the Real Estate and Improvements including, but not limited to, Purchaser, its agents, employees, representatives, consultants and contractors ("Purchaser's Inspectors"), as a result of any acts or omissions of Purchaser's Inspectors on or about the Real Estate and Improvements, such insurance to be in an amount not less than \$2,000,000.00. Purchaser shall likewise maintain insurance against loss of or damage to any property on or about the Real Estate and Improvements belonging to any person or entity including, but not limited to, Purchaser's Inspectors, as a result of any acts or omissions of Purchaser's Inspectors, such insurance to be in an amount not less than \$1,000,000.00. Purchaser shall further carry, and cause each of Purchaser's Inspectors to carry, good and sufficient worker's compensation insurance, in an amount not less than Ohio statutory minimums, covering each of their agents, employees, representatives, consultants and contractors who may at any time be on or about the Real Estate and Improvements. All of said insurance shall be issued by reputable insurance companies approved by Seller, shall name Seller as an additional named insured, and a copy of each policy, together with certificates of insurance, shall be delivered to Seller prior to any entry upon the Real Estate and Improvements by Purchaser's Inspectors. Purchaser covenants and agrees that neither Purchaser nor Purchaser's Inspectors will reveal to any third party any information, including the results, relating to any inspections or tests performed hereunder by or for Purchaser, the same being highly confidential, excepting that such information may be revealed to Purchaser's attorneys and prospective lenders to Purchaser, provided that each such attorney or lender shall have first been informed of and agreed to substantially the same covenant regarding the confidentiality and protection of such information as is agreed to herein by Purchaser. Purchaser shall be strictly liable to Seller for any violation of this covenant and agreement, or for any breach by any party of any substantially similar covenant or agreement. Purchaser shall provide Seller with a copy of each report of each inspection and each test performed by or for Purchaser upon Seller's written request. All inspections and tests shall be solely at Purchaser's expense. Purchaser hereby covenants to indemnify, defend, and to hold Seller, Seller's agents, representatives, employees, successors and assigns harmless, from and against any and all losses, costs, expenses, damages, claims and liabilities whatsoever, including, but not limited to, construction, mechanic's, and materialman's liens and attorneys' fees, arising out of or in any manner in connection with any acts or omissions of Purchaser's Inspectors on or about the Real Estate or Improvements, or any investigations, inspections or testing done by, for or on behalf of Purchaser. Purchaser's said covenant shall survive the Closing or termination of this Agreement.

(b) If Purchaser has not received financing from Huntington Bank or governmental approvals and building permits for Purchaser's development of the Premises by the expiration of

the Due Diligence Period, Purchaser may elect to extend the Due Diligence Period for up to two (2) additional periods of 30 days each to provide more time to receive financing from Huntington Bank or the governmental approvals and building permits by delivering written notice of that election to extend to Seller (the "Extension Notice"), and a copy to Escrow Agent.

(c) Notwithstanding anything contained herein to the contrary, Purchaser may only extend the Due Diligence Period if it has done the following during the initial 45 day Due Diligence Period: (i) contracted with an environmental company and obtained a Phase I environmental report, (ii) made all necessary applications for obtaining financing with Huntington Bank and received correspondence from Huntington Bank reflecting that approval of the financing is to be forthcoming pending final bank approval; (iii) substantially completed all architectural, space planning, and design drawings, and submitted them to the local municipality for approval, along with the necessary applications for a building permit (iv) completed all physical due diligence of the Premises, including review of all building systems and improvements such as mechanical, electrical, parking lot, and approved same, (v) reviewed the title commitment and approved same, and (vi) updated the survey and approved same.

(d) For an Extension Notice to be effective, it shall include (i) any Additional Deposit required as delineated in Paragraph 4(e) below; (ii) with the first Extension Notice, a written waiver by Purchaser of all other issues and conditions with regard to the purchase of the Premises except objection due to the lack of financing from Huntington Bank or governmental approvals and building permit required by Purchaser for its proposed use of the Premises; and (iii) copies of (a) all applications and submissions made to governmental authorities to obtain governmental approvals and building permits, (b) all due diligence materials Purchaser has obtained during the initial 45 day Due Diligence Period, including but not limited to, title, survey and environmental reports. Following such an election, Purchaser will not be permitted to terminate this Agreement for any reason except for the inability to obtain financing from Huntington Bank or to obtain all governmental approvals and building permit from the local municipality required for Purchaser's development of the Premises.

(e) Notwithstanding anything contained herein to the contrary, Purchaser may only elect the second extension if Purchaser has not received all approvals and building permit from the local municipality and not obtained a commitment for financing from Huntington Bank. If Purchaser elects to utilize the second 30 day extension of the Due Diligence Period, the second Extension Notice shall be accompanied by an additional deposit of \$25,000.00, which shall be applicable to the Purchase Price in the event of Closing, in the form of a certified check made payable to Seller ("Additional Deposit"). On receipt of a copy of the notice of the second 30-day extension, Escrow Agent shall promptly deliver the Earnest Money to Seller. The Earnest Money and Additional Deposit delivered to Seller by Escrow Agent or the Purchaser will be the property of and be deemed earned by Seller and, on delivery to Seller, be nonrefundable to Purchaser under this Agreement but credited to the Purchaser's purchase prices at closing.

5. Evidence of Title/Survey.

(a) Provision of Evidence of Title and Survey. Seller hereby agrees to furnish to Purchaser, at Seller's expense, and as expeditiously as possible, a commitment for title insurance issued by Title Company (the "Title Commitment"), copies of all documents set forth as exceptions to title on Schedule B-Section 2 of the Title Commitment, and a copy of the survey dated September 7, 2009 prepared by CW Design Group ("Survey") and the Phase I Environmental Site Assessment dated July 24, 2007 prepared by McDowell & Associates. At

Closing, Seller shall pay to Title Company the entire amount of the premium payable for an A.L.T.A. owner's title insurance policy with standard exceptions, subject to the Permitted Exceptions, as hereinafter defined, in the amount of the Purchase Price, naming Purchaser as the insured (the "Title Policy"). Any extended coverage or endorsements required by Purchaser or its lender shall be at Purchaser's expense. Notwithstanding the foregoing, Purchaser may obtain the Title Policy without standard exceptions provided it provides, at its sole cost and expense, all documentation necessary for the Title Company to delete the standard exceptions, including but not limited to, an updated survey.

(b) Objections to Title/Survey. For purposes of this Agreement the term "Permitted Exceptions" means those exceptions set forth in the Title Commitment that are standard exceptions, as well as those exceptions or defects in title, or reflected on the Survey, which are not objected to by Purchaser pursuant to this Section 5(b). In the event the Title Commitment or Survey contains any exceptions or defects that are not Permitted Exceptions, Purchaser shall have five (5) Business Days from its receipt of the Title Commitment, the Schedule B-Section 2 exception documents and the Survey to provide Seller with objections to Seller's title or the Survey, based upon a written opinion of Purchaser's attorney that due to such exceptions or defects the title or the Real Estate is not in the condition required for performance by Seller hereunder, and specifying the reasons therefor. Seller shall have until 5:00 p.m. on the third Business Day before the expiration of the Due Diligence Period to elect to either; (1) remedy the title and the defects by the time of Closing; or (2) obtain a commitment for title insurance and survey as required herein; or (3) refund the Earnest Money in full termination of this Agreement, and to notify Purchaser of its election, in writing. Seller's failure to notify Purchaser of its election in accordance herewith shall be deemed Seller's election to terminate this Agreement. In the event of such termination by Seller, this Agreement shall terminate and shall be fully null and void, and Purchaser shall thereupon receive a full refund of the Earnest Money, and except as may otherwise be provided in this Agreement, Purchaser and Seller shall be relieved of any and all obligations and liabilities to each other hereunder.

6. Termination During Due Diligence Period: Not later than 5:00 p.m. Eastern Time on the last day of the Due Diligence Period, Purchaser shall notify Seller, in writing, which may be via telephone facsimile transmission or via email at david.friedman@freg.com, if it does not wish to proceed with the purchase of the Premises. In the event that Purchaser gives Seller notice of Purchaser's election not to proceed, this Agreement shall terminate and shall be fully null and void, and Purchaser shall thereupon receive a full refund of the Earnest Money as soon as reasonably practical, and except as may otherwise be provided in this Agreement, Purchaser and Seller shall be relieved of any and all obligations and liabilities to each other hereunder, except for the obligations of Purchaser that specifically survive termination.

In the event that Purchaser gives notice that it elects to proceed with the purchase of the Premises, or does not give Seller notice pursuant to this Section 6 that it desires not to proceed, Purchaser shall have waived its rights to terminate this Agreement pursuant to Section 4 and Section 5 hereof, and the parties shall proceed to Closing in accordance with the terms hereof.

Upon any termination of this Agreement, Purchaser shall forthwith return to Seller all materials delivered to Purchaser pursuant to Section 4, Section 5 or otherwise under this Agreement, including all copies thereof, together with all marketing studies, environmental studies and other tests, studies or information pertaining to the Premises prepared by or on behalf of Purchaser in connection with Purchaser's proposed purchase of the Premises.

7. Representations and Warranties of Purchaser. Purchaser hereby acknowledges, represents and warrants the following, as of the date hereof and as of the Closing Date:

(a) Purchaser is a duly organized, validly existing non-profit corporation, in good standing under the laws of the State of Ohio. Purchaser has the legal power, right and authority to enter into this Agreement and the instruments and documents referenced herein, and has the legal power, right and authority to consummate the transactions contemplated hereby. The individuals executing this Agreement and the instruments referenced herein on behalf of Purchaser have the power, right and authority to bind Purchaser hereto and thereunder;

(b) All requisite action has been taken by Purchaser and all requisite consents have been obtained in connection with Purchaser entering into this Agreement and the instruments and documents referenced herein, and by the Closing Date, all requisite consents will be obtained for the consummation of the transactions contemplated hereby, and no consent of any other party is or shall be required;

(c) This Agreement and all instruments and documents to be executed by Purchaser pursuant to this Agreement are and shall be duly executed, and shall be as of the Closing, valid and legally binding upon Purchaser and enforceable in accordance with their respective terms;

(d) Neither the execution of this Agreement or any other document referenced herein, nor the consummation of any transaction contemplated hereby, shall result in a breach of, constitute a default under, or contravene any agreement, document, instrument or any other obligation to which Purchaser is a party or to which Purchaser may be bound or affected, or any law, statute, ordinance, rule, governmental regulation, or any writ, injunction, judgment, order or decree of any court or governmental body applicable to Purchaser; and

(e) There are no actions, suits, arbitrations, investigations, other proceedings, orders, judgments or decrees pending or threatened against Purchaser or any owner, director, officer, member, partner or principal of Purchaser which could, individually or in the aggregate, materially interfere with the consummation of the transactions contemplated by this Agreement.

8. Seller's Covenants. Seller hereby acknowledges, represents and warrants the following, as of the date hereof and as of the Closing Date:

(a) Seller shall use reasonable efforts to maintain the Premises in its present condition, ordinary wear and tear excepted; and

(b) Seller shall maintain all casualty, liability and hazard insurance currently in force with respect to the Premises until Closing.

(c) Seller bears all risk of loss to the Premises up to the Closing.

(d) Seller is a duly organized, validly existing Limited Liability Company, in good standing under the laws of the State of Michigan. Seller has the legal power, right and authority to enter into this Agreement and the instruments and documents referenced herein, and has the legal power, right and authority to consummate the transactions contemplated hereby. The individuals executing this Agreement and the instruments referenced herein on behalf of Seller have the power, right and authority to bind Seller hereto and thereunder;

(e) All requisite action has been taken by Seller and all requisite consents have been obtained in connection with Seller entering into this Agreement and the instruments and documents referenced herein, and by the Closing Date, all requisite consents will be obtained for the consummation of the transactions contemplated hereby, and no consent of any other party is or shall be required;

(f) This Agreement and all instruments and documents to be executed by Seller pursuant to this Agreement are and shall be duly executed, and shall be as of the Closing, valid and legally binding upon Seller and enforceable in accordance with their respective terms;

(g) Neither the execution of this Agreement or any other document referenced herein, nor the consummation of any transaction contemplated hereby, shall result in a breach of, constitute a default under, or contravene any agreement, document, instrument or any other obligation to which Seller is a party or to which Seller may be bound or affected, or any law, statute, ordinance, rule, governmental regulation, or any writ, injunction, judgment, order or decree of any court or governmental body applicable to Seller; and

(h) There are no actions, suits, arbitrations, investigations, other proceedings, orders, judgments or decrees pending or threatened against Seller or any owner, director, officer, member, partner or principal of Seller which could, individually or in the aggregate, materially interfere with the consummation of the transactions contemplated by this Agreement.

9. Disclaimers.

(a) Purchaser has not for any purpose or to any end relied, and will not rely on, and Seller is not liable for or bound by, any express or implied warranties, guaranties, statements, representations or information pertaining to the Premises or relating thereto or to any transaction contemplated hereby that may have been made or furnished by Seller or any person or entity representing or purporting to represent Seller, or by any other person or entity, to whomever made or given, whether directly or indirectly, oral or written.

(b) Purchaser represents and warrants to Seller that Purchaser has conducted, will conduct prior to Closing, or has chosen not to conduct, such examinations, inspections, investigations and tests regarding the Premises as Purchaser deems necessary and desirable to fully satisfy itself as to the complete physical, financial and operational condition of the Premises and the Premises' suitability for Purchaser's intended use thereof. Except as expressly set forth herein, Purchaser has not been provided any information concerning the Premises by or on behalf of Seller, and is relying on none, but solely upon itself in consummating the transactions contemplated by this Agreement. Upon Closing, Purchaser shall fully assume the risk that adverse matters, including but not limited to, adverse physical, financial, operational and/or environmental conditions, may not have been revealed by Purchaser's examinations, inspections, investigations or tests, if Purchaser has chosen to make any, and Purchaser shall have fully assumed the risk that the Premises are suitable for Purchaser. Purchaser upon Closing shall be deemed to have forever waived, surrendered, relinquished and released Seller and Seller's owners, directors, officers, members, agents, representatives, employees, contractors, successors and assigns from and against any and all claims, demands, causes of action, and liabilities for any and all losses, damages, expenses, and costs, including attorneys' fees, known or unknown, contingent or not contingent, which Purchaser might now or ever have against Seller or Seller's owners, directors, officers, members, agents, representatives, employees, contractors, successors

or assigns at any time by reason of, arising out of, or in any manner related to the physical, financial or operational condition of the Premises, the suitability of the Premises for Purchaser, or any and all acts, omissions, events, transactions, occurrences, circumstances or matters in any way relating to this Agreement, the performance of this Agreement, or the Premises.

(c) Purchaser represents and warrants that it accepts the Premises "as is", "where is", and "with all faults" at Closing.

(d) Notwithstanding anything else contained in this Agreement, the provisions of this Section 10 shall survive Closing or any termination of this Agreement, without limitation.

10. Prorations and Credits. The following adjustments to the Purchase Price paid hereunder shall be made between Seller and Purchaser, and shall be prorated to the Closing Date:

(a) Water, sewer and utility charges.

(b) The Purchaser will assume and agree to pay and indemnify Seller against any liability for any and all real estate taxes and assessments that are due and payable from and after the Closing Date, regardless of when or for what period of time any such real estate taxes or assessments may have accrued. At the Closing, however, the Purchaser will be entitled to a credit from the Seller for a portion of the real estate taxes and assessments that are due and payable in the year of Closing (the "Closing Year"), based upon the number of days in the Closing Year that the Seller owned the Property, so that the real estate taxes and assessments that are due and payable in the Closing Year will be prorated on a "cash basis". On the Closing Date, if there are any delinquent real estate taxes or assessments due (that are or were due and payable on or prior to the Closing Date) the Seller will be responsible for the payment of those delinquent real estate taxes and assessments, all of which will be paid by the Seller at or prior to Closing.

(c) All amounts payable under any service contracts so long as all service contracts are disclosed by written fully executed contracts for services being provided, to Purchaser in the first 45 days of the Due Diligence Period and Purchaser agrees to assume in writing. Purchaser will not be assuming any management agreements or administrative fee agreement.

(d) All other items of accrued or prepaid income and expenses as long as all are disclosed and presented in writing within the first 45 days of the Due Diligence Period

11. Transfer Taxes; Title Charges. Seller and Purchaser agree to execute any real estate transfer documents or declarations required by the state, county or municipality in which the Real Estate is located. Purchaser shall pay the cost of recording the instruments of conveyance, and Seller shall pay all sales and transfer taxes or other fees assessed by any governmental authority against the Real Property and Personal Property as a result of the sale and transfer contemplated hereby.

12. Risk of Loss. Except as provided in any indemnity or similar provisions of this Agreement, Seller shall bear all risk of loss with respect to the Premises up to the time of Closing. Notwithstanding the foregoing or anything in this Agreement to the contrary, in the event of damage to the Premises by fire or other casualty prior to the Closing Date, repair of which would cost less than \$ 100,000.00, as determined solely by the average cost of two written estimates from two outside contractors in the exercise of good faith, Purchaser shall have no right to terminate its obligations under this Agreement by reason thereof, and Seller shall have the right to elect to either repair and restore the Premises or to assign and transfer to Purchaser on

the Closing Date all of Seller's right, title and interest in and to all and adequate insurance proceeds paid or payable to Seller on account of such fire or other casualty. In the event of damage to the Premises by fire or other casualty prior to the Closing Date, repair of which would cost in excess of an amount equal to \$ 100,000.00, as determined by the average cost of two written estimates from two outside contractors in the exercise of good faith, then this Agreement may be terminated at the option of Seller or Purchaser. Upon the exercise of such option by either party, this Agreement shall become null and void, and except as may otherwise be provided herein, neither party shall have any further liability or obligation to the other hereunder. If neither party elects to terminate this Agreement, then this Agreement shall continue in full force and effect, and Seller shall have the option to elect either to repair and restore the Premises, or to assign and transfer to Purchaser on the Closing Date all of Seller's right, title and interest in and to all insurance proceeds paid or payable to Seller on account of such fire or casualty.

13. Condemnation. In the event that between the Effective Date and the Closing Date any condemnation or eminent domain proceedings are initiated which result in the taking of any material part of the Real Estate or the Improvements, Purchaser may:

- (a) terminate this Agreement; or
- (b) proceed with the Closing, in which event Seller shall assign to Purchaser all of Seller's right, title and interest in and to any award made or to be made in connection with such condemnation or eminent domain proceedings.

14. Indemnification. Purchaser agrees to indemnify and defend Seller and its members, employees, agents, representatives, successors, and assigns, and to hold the same harmless, from and against all claims, liabilities, demands, actions, suits, judgments and obligations of every kind for all damages, losses, costs, charges, expenses, fines, penalties, attorneys' fees, and the consequences of any liabilities of any nature, that arise out of or in any manner relate to any acts or omissions of Purchaser, its employees, agents, representatives, owners, contractors, successors or permitted assigns in connection with this Agreement or any transaction contemplated hereby, or that otherwise arise out of or in any manner relate to this Agreement or any transaction contemplated hereby.

15. Default.

(a) If this transaction is not consummated by reason of a default by Purchaser hereunder, then Seller shall have the right to either; (i) declare this Agreement terminated, in which event the Earnest Money shall be retained by Seller, all further rights and obligations of the parties hereunder shall cease, except as may otherwise be set forth herein, and Seller shall be entitled to exercise any rights or remedies it may have by virtue of any indemnity or similar provisions provided for herein, or (ii) have specific performance of this Agreement.

(b) If this transaction is not consummated by reason of a default of Seller hereunder occurring after the expiration of the Due Diligence Period, and provided Purchaser then stands ready, willing and able to close the purchase and sale contemplated herein, Purchaser shall have the right to either; (i) declare this Agreement terminated, in which event the Earnest Money shall be returned to Purchaser in full compensation for its damages and as its sole remedy, and, except as may otherwise be set forth herein, all further rights and obligations of the parties hereunder shall cease; or (ii) have specific performance of this Agreement.

16. Notices. Any notice, request, demand, consent, approval or other communication given pursuant to this Agreement shall be in writing, and shall be sent by registered or certified mail, return receipt requested, by way of telephonic facsimile transmission, by hand delivery, or by means of a reputable express mail delivery service which guarantees next day delivery ("Notice"). A Notice shall be deemed to have been received; (a) two days after a certified or registered letter containing the Notice, properly addressed with postage prepaid, is deposited in the United States mail; (b) upon electronic confirmation that a telephonic facsimile transmission has been sent and received; or (c) if submitted by hand delivery or express mail delivery service, then upon the date of actual receipt, or, if the Notice is refused, then on the first date of such refusal. All Notices shall be given to the parties hereto at the addresses set forth below, until changed as set forth herein:

If to Seller:	Hamilton/70 Corporate Square LLC 34975 West Twelve Mile Road, Suite 100 Farmington Hills, Michigan 48331 Attn: David B. Friedman Fax: (248) 848-3501
With a Copy to:	Paul A. Bargamian, Esq. 34975 West Twelve Mile Road, Suite 100 Farmington Hills, Michigan 48331 Fax: (248) 848-9400
If to Purchaser:	The College of Arts and Preparatory Academy 2202 South Hamilton Road Columbus, Ohio 43232 Attn: Paula Lasley Fax: 614 986 9976
With a copy to:	Eastman and Smith, Ltd. Attn: Amy Borman 100 East Broad Street Suite 600 Columbus, Ohio 43215 614.564.1449 / Fax 614.280.1777

17. Time of Essence. Time is of the essence of this Agreement.

18. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Ohio.

19. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument.

20. Captions. The captions in this Agreement are inserted for convenience of reference and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions hereof.

21. Assignment. Purchaser may not assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of Seller.

22. Binding Effect. This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective representatives, successors and permitted assigns.

23. Modifications; Waiver. No waiver, modification, amendment, discharge or alteration of or under this Agreement shall be valid unless the same is in writing and signed by each of the parties hereto.

24. Entire Agreement. This Agreement constitutes the entire agreement between the parties respecting the transactions contemplated hereby and the subject matter hereof, and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, express or implied, are merged herein and superseded hereby.

25. Partial Invalidity. Any provision of this Agreement, or the application of any provision hereof to any person, entity or circumstance, which is finally determined by a court of competent jurisdiction to be unenforceable, invalid or illegal shall be of no force or effect, but each remaining provision of this Agreement, and the application thereof to all other persons, entities and circumstances shall remain fully valid and enforceable as written.

26. Survival. Except as otherwise expressly provided in this Agreement, no representations, warranties, covenants, agreements, or other obligations provided for in this Agreement shall survive the Closing, and no action based thereon shall be commenced after the Closing.

27. No Personal Liability of Members, Officers or Directors of Seller or Purchaser. Purchaser acknowledges that this Agreement is entered into by a limited liability company as Seller, and Purchaser agrees that no individual member, officer, director, agent, employee or representative of Seller or of any of Seller's constituent entities shall have any personal liability under, arising out of, or in connection with this Agreement, any document executed pursuant to this Agreement, or in connection with any transaction contemplated by this Agreement.

Seller acknowledges that this Agreement is entered into by a non-profit corporation as Purchaser, and Seller agrees that no individual member, officer, director, agent, employee or representative of Purchaser or of any of Purchaser's constituent entities shall have any personal liability under, arising out of, or in connection with this Agreement, any document executed pursuant to this Agreement, or in connection with any transaction contemplated by this Agreement.

28. No Third Party Rights. Nothing in this Agreement is intended to confer upon any person or entity, other than the parties hereto and their respective successors and permitted assigns, any rights or remedies under, arising out of, or by reason of this Agreement.

29. Brokers. Seller and Purchaser represent and warrant each to the other that they have had no dealings with any broker, finder, or other party concerning Purchaser's purchase of the Premises except for Real Living (Scott Messing), who represents Purchaser and will be paid a commission of 4% of the Purchase Price by Seller at Closing upon the consummation of the transaction contemplated herein, and Grubb & Ellis/Adena Commercial and Friedman Real Estate Group, Inc., who collectively represent Seller. Seller shall pay a commission to all

brokers pursuant to a separate agreement. Purchaser and Seller each hereby agree to indemnify, defend, and hold the other harmless from all losses, costs, damages and expenses, including reasonable attorney's fees, incurred by the other as a result of any claim for any commission, finder's fee or compensation made by any other broker, finder or party who claims to have dealt with Purchaser or Seller or any others on their behalf in connection with the sale of the Premises to Purchaser. The representations and warranties contained in this Section 29 shall survive the Closing or termination of this Agreement.

30. Attorneys' Fees and Costs. Should either party employ attorneys to enforce any of the provisions hereof, or its rights or remedies hereunder, the prevailing party in such matter shall be entitled to payment from the other party of all of its reasonable costs, charges, and expenses, including attorneys' fees, expended or incurred in connection therewith.

31. Section 1031 Exchange. Seller may consummate the sale of the Premises as part of a so-called like kind exchange (the "Exchange") pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended, and Purchaser shall cooperate with Seller in effectuating such Exchange. Seller shall effect the Exchange through an assignment of this Agreement, or its rights under this Agreement, to a qualified intermediary.

32. Additional Documents. Seller and Purchaser each hereby agrees to promptly execute and deliver such other documents, and to take such other actions, whether prior or subsequent to Closing, as may be reasonably requested by the other party to consummate the transactions contemplated by this Agreement. The provisions of this Section 32 shall survive Closing.

33. Existing Tenant. Purchaser acknowledges that the building on the Real Estate is occupied by a tenant, Acree Daily Corporation ("Acree") and that a full copy of the lease and all modifications shall be given to Purchaser as expeditiously as possible upon execution of this Agreement. Seller shall use commercially reasonable efforts to provide to Purchaser at Closing with a commercially reasonable estoppel from Acree representing that Seller is not in breach of the lease.

*Execution contained on next page

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the dates set forth beside their names, to provide an Effective Date hereof as set forth in Section 2 of this Agreement.

PURCHASER:

The College of Arts and Preparatory Academy,
an Ohio limited liability company

By: *Paula Lasley*
Paula Lasley
Its: *Superintendent*
Date: *January 25*, 2010

SELLER:

Hamilton/70 Corporate Square, LLC
a Michigan limited liability company,

By: _____
Name: David B. Friedman
Its: Manager
Date: _____, 2010

EXHIBIT "A"
LEGAL DESCRIPTION

Situated in the state of Ohio, County of Franklin, City of Columbus, Section 21, Township 12 north, Range 21 west, Refugee Lands, being 4.403 acres out of that 6.094 acre tract of land as described in a deed to Lionmark Development Partners, of record in official records volume 7793, page 120 (all references herein being to records located in the recorder's office, Franklin County, Ohio), said 4.403 acres being more particularly described as follows:

Beginning at the intersection of the westerly right-of-way line of Cloverleaf Street East (80 feet in width) as shown and delineated upon the plat dedication of Cloverleaf Street East, of record in plat book 41, page 112, and the northerly right-of-way line of the Penn Central Railroad;

Thence north 89°43'46" west, along the northerly line of said railroad, along the southerly line of said 6.094 acre tract, a distance of 750.98 feet to a point;

Thence north 0°21'46" west, along the westerly line of said 6.094 acre tract, a distance of 87.42 feet to a point on a curve in the southerly right-of-way line of Hilton Corporate Drive, as dedicated by ordinance no. 318-74 as Truro Station Road, at the northwesterly corner of said 6.094 acre tract;

Thence along said southerly right-of-way line, with the arc of curve to the left, having a radius of 340.00 feet, a central angle of 5°54'52", the chord of which bears north 53°13'40" east, a chord distance of 35.08 feet;

Thence north 50°16'14" east, continuing along said southerly right-of-way line, a distance of 410.82 feet to a point;

Thence through said 6.094 acre tract the following four (4) courses:

1. South 39°43'46" east, a distance of 73.43 feet to a point;
2. With the arc of a curve to the right, having a radius of 44.00 feet, a central angle of 40°00'00", the chord of which bears south 19°43'46" east, a chord distance of 30.10 feet to the point of tangency;
3. Thence south 0°16'14" west, a distance of 19.84 feet to a point;
4. Thence south 89°43'46" east, a distance of 348.74 feet to a point in the easterly line of said 6.094 acre tract, in the westerly right-of-way line of Cloverleaf Street East;

Thence south 0°22'16" east, along said westerly right-of-way line and along the easterly line of said 6.094 acre tract, a distance of 268.25 feet to the place of beginning and containing 4.403 acres of land.

Bearings herein are based on those of the aforementioned deed, of record in official records volume 7793, page 120.

Nicola, Gudbranson & Cooper, LLC

ATTORNEYS AT LAW

ROBERT N. GUDBRANSON
RICHARD A. COOPER
JOHN D. SAYRE
TIMOTHY D. CARNAHAN
MATTHEW T. FITZSIMMONS
L. JAMES JULIANO, JR.
JAMES H. GROVE
RICHARD G. WITKOWSKI
JAMES R. CHRISZT
ARTHUR L. CLEMENTS, III
MICHAEL E. CICERO
BRUCE L. WATERHOUSE, JR.
MICHAEL J. BERTSCH
R. CHRISTOPHER YINGLING
NICHOLAS J. DERTOUZOS
BRENDA L. WOLFF
BECKY M. SCHEIMAN
BENJAMIN J. COOPER
KATHLEEN E. GEE
AMY BERMAN HAMILTON

OF COUNSEL
VINCENT A. FEUDO
ANTHONY R. TROIA

K. V. NICOLA
(1906-1994)

Landmark Office Towers
Republic Building, Suite 1400
25 West Prospect Avenue
Cleveland, OH 44115
Phone: 216-621-7227
Fax: 216-621-3999
www.nicola.com

March 17, 2015

Anthony Gatto
Arts & College Preparatory Academy
4401 Hilton Corporate Drive
Columbus OH 43232

Re: Self-Help New Markets XII, LLC

Dear Mr. Gatto:

In connection with the loan refinancing, I received the records listed below. I have enclosed a copy of the same for your records. Please file these with the other refinancing documents.

Fidelity National Title Insurance Company Loan Policy;
Mortgage; and
UCC Financing Statement.

Very truly yours,



Becky M. Scheiman

BMS/mlt

Enclosures

00617709v1

Practical legal solutions for over 80 years

SELF HELP

CREATING AND PROTECTING
OWNERSHIP AND
ECONOMIC OPPORTUNITY

October 17, 2014

William Klatt
The Arts & College Preparatory Academy
4401 Hilton Corporate Drive
Columbus, OH 43232

RE: Loan (the "Loan") from Self-Help Ventures Fund or its affiliate ("Self-Help") to The Arts & College Preparatory Academy ("Borrower")

Dear Mr. Klatt:

Self-Help is pleased to offer a loan commitment to Borrower as set forth below (the "Commitment"). This Commitment describes generally the structure, terms and conditions of the Loan, but is not a definitive statement of all terms. Any term not covered by this Commitment or referred to only generally herein shall be subject to the mutual agreement of the parties.

Self-Help does not discriminate in its employment or activities, and we actively partner with others to end discrimination, on the basis of race, color, class, age, religion, disability that can be accommodated, nationality, family status or sexual orientation.

I. THE LOAN

LOAN AMOUNT	Up to \$1,785,000.00.
PURPOSE	To provide financing related to building renovations and refinance of existing debt.
INTEREST RATE	Seven-year fixed rate equal to the greater of (a) the Seven-year USD Swap Rate as of two business days prior to the date of closing the Loan (the "Closing Date") plus 1.85% and (b) 4.00%. For indicative purposes only, such rate on the date of this letter would be 4.0%. Interest shall be calculated based on a 360-day year.

Self-Help loan commitment dated October 17, 2014

TERM; AMORTIZATION	7-year term with a 25- year amortization.
ORIGINATION FEE	0.9% of the Loan amount, or \$16,065, minus the commitment fee.
PAYMENTS	Monthly payments by automatic debit of Borrower's bank account.
PREPAYMENTS	Borrower may not prepay the Loan, in whole or in part, at any time during the term.
COLLATERAL	First lien(s) in favor of Self-Help, subject to no encumbrances not approved by Self-Help, on the following: <ol style="list-style-type: none">1) The land and all improvements located at 4401 Hilton Corporate Drive, Columbus, OH 43232 (the "Premises");2) All personal property of Borrower; and3) the Reserve Account.
USE OF PROCEEDS	Reimbursement of hard and soft costs of construction already paid directly by Borrower, provided that Borrower will not be reimbursed for \$117,000 of such costs, which amount represents Borrower's required equity contribution; Refinance of existing loan; Closing and related costs.
CLOSING DATE	Closing shall occur on or before November 14, 2014.
COMMITMENT FEE	\$8032.50.
COMMITMENT TERM	This Commitment will expire on October 28, 2014.

II. CLOSING CONDITIONS

The closing and disbursement of the Loan shall be subject to the satisfaction (or written waiver by Self-Help) of the following conditions and delivery of the following items in form and substance satisfactory to Self-Help in its sole discretion:

- | | |
|-----------------------------------|--|
| CONSTRUCTION-
RELATED RECEIPTS | <ol style="list-style-type: none">1) INTENTIONALLY DELETED2) Copies of all receipts for hard and soft costs to be reimbursed with loan proceeds as well as all associated lien waivers and all approvals necessary for occupancy of the building |
|-----------------------------------|--|

DOCUMENTATION	Execution and delivery of definitive documentation for the Loan, including all such instruments and agreements as Self-Help may determine are necessary.
REAL ESTATE-RELATED DELIVERABLES	<p>To be provided by accredited professionals acceptable to Self-Help and performed in accordance with applicable laws, Self-Help policies and prevailing market standards:</p> <ol style="list-style-type: none">1) Appraisal, giving a value of at least \$2,770,000.2) Survey of the Premises and any other real estate collateral.3) Title insurance in the full Loan amount.4) Hazard and commercial liability insurance.5) Phase I Environmental Site Assessment and such follow-up reviews and actions as are requested by Self-Help.6) Flood certification and flood insurance, if applicable.7) Pest report.8) Property condition assessment.9) Zoning verification, showing that Borrower's use of the Premises complies fully with all applicable laws and regulations.
CLOSING ATTORNEY AND OPINION OF COUNSEL	Self-Help shall have the right to approve Borrower's closing attorney. Such attorney shall deliver an opinion letter covering matters of enforceability, corporate authority, compliance with laws and such other matters and opinions as requested. Within 7 days of signing this Commitment, Borrower shall provide a written estimate of the fees to be charged by Borrower's attorney for this transaction.
CORPORATE DOCUMENTS	Certified copies of the organizational and governing documents for Borrower and Guarantor(s), as applicable, including resolutions authorizing the Loan.
PERMITS AND LICENSES	For operation of Borrower's business.
SUBORDINATIONS	From any other lender, landlord, mortgagee, or tenant, as

requested by Self-Help.

**PUBLIC IMPACT
REVIEW**

An independent review engaged by Self-Help of Borrower's performance as a charter school.

III. MISCELLANEOUS

In addition, the Loan terms will include the following:

**RESERVE
ACCOUNT(S)**

On the Closing Date, Borrower will establish an interest-bearing reserve account to be held at SHCU and assigned to Self-Help as additional collateral for the Loan, and known as the Capital Asset Reserve Account. Throughout the term of the Loan, Borrower shall fund the Capital Asset Reserve Account with monthly deposits in an amount to be determined in Self-Help's reasonable discretion based upon the Property Condition Assessment, but not less than \$700 per month. Funds in the Capital Asset Reserve Account will be used to reimburse Borrower for costs and expenses related to durable asset replacement, but not routine maintenance, of the Premises as approved in advance by Self-Help.

**NEW MARKETS
TAX CREDIT**

Borrower must be a "qualified active low-income community business" as defined in Internal Revenue Code chapter 45D and all applicable laws, rules and regulations promulgated or issued thereunder (the "NMTC Program"). Prior to the Closing Date and throughout the term of the Loan, Borrower shall provide Self-Help all certifications, documents and other materials requested by Self-Help in connection with the NMTC Program.

**CHARTER
SCHOOL
REPORTING**

During the term of the Loan, Borrower shall provide Self-Help:

- (a) Copies of all reports, notices, evaluations and statements submitted by Borrower to, or received by Borrower from, its authorizer(s), within 5 business days of submission, including an operating budget, which must be submitted no later than thirty days prior to the start of each fiscal year of Borrower;
- (b) Copies of all actions taken by its authorizers, or notices thereof, in regards to Borrower that will or may have a material adverse change in Borrower's operations or financial conditions, within 5 business days of receipt by Borrower;
- (c) Copies of the enrollment count as of the date each year established by the authorizers for official enrollment counts, as submitted by Borrower;
- (d) In the event that per-pupil funding provided by the

Borrower's funding agency to charter schools in general, or Borrower in particular, is reduced from the amount of such funds Borrower currently expects to receive, Borrower shall present a revised budget that must be acceptable to Self-Help.

CREDIT
ENHANCEMENT
GRANT

The Center for Community Self-Help, an affiliate of Self-Help, was awarded a grant from the United States Department of Education to provide credit enhancement for charter school facilities loans (the "Grant"). Neither the full faith and credit, nor any implied guarantee of the United States, will apply to the Loan or any of the Loan Documents as a result of the Grant. Throughout the term of the Loan, Borrower shall meet the definition of a "charter school" as defined in the No Child Left Behind Act of 2001.

STANDARD
TERMS

Standard events of default, covenants, representations and warranties.

Once this Commitment is accepted, Self-Help's closing team will contact the Borrower with specific requirements for each of the above items.

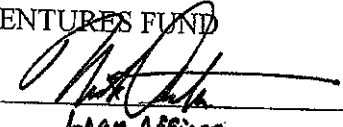
Prior to the Closing Date and each disbursement of the Loan, no material adverse change in Borrower's condition (financial or otherwise), performance, prospects, or management capacity nor any material litigation, action, suit or investigation against Borrower, shall have occurred. Self-Help will make the sole determination as to the existence and materiality of any such adverse change. Other than as required by the location of the Collateral, this Commitment and the Loan documents will be governed by the laws of the state of North Carolina, without giving effect to its principles of conflicts of laws. This letter contains the entire agreement of Borrower and Self-Help with respect to the Commitment, which is not assignable by Borrower and which may not be modified except by written agreement signed by both parties.

Borrower will pay all fees, costs and expenses, including reasonable attorney's fees, incurred by Self-Help in connection with the Loan, whether or not the Loan closes. To acknowledge your acceptance, please return prior to the Commitment Term expiration date a signed copy of this letter along with a check made payable to Self-Help Ventures Fund for the entire amount of the commitment fee.

Very truly yours,

SELF-HELP VENTURES FUND

BY:
TITLE:



Loan Officer

Self-Help loan commitment dated October 17, 2014

Borrower agrees and consents to all terms and conditions herein:

The Arts & College Preparatory Academy

BY:

William A. Klatt

TITLE:

BOARD PRESIDENT

DATE:

Oct. 22, 2014



TO: Debra Eidson, Esq.

FROM: Susan Regis Gibson, Paralegal

DATE: February 25, 2015

RE: COL-14-50300

SITE: 4401 and 4501 Hilton Corporate Drive, Columbus, OH

TRANSACTION: The Arts and College Preparatory College / Self-Help New Markets XII, LLC

In connection with the above-captioned matter, enclosed please find the following documents (originals or copies thereof) for your further handling:

- Fidelity National Title Insurance Company loan policy 19830755-L
- Original recorded Mortgage (Instrument Number 201412230170188)
- Copy of UCC Financing Statement – Ohio Secretary of State (OH00181946870)

It was my sincere pleasure to work with you on this transaction. I trust that our efforts met with your approval. We are a National Business Unit (“NBU”) office and we are able to serve as your real estate transaction manager for projects throughout the United States. We would very much like to provide this service and our title insurance products for you on future transactions as your title needs arise.

Should you have any questions, please do not hesitate to contact me via telephone at (800) 626-9881 or via email at susan.gibson@fnf.com. Thanks!

/srg
Encls.

cc: Becky Scheiman, Esq.

LOAN POLICY OF TITLE INSURANCE

Issued by Fidelity National Title Insurance Company



Fidelity National Title
Insurance Company

POLICY NUMBER

19830755-L

Any notice of claim and any other notice or statement in writing required to be given to the Company under this Policy must be given to the Company at the address shown in Section 17 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B, AND THE CONDITIONS, Fidelity National Title Insurance Company, a California corporation (the "Company") insures as of Date of Policy and, to the extent stated in Covered Risks 11, 13, and 14, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from
 - (a) A defect in the Title caused by
 - (i) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
 - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
 - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
 - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
 - (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
 - (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
 - (vii) a defective judicial or administrative proceeding.
 - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
 - (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (a) the occupancy, use, or enjoyment of the Land;
 - (b) the character, dimensions, or location of any improvement erected on the Land;
 - (c) the subdivision of land; or
 - (d) environmental protectionif a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.
6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.
7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.
9. The invalidity or unenforceability of the lien of the Insured Mortgage upon the Title. This Covered Risk includes but is not limited to insurance against loss from any of the following impairing the lien of the Insured Mortgage
 - (a) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
 - (b) failure of any person or Entity to have authorized a transfer or conveyance;
 - (c) the Insured Mortgage not being properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
 - (d) failure to perform those acts necessary to create a document by electronic means authorized by law;
 - (e) a document executed under a falsified, expired, or otherwise invalid power of attorney;
 - (f) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
 - (g) a defective judicial or administrative proceeding.
10. The lack of priority of the lien of the Insured Mortgage upon the Title over any other lien or encumbrance.
11. The lack of priority of the lien of the Insured Mortgage upon the Title
 - (a) as security for each and every advance of proceeds of the loan secured by the Insured Mortgage over any statutory lien for services, labor, or material arising from construction of an improvement or work related to the Land when the improvement or work is either
 - (i) contracted for or commenced on or before Date of Policy; or
 - (ii) contracted for, commenced, or continued after Date of Policy if the construction is financed, in whole or in part, by proceeds of the loan secured by the Insured Mortgage that the Insured has advanced or is obligated on Date of Policy to advance; and
 - (b) over the lien of any assessments for street improvements under construction or completed at Date of Policy.
12. The invalidity or unenforceability of any assignment of the Insured Mortgage, provided the assignment is shown in Schedule A, or the failure of the assignment shown in Schedule A to vest title to the Insured Mortgage in the named Insured assignee free and clear of all liens.
13. The invalidity, unenforceability, lack of priority, or avoidance of the lien of the Insured Mortgage upon the Title
 - (a) resulting from the avoidance in whole or in part, or from a court order providing an alternative remedy, of any transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction creating the lien of the Insured Mortgage because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or



COVERED RISKS CONTINUED

- (b) because the Insured Mortgage constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
 - (i) to be timely, or
 - (ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
- 14 Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 13 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the Insured Mortgage in the Public Records..

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

IN WITNESS WHEREOF, the Company has caused this Policy to be signed with the facsimile signatures of its President and Secretary and sealed as required by its By-Laws.

Countersigned and Validated:

Henry L. Moore
Authorized Signature



By: FIDELITY NATIONAL TITLE INSURANCE COMPANY

[Signature]

Attest:

[Signature]

Secretary

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).





**Fidelity National Title Insurance Company
LOAN POLICY OF TITLE INSURANCE
SCHEDULE A**

Amount of Insurance: \$1,785,000.00

Policy Number: 19830755-L

Date of Policy: December 23, 2014 at 1:21 P.M.

- 1. Name of Insured:**
Self-Help New Markets XII, LLC, a North Carolina limited liability company
- 2. The estate or interest in the land which is encumbered by the insured mortgage is:**
Fee Simple
- 3. Title to the estate or interest in the land is vested in:**
The Arts and College Preparatory Academy, an Ohio non-profit corporation, who acquired said interest in Instrument No. 201004190046760, Franklin County Records
- 4. The insured mortgage and assignments thereof, if any, are described as follows:**
Mortgage, Security Agreement, Assignment of Rents and Leases and Fixture Filing from The Arts and College Preparatory Academy, an Ohio nonprofit corporation, to Self-Help New Markets XII, LLC, a North Carolina limited liability company, recorded on December 23, 2014, in Instrument No. 201412230170188 of the Franklin County Records, securing the original principal amount of \$1,785,000
- 5. The land referred to in this Policy is situate in the County of Franklin, State of Ohio, and is described as follows:**
See Exhibit "A" attached hereto.

Countersigned:

By: *Harvey L. Moore*

Authorized Officer or Agent

Fidelity National Title Insurance Company

4111 Executive Pkwy. Ste 304

Westerville, Ohio 43081

Phone: 614-890-7004

Fax: 614-890-6969





**SCHEDULE B
EXCEPTIONS FROM COVERAGE
PART I**

Policy Number: 19830755-L

This Policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes for the year 2014, a lien, undetermined and not yet due and payable, and subsequent years.

The County Treasurer's General Tax records for the year 2013 are as follows:

PIN: 010-217421-80

VALUATIONS: Building Only \$98,070

Taxes for the year 2013 are \$7,848.76 (\$3,924.38 per half).

Taxes for the year 2013 are paid.

PIN: 010-217421-90

VALUATIONS: Land \$161,700 Building \$156,730 Total \$318,430

Taxes for the year 2013 are \$0.

2. Easements as shown of record in Plat Book 41 Page 112, Franklin County records.
3. Easement for right of way purposes granted to the City of Columbus, recorded in Deed Book 2092 Page 590, Franklin County records.
4. Easement for right of way purposes granted to the City of Columbus, recorded in Deed Book 3401 Page 842, Franklin County records.
5. Easement for right of way purposes granted to the City of Columbus, recorded in Deed Book 3401 Page 843, Franklin County records.
6. Easement granted to Columbus Southern Power Company, recorded in Deed Book 3408 Page 552, Franklin County records.
7. Easement for right of way purposes granted to the City of Columbus, recorded in Deed Book 3473 Page 678, Franklin County records.
8. Easement to the Ohio Bell Telephone Company, recorded in Official Record 09650I07, Franklin County records.
9. Easement to the Ohio Bell Telephone Company, recorded in Official Record 14856I16, Franklin County records.
10. Cross-Easement Agreement by and between Lionmark Development Partners, an Ohio general partnership, and King Holding Corporation, an Ohio corporation, recorded in Official Record 15246A16, Franklin County records.

Said Agreement includes, but is not limited to, the following:





**SCHEDULE B
EXCEPTIONS FROM COVERAGE
PART I (Continued)**

Policy Number: 19830755-L

- a) Obligations for maintenance, repair and replacement of access area, storm sewer lines within easement area;
 - b) Shared costs for maintenance, repair and replacement.
11. Right of Way and Easement granted to Columbus Southern Power Company, recorded in Official Record 15371J01, Franklin County records.
 12. Right of Way and Easement granted to Columbus Southern Power Company, recorded in Official Record 18018D02, Franklin County records.
 13. Any covenants, condition or restriction referred to herein indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin is omitted as provided in 42 U.S.C. Section 3604, unless and only to the extent that the restriction (a) is not in violation of state or federal law, (b) is exempt under 42 U.S.C. Section 3607, or (c) is related to a handicap, but does not discriminate against handicapped people.
 14. Any inaccuracy in the specific quantity of acreage contained on the survey, if any, or contained within the legal description of premises insured herein.
 15. Oil and gas leases, pipeline agreements or any other instruments related to the production or sale of oil and gas which may arise subsequent to the date of the Policy.
 16. Survey by CW Design Group, Registered Surveyor No. 8091, designated Project No. 070022, dated April 6, 2010, discloses the following:
 - a) Subject's improvement encroaches over existing 10" Storm Sewer Line.

END OF SCHEDULE B - PART I





**SCHEDULE B
EXCEPTIONS FROM COVERAGE
PART II**

Policy Number: 19830755-L

In addition to the matters set forth in Part I of this Schedule, the title to the estate or interest in the land described or referred to in Schedule A is subject to the following matters, if any be shown, but the Company insures that these matters are subordinate to the lien or charges of the insured mortgage upon the estate or interest:

None.

END OF SCHEDULE B - PART II





EXHIBIT A

Policy Number: 19830755-L

Land situated in the City of Columbus, in the County of Franklin, State of Ohio is described as follows:

And known as being in Section 21, Township 12 North, Range 21 West, Refugee Lands, being 4.403 acres out of that 6.094 acre tract of land as described in a deed to Lionmark Development Partners, of record in Official Records Volume 7793, Page 120 (all references herein being to records located in the recorder's office, Franklin County, Ohio), said 4.403 acres being more particularly described as follows:

Beginning at the intersection of the Westerly right-of-way line of Cloverleaf Street East (80 feet in width) as shown and delineated upon the Plat dedication of Cloverleaf Street East, of record in Plat Book 41, Page 112, and the Northerly right-of-way line of the Penn Central Railroad;

Thence North 89 deg. 43' 46" West, along the Northerly line of said railroad, along the Southerly line of said 6.094 acre tract, a distance of 750.98 feet to a point; Thence North 0 deg. 21' 46" West, along the Westerly line of said 6.094 acre tract, a distance of 87.42 feet to a point on a curve in the Southerly right-of-way line of Hilton Corporate Drive, as dedicated by Ordinance No. 318-74 as Truro Station Road, at the Northwesterly corner of said 6.094 acre tract;

Thence along said Southerly right-of-way line, with the arc of curve to the left, having a radius of 340.00 feet, a central angle of 5 deg. 54' 52", the chord of which bears North 53 deg. 13' 40" East, a chord distance of 35.08 feet;

Thence North 50 deg. 16' 14" East, continuing along said Southerly right-of-way line, a distance of 410.82 feet to a point;

Thence through said 6.094 acre tract the following Four (4) courses:

1. South 39 deg. 43' 46" East, a distance of 73.43 feet to a point;
2. With the arc of a curve to the right, having a radius of 44.00 feet, a central angle of 40 deg. 00' 00", the chord of which bears South 19 deg. 43' 46" East, a chord distance of 30.10 feet to the point of tangency;
3. Thence South 0 deg. 16' 14" West, a distance of 19.84 feet to a point;
4. Thence South 89 deg. 43' 46" East, a distance of 348.74 feet to a point in the Easterly line of said 6.094 acre tract, in the Westerly right-of-way line of Cloverleaf Street East;

Thence South 0 deg. 22' 16" East, along said Westerly right-of-way line and along the Easterly line of said 6.094 acre tract, a distance of 268.25 feet to the place of beginning and containing 4.403 acres of land.

Bearings herein are based on those of the aforementioned Deed, of record in Official Records Volume 7793, Page 120.





EXHIBIT A (Continued)

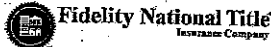
TOGETHER WITH the rights, easements and interests described as being created for the benefit of the said 4.403 acre tract in that certain Cross-Easement Agreement (Phase III) of record in Official Records Volume 15246, Page A16, Recorder's Office, Franklin County, Ohio.

Commonly known as: 4401 -4501 Hilton Corporate Drive, Columbus, OH 43232
Tax ID Number: 010-217421-00



ALTA ENDORSEMENT - FORM 9-06 - RESTRICTIONS, ENCROACHMENTS, MINERALS - LOAN

Issued by **Fidelity National Title Insurance Company**



File No.: 14-50300

Attached to and made a part of Policy No.: 19830755-L

1. The insurance provided by this endorsement is subject to the exclusions in Section 5 of this endorsement; and the Exclusions from Coverage, the Exceptions from Coverage contained in Schedule B, and the Conditions in the policy.
2. For the purposes of this endorsement only:
 - a. "Covenant" means a covenant, condition, limitation or restriction in a document or instrument in effect at Date of Policy.
 - b. "Improvement" means an improvement, including any lawn, shrubbery, or trees, affixed to either the Land or adjoining land at Date of Policy that by law constitutes real property.
3. The Company insures against loss or damage sustained by the Insured by reason of:
 - a. A violation of a Covenant that:
 - i. divests, subordinates, or extinguishes the lien of the Insured Mortgage,
 - ii. results in the invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage, or
 - iii. causes a loss of the Insured's Title acquired in satisfaction or partial satisfaction of the Indebtedness;
 - b. A violation on the Land at Date of Policy of an enforceable Covenant, unless an exception in Schedule B of the policy identifies the violation;
 - c. Enforced removal of an Improvement located on the Land as a result of a violation, at Date of Policy, of a building setback line shown on a plat of subdivision recorded or filed in the Public Records, unless an exception in Schedule B of the policy identifies the violation; or
 - d. A notice of a violation, recorded in the Public Records at Date of Policy, of an enforceable Covenant relating to environmental protection describing any part of the Land and referring to that Covenant, but only to the extent of the violation of the Covenant referred to in that notice, unless an exception in Schedule B of the policy identifies the notice of the violation.
4. The Company insures against loss or damage sustained by reason of:
 - a. An encroachment of:
 - i. an Improvement located on the Land, at Date of Policy, onto adjoining land or onto that portion of the Land subject to an easement; or
 - ii. an Improvement located on adjoining land onto the Land at Date of Policy
unless an exception in Schedule B of the policy identifies the encroachment otherwise insured against in Sections 4.a.i. or 4.a.ii.;
 - b. A final court order or judgment requiring the removal from any land adjoining the Land of an encroachment identified in Schedule B; or

End. - ALTA 9-06 Restrictions, Encroachments, Minerals
(Revised 4-2-12)

OH-03000.450429-RAM-27999-1-14-19830755-L

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ALTA ENDORSEMENT - FORM 9-06 - RESTRICTIONS, ENCROACHMENTS, MINERALS - LOAN

File No.: 14-50300

- c. Damage to an Improvement located on the Land, at Date of Policy:
- i. that is located on or encroaches onto that portion of the Land subject to an easement excepted in Schedule B, which damage results from the exercise of the right to maintain the easement for the purpose for which it was granted or reserved; or
 - ii. resulting from the future exercise of a right to use the surface of the Land for the extraction or development of minerals or any other subsurface substances excepted from the description of the Land or excepted in Schedule B.

NOTE: This endorsement does not insure against loss or damage (and the Company will not pay costs, attorneys' fees, or expenses) resulting from the encroachment listed as Exception 16 of Schedule B - Part I of this Policy.

5. This endorsement does not insure against loss or damage (and the Company will not pay costs, attorneys' fees, or expenses) resulting from:
- a. any Covenant contained in an instrument creating a lease;
 - b. any Covenant relating to obligations of any type to perform maintenance, repair, or remediation on the Land;
 - c. except as provided in Section 3.d, any Covenant relating to environmental protection of any kind or nature, including hazardous or toxic matters, conditions, or substances;
 - d. contamination, explosion, fire, fracturing, vibration, earthquake or subsidence; or
 - e. negligence by a person or an Entity exercising a right to extract or develop minerals or other subsurface substances.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Dated: December 23, 2014

Countersigned: Westerville, Ohio

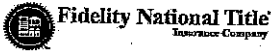
By: 

Authorized Officer or Agent



ALTA ENDORSEMENT – FORM 25-06 - SAME AS SURVEY

Issued by **Fidelity National Title Insurance Company**



File No. 14-50300

Attached to and made a part of Policy No.: 19830755-L

The Company insures against loss or damage sustained by the Insured by reason of the failure of the Land as described in Schedule A to be the same as that identified on the survey made by Survey by CW Design Group, Registered Surveyor No. 8091, designated Project No. 070022, dated April 6, 2010.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Dated: December 23, 2014

Countersigned: Westerville, Ohio

By: *Nancy L. Moore*
Authorized Officer or Agent

End. – ALTA Form 25-06 – Same as Survey (10/16/08)

OH-03000.450429-RAM-27999-1-14-19830755-L

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ALTA ENDORSEMENT - FORM 28.1-06 - Encroachments - Boundaries and Easements

Issued by **Fidelity National Title Insurance Company**



File No.: 14-50300

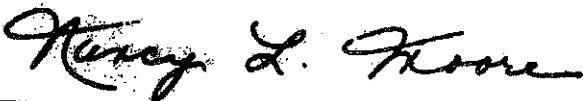
Attached to and made a part of Policy No.: 19830755-L

1. The insurance provided by this endorsement is subject to the exclusions in Section 4 of this endorsement; and the Exclusions from Coverage, the Exceptions from Coverage contained in Schedule B, and the Conditions in the policy.
2. For purposes of this endorsement only, "Improvement" means an existing building, located on either the Land or adjoining land at Date of Policy and that by law constitutes real property.
3. The Company insures against loss or damage sustained by the Insured by reason of:
 - a. An encroachment of any Improvement located on the Land onto adjoining land or onto that portion of the Land subject to an easement, unless an exception in Schedule B of the policy identifies the encroachment;
 - b. An encroachment of any Improvement located on adjoining land onto the Land at Date of Policy, unless an exception in Schedule B of the policy identifies the encroachment;
 - c. Enforced removal of any Improvement located on the Land as a result of an encroachment by the Improvement onto any portion of the Land subject to any easement, in the event that the owners of the easement shall, for the purpose of exercising the right of use or maintenance of the easement, compel removal or relocation of the encroaching Improvement; or
 - d. Enforced removal of any Improvement located on the Land that encroaches onto adjoining land.
4. This endorsement does not insure against loss or damage (and the Company will not pay costs, attorneys' fees, or expenses) resulting from the encroachment listed as Exception 16 of Schedule B – Part I.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Dated: December 23, 2014

Countersigned: Westerville, Ohio

By: 
Authorized Officer or Agent

End. - ALTA 28.1-06 Encroachments - Boundaries and Easements
(Revised 4-2-12)

OH-03000.450429-RAM-27999-1-14-19830755-L

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CONDITIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

- (a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b) or decreased by Section 10 of these Conditions.
- (b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.
- (c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.
- (d) "Indebtedness": The obligation secured by the Insured Mortgage including one evidenced by electronic means authorized by law, and if that obligation is the payment of a debt, the Indebtedness is the sum of
 - (i) the amount of the principal disbursed as of Date of Policy;
 - (ii) the amount of the principal disbursed subsequent to Date of Policy;
 - (iii) the construction loan advances made subsequent to Date of Policy for the purpose of financing in whole or in part the construction of an improvement to the Land or related to the Land that the Insured was and continued to be obligated to advance at Date of Policy and at the date of the advance;
 - (iv) interest on the loan;
 - (v) the prepayment premiums, exit fees, and other similar fees or penalties allowed by law;
 - (vi) the expenses of foreclosure and any other costs of enforcement;
 - (vii) the amounts advanced to assure compliance with laws or to protect the lien or the priority of the lien of the Insured Mortgage before the acquisition of the estate or interest in the Title;
 - (viii) the amounts to pay taxes and insurance; and
 - (ix) the reasonable amounts expended to prevent deterioration of improvements;but the Indebtedness is reduced by the total of all payments and by any amount forgiven by an Insured.
- (e) "Insured": The Insured named in Schedule A.
 - (i) The term "Insured" also includes
 - (A) the owner of the indebtedness and each successor in ownership of the Indebtedness, whether the owner or successor owns the Indebtedness for its own account or as a trustee or other fiduciary, except a successor who is an obligor under the provisions of Section 12(c) of these Conditions;
 - (B) the person or Entity who has "control" of the "transferable record," if the Indebtedness is evidenced by a "transferable record," as these terms are defined by applicable electronic transactions law;
 - (C) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;
 - (D) successors to an Insured by its conversion to another kind of Entity;
 - (E) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title
 - (1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,
 - (2) if the grantee wholly owns the named Insured, or
 - (3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity;
 - (F) any government agency or instrumentality that is an insurer or guarantor under an insurance contract or guaranty insuring or guaranteeing the Indebtedness secured by the Insured Mortgage, or any part of it, whether named as an Insured or not;
 - (ii) With regard to (A), (B), (C), (D), and (E) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured, unless the successor acquired the Indebtedness as a purchaser for value without Knowledge of the asserted defect, lien, encumbrance, or other matter insured against by this policy.
- (f) "Insured Claimant": An Insured claiming loss or damage.
- (g) "Insured Mortgage": The Mortgage described in paragraph 4 of Schedule A.
- (h) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.
- (i) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.
- (j) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.
- (k) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.
- (l) "Title": The estate or interest described in Schedule A.
- (m) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title or a prospective purchaser of the Insured Mortgage to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured after acquisition of the Title by an Insured or after conveyance by an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.



CONDITIONS CONTINUED

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions, (ii) in case Knowledge shall come to an Insured of any claim of title or interest that is adverse to the Title or the lien of the Insured Mortgage, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title or the lien of the Insured Mortgage, as insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

4. PROOF OF LOSS

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

5. DEFENSE AND PROSECUTION OF ACTIONS

(a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.

(b) The Company shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title or the lien of the Insured Mortgage, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.

(c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal any adverse judgment or order.

6. DUTY OF INSURED CLAIMANT TO COOPERATE

(a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title, the lien of the Insured Mortgage, or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

(b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance or to Purchase the Indebtedness.

(i) To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay; or

(ii) To purchase the Indebtedness for the amount of the Indebtedness on the date of purchase, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of purchase and that the Company is obligated to pay.

When the Company purchases the Indebtedness, the Insured shall transfer, assign, and convey to the Company the Indebtedness and the Insured Mortgage, together with any collateral security.

Upon the exercise by the Company of either of the options provided for in subsections (a)(i) or (ii), all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in those subsections, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

(b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or



CONDITIONS CONTINUED

(ii) to pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay. Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

8. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

- (a) The extent of liability of the Company for loss or damage under this policy shall not exceed the least of
- (i) the Amount of Insurance,
 - (ii) the Indebtedness,
 - (iii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy, or
 - (iv) if a government agency or instrumentality is the Insured Claimant, the amount it paid in the acquisition of the Title or the Insured Mortgage in satisfaction of its insurance contract or guaranty.
- (b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title or the lien of the Insured Mortgage, as insured,
- (i) the Amount of Insurance shall be increased by 10%, and
 - (ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.
- (c) In the event the Insured has acquired the Title in the manner described in Section 2 of these Conditions or has conveyed the Title, then the extent of liability of the Company shall continue as set forth in Section 8(a) of these Conditions.
- (d) In addition to the extent of liability under (a), (b), and (c), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

9. LIMITATION OF LIABILITY

- (a) If the Company establishes the Title, or removes the alleged defect, lien, or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, or establishes the lien of the Insured Mortgage, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.
- (b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title or to the lien of the Insured Mortgage, as insured.
- (c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OF TERMINATION OF LIABILITY

- (a) All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment. However, any payments made prior to the acquisition of Title as provided in Section 2 of these Conditions shall not reduce the Amount of Insurance afforded under this policy except to the extent that the payments reduce the Indebtedness.
- (b) The voluntary satisfaction or release of the Insured Mortgage shall terminate all liability of the Company except as provided in Section 2 of these Conditions.

11. PAYMENT OF LOSS

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

12. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

(a) The Company's Right to Recover
Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title or Insured Mortgage and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

- (b) The Insured's Rights and Limitations
- (i) The owner of the Indebtedness may release or substitute the personal liability of any debtor or guarantor, extend or otherwise modify the terms of payment, release a portion of the Title from the lien of the Insured Mortgage, or release any collateral security for the Indebtedness, if it does not affect the enforceability or priority of the lien of the Insured Mortgage.
 - (ii) If the Insured exercises a right provided in (b)(i), but has Knowledge of any claim adverse to the Title or the lien of the Insured Mortgage insured against by this policy, the Company shall be required to pay only that part of any losses insured against by this policy that shall exceed the amount, if any, lost to the Company by reason of the impairment by the Insured Claimant of the Company's right of subrogation.



CONDITIONS CONTINUED

(c) The Company's Rights Against Noninsured Obligors

The Company's right of subrogation includes the Insured's rights against non-insured obligors including the rights of the Insured to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

The Company's right of subrogation shall not be avoided by acquisition of the Insured Mortgage by an obligor (except an obligor described in Section 1(e)(i)(F) of these Conditions) who acquires the Insured Mortgage as a result of an indemnity, guarantee, other policy of insurance, or bond, and the obligor will not be an Insured under this policy.

13. ARBITRATION

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured. All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

14. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

(a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or lien of the Insured Mortgage or by any action asserting such claim shall be restricted to this policy.

(c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

(d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

15. SEVERABILITY

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

16. CHOICE OF LAW; FORUM

(a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title or the lien of the Insured Mortgage that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

17. NOTICES, WHERE SENT

Any notice of claim and any other notice or statement in writing required to be given the Company under this Policy must be given to the Company at: Claims Department, P.O. Box 45023, Jacksonville, Florida 32232-5023.





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Terry J. Brown
Franklin County Recorder

**MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND LEASES AND
FIXTURE FILING**

**THIS MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND
LEASES AND FIXTURE FILING** (the "Mortgage") made as of the [DATE], by **THE ARTS AND
COLLEGE PREPARATORY ACADEMY**, an Ohio nonprofit corporation having its principal office
and place of business located at 4401 Hilton Corporate Drive, Columbus, OH 43232 ("Mortgagor"), for
the benefit of **SELF-HELP NEW MARKETS XII, LLC**, a North Carolina limited liability company
having an address at 301 W. Main Street, Durham, NC 27701 (together with its successors and assigns,
the "Mortgagee").

Mortgagor is the owner of the real property described in Exhibit A attached hereto. Mortgagor
intends to use such real property and the improvements thereon as a public charter school (such real
property and all buildings, gymnasiums and related grounds and facilities are collectively referred to
herein as the "Project"). Mortgagor has applied to Mortgagee for a loan in the aggregate principal amount
of \$1,785,000 (the "Loan"). Mortgagor's indebtedness, liabilities and obligations under the Loan are
evidenced by the Note (hereinafter defined) in the aggregate original principal amount of \$1,785,000. The
proceeds of the Loan are to be made available to Mortgagor pursuant to the terms and conditions of a
certain Loan Agreement dated the date hereof (as the same may be amended, restated, modified,
substituted, extended, and renewed from time to time, the "Loan Agreement").

CERTAIN DEFINITIONS

Mortgagor and Mortgagee agree that the following terms shall have the meanings herein
specified:

"Capital Asset Reserve Account" has the meaning given to such term in the Loan Agreement.

"Chattels" means all supplies, furniture, fixtures, fittings, appliances, apparatus, equipment,
machinery, building materials, inventory and articles of personal property and replacements thereof
owned by Mortgagor, now or at any time hereafter affixed to, attached to, placed upon or used in any way
in connection with the complete and comfortable use, enjoyment, occupancy or operation of the Premises
or the Improvements, together with any proceeds realized from the sale, transfer or conversion of any of
the above. "Default Rate" means the "Default Rate" as defined in the Loan Agreement.

"Depository" has the meaning given to such term in Section 1.07(b) hereof. 14-50300

“Documents” or “Loan Documents” means the Loan Agreement, the Note, this Mortgage and all other documents or instruments now or hereafter executed or delivered in connection with the Loan.

“Environmental Law” means any federal, state or local statute, code, ordinance, rule, regulation, permit, consent, approval, license, judgment, order, writ, decree, policy, injunction or other authorization, including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Section 9601 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6921 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Section 1801 et seq.), the Clean Air Act, as amended (42 U.S.C. Section 7401 et seq.), the Federal Water Pollution Control Act, as amended (33 U.S.C. Section 1251 et seq.), the Toxic Substances Control Act (33 U.S.C. Section 2601 et seq.) and the Occupational Safety and Health Act (29 U.S.C. Section 651 et seq.) relating to (a) emissions, discharges, releases or threatened releases of pollutants, contaminants or hazardous or toxic materials or wastes into ambient air, surface water, ground water, publicly owned treatment works, septic systems or land, (b) the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of hazardous materials or (c) otherwise relating to the pollution or protection of health or the environment.

“Events of Default” means the events and circumstances described as such in Section 2.01 hereof.

“Hazardous Substances” has the meaning given to such term in Section 1.20 hereof and also includes any substance, material or waste which is regulated by any federal, state or local governmental or quasi-governmental authority, and includes, without being limited to, (a) any substance, material or waste which is now or hereafter defined, used or listed as a “hazardous waste”, “extremely hazardous waste”, “restricted hazardous waste”, “hazardous substance”, “hazardous material”, “hazardous air pollutant”, “toxic substance”, “toxic chemical”, or other similar or related terms as defined, used or listed in any Environmental Law, and (b) any petroleum products, asbestos, polychlorinated biphenyls, corrosives, infectious substances, lead, area formaldehyde, flammable explosives or radioactive materials and (c) radon at levels that exceed the U.S. Environmental Protection Agency Action Level Guidelines.

“Improvements” means all improvements, structures or buildings, and replacements and alterations thereof, to be erected or now or hereafter located upon the Premises, including all plant equipment, apparatus, machinery and fixtures of every kind and nature whatsoever forming part of said improvements, structures or buildings.

“Land” means the real property specified as such in the Granting Clause of this Mortgage and legally described in Exhibit A hereto.

“Leases” has the meaning given to such term in Section 1.29 of this Mortgage.

“Loan” has the meaning given to such term in the Recital to this Mortgage.

“Loan Agreement” has the meaning given to such term in the Recital to this Mortgage.

“Loan Documents” - see definition of “Documents”.

“Mortgaged Property” means the property specified as such in the Granting Clause of this Mortgage.

"Mortgagee" has the meaning given to such term in the preamble to this Mortgage.

"Mortgage Amount" means the principal amount of One Million Seven Hundred Eighty-Five Thousand and No/100 Dollars (\$1,785,000.00).

"Mortgagor" has the meaning given to such term in the preamble to this Mortgage.

"Note" shall mean that certain Promissory Note of even date herewith made by the Mortgagor and payable to the order of the Mortgagee in the maximum principal amount of One Million Seven Hundred Eighty-Five Thousand and No/100 Dollars (\$1,785,000.00), together with all renewals, extensions, modifications, amendments and substitutions thereof or therefore.

"Premises" means the Land and includes all of the easements, rights, privileges and appurtenances thereunto belonging or in anywise appertaining, and all of the estate, right, title, interest, claim or demand whatsoever of Mortgagor therein and in and to the strips and gores, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers adjacent thereto, either at law or in equity, in possession or expectancy, now or hereafter acquired.

"Project" has the meaning given to such term in the Recital to this Mortgage.

"State" means the State of Ohio.

Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Mortgage shall be used interchangeably in singular or plural form and the word "Mortgagor" shall mean "each Mortgagor and/or any subsequent owner or owners of the Mortgaged Property or any part thereof or interest therein," the word "Mortgagee" shall mean "Mortgagee or any subsequent holder of the Note," the word "Note" shall mean "the Note or other evidence of indebtedness secured by this Mortgage," the term "lease" shall include all occupancy agreements, licenses and other arrangements by which a person may occupy a portion of the Premises, the term "rent" shall include all impositions, assessments, occupancy charges, maintenance charges, flip taxes and any other fees and charges payable by a tenant of Mortgagor, the word "person" shall include an individual, corporation, partnership, trust, unincorporated association, government, governmental authority or other entity, the words "Mortgaged Property" shall include any portion of the Mortgaged Property or interest therein, and the terms "include", "including" and similar terms shall be construed as if followed by the phrase "without being limited to". Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa. All terms of this Mortgage which are not defined above have the meaning set forth in this Mortgage.

GRANTING CLAUSE

NOW, THEREFORE, Mortgagor, in order to secure the payment of both the Mortgage Amount and the interest and any other sums payable under the Note, this Mortgage and/or the Documents, and the performance and observance of all the provisions hereof and of the Note and the Documents, including, without limitation, the payment of all sums advanced under the Note and any further sums advanced by Mortgagee pursuant to this Mortgage to the extent the aggregate of such sums expended pursuant hereto exceeds the sum of the Mortgage Amount, has granted, bargained, sold, released and confirmed, and by these presents does hereby grant, bargain, sell, release and confirm unto Mortgagee all those certain

parcels of real estate situate in the City of Columbus, County of Franklin and State of Ohio, commonly known as 4401 Hilton Corporate Drive, Columbus, OH 43232, and as more particularly set forth in the description made a part of this Mortgage as Exhibit A (the "Land") together with all of Mortgagor's estate, right, title and interest in, to and under any and all of the following described property (such property together with the Land, the "Mortgaged Property"), whether now owned or held or hereafter acquired:

- (i) the Premises;
- (ii) the Improvements;
- (iii) the Chattels;

(iv) all proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, without limitation, proceeds of insurance and condemnation awards and any unearned premiums accrued, accruing or to accrue under any and all insurance policies now or hereafter obtained by Mortgagor and real estate tax and assessment refunds and credits at any time accruing to the benefit of Mortgagor or the Mortgaged Property, even if relating to taxes and assessments payable for a period or periods prior to the date hereof;

(v) all leases of the Premises or any part thereof now or hereafter entered into (including the Leases) and all right, title and interest of Mortgagor thereunder; and including, without limitation, Mortgagor's right, if any, to cash or securities deposited thereunder, whether or not same was deposited to secure performance by the lessees of their obligations thereunder, including, further, the right upon the happening of an Event of Default, to receive and collect the rents and other charges thereunder (all of which leases are assigned to Mortgagor as further security hereunder);

(vi) any monies deposited by Mortgagor into one or more bank accounts, and any investments made by Mortgagor for the benefit of Mortgagor;

(vii) all utility or municipal deposits made by or on behalf of Mortgagor or made in connection with the Premises;

(viii) all plans, drawings, specifications, site plans, sketches, samples, contracts and agreements, however characterized from time to time, prepared for use in connection with the construction, repair, renovation or maintenance of the Improvements;

(ix) all contracts, agreements and understandings now or hereafter entered into, relating to or involving the performance of any work, rendering of any services, supply of any materials or the conduct of operations in and the management of the Premises, including, without limitation, construction contracts, architect agreements, management agreements, options and other agreements, however characterized, affecting the Premises and/or Improvements;

(x) any and all permits, certificates, approvals and authorizations, however characterized, issued or in any way furnished, whether necessary or not, for the operation and use of the Premises and/or the Improvements and/or Chattels, including, without limitation, building permits, environmental certificates, certificates of operation, warranties and guarantees; and

(xi) all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, any of the foregoing hereafter acquired by or released to Mortgagor, or constructed, assembled or placed by Mortgagor on the Premises, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assemblage, placement or conversion, as the case may be, and in each such case, without any further mortgage, deed of trust, conveyance, assignment or other act by Mortgagor, the same shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by Mortgagor and specifically described herein.

TO HAVE AND TO HOLD unto Mortgagee, its successors and assigns forever.

PROVIDED ALWAYS, and this instrument is upon the express condition that, if Mortgagor pays to Mortgagee the principal sum mentioned in the Note, the interest thereon and all other sums payable by Mortgagor to Mortgagee and secured by this Mortgage in accordance with the provisions of the Note, this Mortgage and the other Loan Documents, at the times and in the manner specified, without offset, deduction, fraud or delay, and Mortgagor performs when due and complies in all respects with all of the agreements, conditions, covenants, provisions and stipulations contained in the Note, this Mortgage and/or the other Loan Documents, then and therefor, this Mortgage and the estate hereby granted shall cease and become void.

ARTICLE I.

PARTICULAR COVENANTS, WARRANTIES AND REPRESENTATIONS OF MORTGAGOR

Mortgagor covenants, warrants, represents and agrees as follows:

Section 1.01 Title to Mortgaged Property. (a) Mortgagor warrants that it has a good and marketable title to an indefeasible fee estate in the Premises, subject in all cases to no lien, charge or encumbrance, except for the exceptions to title approved in writing by Mortgagee and listed in the title policy insuring the lien of this Mortgage. Mortgagor further warrants that it owns and will own the Chattels free and clear of all liens and claims ; and that this Mortgage is and will remain a valid and enforceable first lien on the Mortgaged Property subject only to the exceptions to title approved in writing by Mortgagee and listed in the title policy insuring the lien of this Mortgage. Mortgagor has full power and lawful authority to mortgage the Mortgaged Property in the manner and form herein done or intended hereafter to be done. Mortgagor will preserve such title, and will forever warrant and defend the validity and priority of the lien hereof against the claims of all persons and parties whomsoever.

(b) Mortgagor will not, without the prior written consent of Mortgagee: (i) initiate or support any zoning reclassification of the Premises or use or permit the use of the Premises in a manner which would result in such use becoming a nonconforming use under applicable zoning ordinances; (ii) impose or consent to the imposition of any restrictive covenants or encumbrances upon the Premises; (iii) execute, file or consent to any subdivision plat affecting the Premises or consent to the annexation of the Premises to any municipality; (iv) combine the tax lot or lots comprising the Premises with any tax lot or lots or any portion thereof which is not subject to the lien of this Mortgage; or (v) permit or suffer the Premises to be used by the public or any person in such manner as might make possible a claim of adverse usage or possession or of any implied dedication or easement.

Section 1.02 Further Assurances. Mortgagor will, at the cost of Mortgagor, and without expense to Mortgagee, promptly correct any defect or error which may be discovered in any of the Documents and shall do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, deeds of trust, assignments, notices of assignment, transfers and assurances as Mortgagee shall from time to time reasonably require, for the better assuring, conveying, assigning, transferring and confirming unto Mortgagee the property and rights hereby conveyed, mortgaged or assigned or intended now or hereafter so to be, or which Mortgagor may be or may hereafter become bound to convey, mortgage or assign to Mortgagee, or for carrying out the intention or facilitating the performance of the terms of this Mortgage, and for filing, registering or recording this Mortgage and, will cooperate with the execution and delivery of financing statements, chattel mortgages or comparable security instruments, and renewals thereof, to evidence more effectively the lien hereof upon the Chattels.

Section 1.03 Recording Fees. (a) Mortgagor forthwith upon the execution and delivery of this Mortgage, and thereafter from time to time, will cause this Mortgage and any security instrument creating a lien or evidencing the lien hereof upon the Chattels and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect the lien hereof upon, and the interest of Mortgagee in, the Mortgaged Property.

(b) Mortgagor will pay all filing, registration and recording fees, and all expenses incident to the execution and acknowledgment of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Chattels, and any instrument of further assurance, and all federal, state, county and municipal stamp taxes and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution, delivery and recording of the Note, this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Chattels or any instrument of further assurance.

(c) If a mortgage recording or transfer tax is imposed on this Mortgage or any Mortgagor-requested amendment to this Mortgage at any time, Mortgagor shall pay such tax. Mortgagee and/or its assigns shall have no obligation to either participate in any dispute of said tax or to make any payment with respect thereto and Mortgagor agrees to indemnify Mortgagee and its assigns and hold them harmless from any liability with respect thereto and to reimburse or pay upon demand for the same by Mortgagee and/or its assigns their reasonable costs and expenses (including, but without limitation, reasonable attorneys' fees and disbursements) incurred with respect thereto or in connection therewith.

Section 1.04 Payment of Indebtedness. Mortgagor will punctually pay the principal and interest and all other sums to become due in respect of the Note and the other Documents at the time and place and in the manner specified in the Note and the other Documents, according to the true intent and meaning thereof and without offset or counterclaim, all in any coin or currency of the United States of America which at the time of such payment shall be legal tender for the payment of public and private debts.

Section 1.05 Good Standing of Mortgagor. Mortgagor is a duly created, validly existing nonprofit corporation in good standing under the laws of the State of Ohio and is qualified to do business in all jurisdictions where qualification is necessary, with full power and authority to execute and deliver the Documents and consummate the transactions contemplated hereby. Mortgagor will do all things necessary to preserve and keep in full force and effect its existence, franchises, rights and privileges, as a nonprofit corporation under the laws of such jurisdiction and will comply with all

regulations, rules, ordinances, statutes, orders and decrees of any governmental authority or court and applicable to Mortgagor or to the Mortgaged Property or any part thereof.

Section 1.06 Lien on Improvements. All rights, title and interest of Mortgagor in and to all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Mortgaged Property hereafter acquired by or released to Mortgagor or constructed, assembled or placed by Mortgagor on the Premises, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by Mortgagor, shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by Mortgagor and specifically described in the granting clause hereof, but at any and all times Mortgagor will execute and deliver to Mortgagee any and all such further assurances, mortgages, conveyances or assignments thereof as Mortgagee may reasonably require for the purpose of expressly and specifically subjecting the same to the lien of this Mortgage.

Section 1.07 Impositions and Tax Deposits.

(a) Mortgagor, from time to time before a penalty or interest charge would be imposed, will pay and discharge all taxes of every kind and nature (including real and personal property taxes and income, franchise, withholding, profits and gross receipts taxes), all general and special assessments, levies, permits, inspection and license fees, all water and sewer rents and charges, and all other public charges whether of a like or different nature, imposed upon or assessed against it or the Mortgaged Property or any part thereof or upon the revenues, rents, issues, income and profits of the Mortgaged Property or arising in respect of the occupancy, use or possession thereof (collectively, "Impositions"). Mortgagor will, upon the request of Mortgagee, deliver to Mortgagee receipts evidencing the payment of all such Impositions imposed upon or assessed against it or the Mortgaged Property or the revenues, rents, issues, income or profits thereof.

(b) Following the occurrence and during the continuance of an Event of Default, Mortgagee may require Mortgagor on the first day of each month to deposit with Mortgagee or any service or financial institution designated for such purposes by Mortgagee (whichever of the foregoing is applicable being the "Depository") one-twelfth (1/12) of the annual real estate taxes ("Taxes") assessed against the Mortgaged Property (and, if Mortgagee shall so elect, any or all other Impositions), and Mortgagor shall accordingly make such deposits. In addition, following the occurrence of an Event of Default, if required by Mortgagee, Mortgagor shall also deposit with the Depository a sum of money which, together with the aforesaid monthly installments, will be sufficient to make payments of Taxes (and, if Mortgagee has elected to collect deposits for other Impositions, such other Impositions) at least forty-five (45) days before such payments are due. If the amount of any such payment is not ascertainable at the time any such deposit is required to be made, the deposit shall be made on the basis of Mortgagee's estimate thereof, and when such amount is fixed for the then-current year, Mortgagor shall promptly deposit any deficiency with the Depository.

All funds so deposited, until so applied, shall constitute additional security for the Note and other indebtedness secured hereby, shall be held by the Depository without interest (except to the extent required under applicable laws), and may be commingled with other funds of the Depository. So long as no Event of Default shall exist and be continuing hereunder, and provided that Mortgagor shall have supplied, in the manner set forth in the next sentence of this subsection, the instructions, information

and documents necessary for the Depository to make an effective application and payment of such funds, all funds so deposited shall be applied to the payment of Impositions in the order determined by Mortgagee and in accordance with instructions to be furnished to Mortgagee by Mortgagor. Mortgagor shall, at least thirty (30) days before the date on which the Impositions first become payable, furnish the Depository with bills and instructions for the payment of the Impositions and/or such other documents as are necessary for the payment of the same. If Mortgagor has not complied with any of the foregoing or, in any event, during the continuance of an Event of Default hereunder, Mortgagee may apply funds so deposited in the order determined by Mortgagee. Upon an assignment of this Mortgage by Mortgagee, Mortgagee shall have the right to pay over, or cause the Depository (if not Mortgagee) to pay over the unapplied balance of any amounts deposited pursuant to this Section 1.07, if any, to the assignee (or to a successor Depository designated by such assignee) and Mortgagee shall thereupon be completely released from all liability with respect thereto. This provision shall apply to every transfer of such deposits to a new assignee (or a successor Depository). When the loan evidenced by the Note has been paid in full, and all other obligations of Mortgagor under the Documents have been performed and observed in full, Mortgagee shall, and at any prior time, Mortgagee, at its election, may, pay over or cause the Depository (if not Mortgagee) to pay over the unapplied balance of the deposits, if any, to the record owner of the Mortgaged Property or its designee and no other person shall have any right or claim thereto.

(c) Mortgagor will pay all taxes except income, franchise or other similar taxes, inheritance, estate and gift taxes, imposed on Mortgagee by reason of its ownership of the Note or this Mortgage.

(d) Mortgagor shall provide Mortgagee with evidence of the payment of all taxes within thirty (30) days after the date such taxes are due.

(e) Nothing in this Section 1.07 shall require the payment or discharge of any obligation imposed upon Mortgagor by this Section so long as Mortgagor shall in good faith and at its own expense contest the same or the validity thereof by appropriate legal proceedings which shall operate to prevent the collection thereof or other realization thereon and the sale or forfeiture of the Premises or any part thereof to satisfy the same; provided that during such contest Mortgagor shall, at the option of Mortgagee, provide security satisfactory to Mortgagee, assuring the discharge of Mortgagor's obligation hereunder and of any additional charge, penalty or expense arising from or incurred as a result of such contest; and provided, further, that if at any time payment of any obligation imposed upon Mortgagor by subsection (a) of this Section shall become necessary to prevent the delivery of a tax deed or other similar instrument conveying the Mortgaged Property or any portion thereof because of non-payment, then Mortgagor shall pay the same in sufficient time to prevent the delivery of such tax deed or other similar instrument.

Section 1.08 Mechanics' and Other Liens. Mortgagor will pay, from time to time when the same shall become due, all lawful claims and demands of mechanics, materialmen, laborers and others which, if unpaid, might result in, or permit the creation of, a lien on the Mortgaged Property or any part thereof, or on the revenues, rents, issues, income and profits arising therefrom, and in general will do or cause to be done everything necessary so that the lien hereof shall be fully preserved, at the cost of Mortgagor, without expense to Mortgagee. Notwithstanding the foregoing, in the event any lien, charge or order for the payment of money or other encumbrance is filed against the Mortgaged Property, Mortgagor shall cause the same to be discharged of record or bonded within thirty (30) days after Mortgagor becomes aware of such lien, charge or encumbrance, whether by the filing of a notice thereof or otherwise. All costs and expenses incurred in posting the bond or other security and in defending any lien

foreclosure action shall be borne exclusively by Mortgagor. Mortgagor further agrees to reimburse Mortgagee for all reasonable costs and expenses, including reasonable attorneys' fees and disbursements incurred by Mortgagee in connection with any such lien foreclosure action.

Section 1.09 Insurance and Insurance Deposits.

(a) Mortgagor will, at its expense, provide or cause to be provided in force the policies of insurance described in Section 6.5 of the Loan Agreement in accordance with the terms and conditions thereof:

(b) Each policy of insurance maintained by Mortgagor pursuant to the terms hereof shall: (i) name Mortgagee (together with its successors and assigns as their interests may appear) as an additional insured, as its interest may appear with respect to liability insurance coverage; (ii) contain the standard non-contributory mortgagee clause endorsement in favor of Mortgagee with respect to hazard insurance coverage; (iii) except in the case of public liability insurance and workers' compensation insurance, name Mortgagee as loss payee and provide that all insurance proceeds for losses be adjusted and be payable in accordance with subsection 1.09(f) hereof; (iv) include effective waivers (whether under the terms of any such policy or otherwise) by the insurer of all claims for insurance premiums against all loss payees and named insureds other than Mortgagor (provided that Mortgagee shall have the right to pay premiums and continue any insurance upon the insolvency of Mortgagor or the foreclosure or other transfer of the Mortgaged Property) and all rights of subrogation against any named insured; (v) except in the case of public liability insurance and workers' compensation insurance, provide that any losses shall be payable notwithstanding (A) any act, failure to act, negligence of, or violation or breach of warranties, declarations or conditions contained in such policy by Mortgagor or Mortgagee or any other named insured or loss payee, (B) any foreclosure or other proceeding or notice of sale relating to the insured properties or (C) any change in the title to or ownership or possession of the insured properties; (v) provide that if all or any part of such policy is canceled, terminated or expires, the insurer will forthwith give notice thereof to each named insured and loss payee and that no cancellation, termination, expiration or reduction in amount or material change in coverage thereof shall be effective until at least thirty (30) days after receipt by each named insured and loss payee of written notice thereof; and (vii) not be subject to a deductible in excess of amounts as shall be reasonably satisfactory to Mortgagee.

(c) Mortgagor shall pay or cause to be paid as and when the same become due and payable the premiums for all insurance policies that Mortgagor is required to maintain hereunder. All such policies shall be nonassessable and shall contain such expiration dates as Mortgagee may reasonably require. Mortgagor will deliver to Mortgagee concurrently herewith insurance certificates setting forth in reasonable detail the terms of all insurance policies that Mortgagor is required to maintain hereunder, together with true and complete copies of such policies. Mortgagor will deliver to Mortgagee, concurrently with each change in or renewal of any such insurance policy, a certificate with respect to such changed insurance policy certified by the insurance broker that procured or placed such policies, in the same form and containing the same information as the initial certificates required to be delivered by Mortgagor pursuant to this subparagraph and a certificate of Mortgagor certifying that all of the insurance policies maintained by Mortgagor pursuant hereto comply in all respects with the requirements of this Mortgage, that all premiums then due thereon have been paid to the applicable insurers and that the same are in full force and effect.

(d) Not later than twenty (20) days prior to the expiration, termination or cancellation of any insurance policy which Mortgagor is required to maintain hereunder, Mortgagor shall

obtain a replacement policy or policies (or a binding commitment for such replacement policy or policies), which shall be effective no later than the date of the expiration, termination or cancellation of the previous policy, and shall deliver to Mortgagee a certificate and a true and complete copy of such policy or policies which comply with the requirements of this Section 1.09 or a copy of the binding commitment for such policy or policies. Mortgagor shall also provide to Mortgagee originals of such policies or copies thereof certified by the insurance companies issuing them as soon as reasonably possible after Mortgagee's request therefor.

(e) All insurers shall be authorized to issue insurance in the jurisdiction in which the Premises is located and all insurers and reinsurers shall have the A.M. Best rating of "A-VIII" or better.

(f) In the event of loss, Mortgagor shall give immediate written notice to the insurance carrier and to Mortgagee. Mortgagor hereby authorizes and empowers Mortgagee as attorney-in-fact for Mortgagor to make proof of loss, to adjust and compromise any claim under insurance policies, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom Mortgagee's expenses incurred in the collection of such proceeds; provided, however, that nothing contained in this subsection 1.09(f) shall require Mortgagee to incur any expense or take any action hereunder. Any moneys received by Mortgagor as payment for any loss under any insurance required to be carried by Mortgagor pursuant to the terms hereof shall be paid over to Mortgagee to be applied at the option of Mortgagee either to the prepayment of the Note, without premium, and/or to the reimbursement of Mortgagor for expenses incurred by it in the restoration of the Improvements. If such funds are to be used for restoration, they shall be deposited in the Capital Asset Reserve Account and released for restoration costs in accordance with Section 9.4 of the Loan Agreement. Notwithstanding anything to the contrary contained herein or in any provision of applicable law, the proceeds of insurance policies coming into the possession of Mortgagee shall not be deemed trust funds and Mortgagee shall be entitled to dispose of such funds as herein provided.

(g) Mortgagor shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained under this Section 1.09 unless Mortgagee has approved the insurance company and the form and content of the insurance policy, including, without limitation, the naming thereon of Mortgagee as a named insured with loss payable to Mortgagee under a standard mortgage endorsement of the character above described. Mortgagor shall immediately notify Mortgagee whenever any such separate insurance is taken out and shall promptly deliver to Mortgagee the policy or policies or certificates of such insurance.

(h) Following the occurrence and during the continuance of an Event of Default, Mortgagee may require that Mortgagor deposit with Mortgagee or any Depository designated for such purposes by Mortgagee, one-twelfth (1/12) of the annual premiums for insurance required under subsection 1.09(a) hereof, and (ii) Mortgagor shall also deposit with the Depository a sum of money which, together with the aforesaid monthly installments, will be sufficient to pay the insurance premiums for such insurance at least thirty (30) days before such payments are first due. If the amount of any such insurance premiums are not ascertainable at the time any such deposit is required to be made, the deposit shall be made on the basis of Mortgagee's estimate thereof, and when such insurance premiums are fixed for the then-current year, Mortgagor shall promptly deposit any deficiency with the Depository.

All funds so deposited, until so applied, shall constitute additional security for the Note, shall be held by the Depository without interest (except to the extent required under applicable laws), and may be commingled with other funds of the Depository. So long as no Event of Default shall exist and be

continuing hereunder, and provided that Mortgagor shall have supplied, in the manner set forth in the next sentence of this subsection, the instructions, information and documents necessary for the Depository to make an effective application and payment of such funds, all funds so deposited shall be applied to the payment of insurance premiums in the order determined by Mortgagee and in accordance with instructions to be furnished to Mortgagee by Mortgagor. Mortgagor shall, at least thirty (30) days before the date on which any such insurance premiums first become payable, furnish the Depository with bills and instructions for the payment of such insurance premiums and/or such other documents as are necessary for the payment of the same. If Mortgagor has not complied with any of the foregoing or, in any event, during the continuance of an Event of Default hereunder, Mortgagee may apply funds so deposited in the order determined by Mortgagee. Upon an assignment of this Mortgage by Mortgagee, Mortgagee shall have the right to pay over, or cause the Depository (if not Mortgagee) to pay over the unapplied balance of any amounts deposited pursuant to this Section 1.09, if any, to the assignee (or to a successor Depository designated by such assignee) and Mortgagee shall thereupon be completely released from all liability with respect thereto. This provision shall apply to every transfer of such deposits to a new assignee (or a successor Depository). When the loan evidenced by the Note has been paid in full, and all other obligations of Mortgagor under the Documents have been performed and observed in full, Mortgagee shall, and at any prior time, Mortgagee, at its election, may, pay over or cause the Depository (if not Mortgagee) to pay over the unapplied balance of the deposits, if any, to the record owner of the Mortgaged Property or its designee and no other person shall have any right or claim thereto.

Section 1.10 Additional Advances and/or Disbursements. If Mortgagor or any party under any of the Documents shall fail to perform any of the covenants contained in this Mortgage, or any covenant contained in the Note or the other Documents, Mortgagee may make advances and/or disbursements to perform the same, and all sums so advanced and/or disbursed shall be a lien upon the Mortgaged Property and shall be secured hereby. Mortgagee will use reasonable efforts to notify Mortgagor prior to making such an advance or disbursement, but the failure to do so shall in no way limit or impair Mortgagee's rights under this Section 1.10. Mortgagee will notify Mortgagor of any such advances or disbursements promptly after making the same. Mortgagor will repay on demand all sums so advanced and/or disbursed with interest at the Default Rate. The provisions of this Section 1.10 shall not prevent any default in the observance of any covenant contained in this Mortgage, or contained in the Note or the other Documents from constituting a default or an Event of Default.

Section 1.11 Books and Records; Reporting Requirements. Mortgagor will keep adequate records and books of account in accordance with the requirements of the Loan Agreement and timely comply with all of the reporting requirements set forth in the Loan Agreement.

Section 1.12 Maintenance of Property; Compliance with Law.

(a) Mortgagor will not threaten, commit, permit or suffer any waste to occur on or to the Mortgaged Property, or any part thereof, or alter the Mortgaged Property or any part thereof in any manner or make any change in its use which will in any way increase any risk of fire or other hazards arising out of construction or operation of the Mortgaged Property. Mortgagor will, at all times, maintain the Mortgaged Property in good operating order and condition and will promptly make, from time to time, all repairs, renewals, replacements, additions and improvements in connection therewith which are needful or desirable to such end. The Improvements shall not be removed, demolished or substantially altered, nor shall any Chattels be removed without the prior written consent of Mortgagee, except where appropriate replacements free of superior title, liens and claims are immediately made of value at least equal to the value of the Chattels removed.

(b) Mortgagor will keep and maintain or cause to be kept and maintained the Mortgaged Property and the sidewalks and curbs abutting the same in good order and condition and in a rentable and tenantable state of repair and will make or cause to be made, as and when the same shall become necessary, all structural and nonstructural, exterior and interior, ordinary and extraordinary, foreseen and unforeseen repairs, renewals and replacements necessary to that end. In the event that the Mortgaged Property shall be damaged or destroyed, in whole or in part, by fire or any other casualty, or in the event of a taking of a portion of the Mortgaged Property as a result of any exercise of the power of eminent domain, Mortgagor shall promptly restore, replace, rebuild or alter the same as nearly as possible to the condition they were in immediately prior to such fire, other casualty or taking, and shall take such other additional actions and measures as shall be necessary to avoid any default or forfeiture under any lease or other applicable agreement. Although damage to or destruction of the Mortgaged Property, or any portion thereof, shall not of itself constitute a default hereunder, the failure of Mortgagor to restore, replace, rebuild or alter the same, as hereinabove provided, shall constitute a default hereunder regardless of the availability of insurance proceeds or condemnation awards for such purpose.

(c) Mortgagor represents that to its knowledge the Mortgaged Property is presently in compliance with all laws, ordinances, rules, regulations and other requirements of all governmental authorities whatsoever having jurisdiction of or with respect to the Mortgaged Property or any portion thereof or the use or occupation thereof. Mortgagor will promptly comply, or cause compliance with, all existing and future laws, ordinances, rules, regulations and other requirements of all governmental authorities whatsoever having jurisdiction of or with respect to the Mortgaged Property or any portion thereof or the use or occupation thereof. Mortgagor will not, without the prior written consent of Mortgagee, initiate, join in or consent to any change in any private restrictive covenant, zoning ordinance or other public or private restrictions limiting or defining the uses which may be made of the Premises or any part thereof. All covenants hereof shall be construed as affording to Mortgagee rights additional to and not exclusive of the rights conferred under the provisions of any other applicable law. If there is a conflict between any provision of this Mortgage and the provisions of any such applicable law, Mortgagor agrees that, to the extent permitted by applicable law, the applicable provision of this Mortgage shall control.

Section 1.13 Condemnation. No proceeding for the condemnation of all or any portion of the Mortgaged Property has been commenced or threatened. Mortgagor, immediately upon obtaining knowledge of the institution of any proceedings for the condemnation of the Premises or any portion thereof, will notify Mortgagee of the pendency of such proceedings. Mortgagee may participate in any such proceedings and Mortgagor from time to time will deliver to Mortgagee all instruments requested by it to permit such participation. In the event of such condemnation proceedings, the award or compensation payable is hereby assigned to and shall be paid to Mortgagee up to the Mortgage Amount. Mortgagee shall be under no obligation to question the amount of any such award or compensation and may accept the same in the amount in which the same shall be paid. In any such condemnation proceedings Mortgagee may be represented by counsel selected by Mortgagee, but Mortgagor may appear by its counsel to contest the amount of the condemnation award. The proceeds of any award or compensation so received shall, at the option of Mortgagee, either be applied, without premium, to the prepayment of the Note or be paid over to Mortgagor for restoration of the Improvements. Mortgagee shall not be limited to the interest paid on the proceeds of any award or compensation, but shall be entitled to the payment of interest by Mortgagor at the rates provided for herein or in the Note. If such funds are to be used for restoration, they shall be deposited in the Capital Asset Reserve Account and released for restoration costs in accordance with Section 9.5 of the Loan Agreement.

Section 1.14 Leases. (a) Mortgagor will not, without the prior written consent and approval of Mortgagee in each instance, which shall not be unreasonably withheld, delayed or conditioned: (i) execute an assignment of the rents from the Mortgaged Property or any part thereof except in favor of Mortgagee; (ii) enter into any leases, lettings or license arrangement affecting the Mortgaged Property or any part thereof; (iii) in any other manner impair the value of the Mortgaged Property or the security of the Mortgage; (iv) terminate or consent to the cancellation or surrender of any lease of the Mortgaged Property or of any part thereof, now existing or hereafter to be made; (v) modify or vary any such lease; or (vi) accept prepayments of any installments of rents to become due under such leases, except prepayments in the nature of security for the performance of the lessees thereunder.

(b) Mortgagor will at all times promptly and faithfully perform, or cause to be performed, all of the covenants, conditions and agreements contained in all leases of the Premises or any part thereof now or hereafter existing, on the part of the lessor thereunder to be kept and performed, and shall do all things necessary to compel performance by the lessee under each lease of all obligations, covenants and agreements by such lessee to be performed thereunder. If any of such leases provide for the giving by the lessee of certificates with respect to the status of such leases, Mortgagor shall exercise its right to request such certificates within five (5) days of any demand therefor by Mortgagee. Mortgagor shall promptly notify Mortgagee of (i) the commencement of any action or proceeding by any lessee, the purpose of which shall be the cancellation of any lease or diminution or offset against the rent payable under any such lease, or (ii) the interposition by any lessee of any defense in any action or proceeding brought by Mortgagor against such lessee, or (iii) a written notice received by Mortgagor from any lessee claiming constructive eviction, and will cause a copy of any process, pleading or notice received by Mortgagor in reference to any such action, defense or claim to be promptly delivered to Mortgagee.

(c) Mortgagor shall furnish to Mortgagee, within thirty (30) days after a request by Mortgagee to do so, a written statement containing a schedule of all leases of all or any part of the Mortgaged Property, the names of the respective lessees, the terms of their respective leases, the space occupied and the rentals payable thereunder, and, if also requested, true copies of all such leases.

(d) Mortgagor covenants that any and all leases affecting the Premises shall in all respects be subject and subordinate to the lien of this Mortgage.

Section 1.15 Attornment. To the extent not so provided by applicable law, each lease of the Premises or any part thereof shall provide that, in the event of the enforcement by Mortgagee of the remedies provided for by law or by this Mortgage, the lessee thereunder will, upon request of any person succeeding to the interest of Mortgagor as a result of such enforcement, automatically become the lessee of said successor in interest, without change in the terms or other provisions of such lease, provided, however, that said successor in interest shall not be bound by: (i) any payment of rent or additional rent for more than one (1) month in advance, except prepayments in the nature of security for the performance by said lessee of its obligations under said lease; (ii) any amendment or modification of the lease made without the consent of Mortgagee or such successor in interest; or (iii) any work required to be done by Mortgagor pursuant to the terms of said lease. Each such lease shall also provide that, upon request by said successor in interest, such lessee shall execute and deliver an instrument or instruments confirming such attornment.

Section 1.16 Expenses of Mortgagee. Mortgagor agrees that if any action or proceeding be commenced, excepting an action to foreclose this Mortgage or to collect the indebtedness hereby secured, to which action or proceeding Mortgagee is a party by reason of the execution of this

Mortgage or the Note which it secures, or in which it becomes necessary to defend or uphold the lien of this Mortgage, all sums paid by Mortgagee for the expense of any litigation to prosecute or defend the transaction and the rights and lien created hereby (including, without limitation, reasonable attorneys' fees) shall be paid by Mortgagor together with interest thereon from the date of payment by Mortgagee at the Default Rate. All such sums paid and the interest thereon shall be a lien upon the Mortgaged Property, and shall be secured hereby.

Section 1.17 Change in Law Affecting Mortgages. Mortgagor agrees that in the event of the passage after the date of this Mortgage of any law deducting any lien from the value of land for the purpose of taxation, or changing in any way the laws now in force for the taxation of mortgages or debts secured by a mortgage, or the manner of the collection of any such taxes, so as to impose upon Mortgagee any tax that previously would have been payable by Mortgagor, the whole of the principal sum secured by this Mortgage, together with interest due thereon, shall at the option of Mortgagee, without notice to any party, become immediately due and payable.

Section 1.18 Utilities. The Mortgaged Property will be provided with adequate water, sewer and other utility facilities at all times, in compliance with all applicable laws and regulations.

Section 1.19 Restrictions on Transfer or Encumbrance. Mortgagor shall not, directly or indirectly, by transfer, mortgage, hypothecation, encumbrance or conveyance, do or suffer the assignment, transfer, sale, conveyance, or encumbrance junior or senior hereto of the Mortgaged Property or any part thereof or any interest therein or in Mortgagor without in each instance the prior written consent of Mortgagee.

Section 1.20 Existing Compliance with Environmental Requirements. Mortgagor represents and warrants that:

(a) Mortgagor has investigated the prior ownership and use of the Mortgaged Property, in a manner consistent with good commercial and customary practice, to determine that the Mortgaged Property is free of those elements or compounds which are contained in the list of hazardous substances covered by the following federal laws: Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C.A. 9601 et seq.; the Superfund Amendments and Reauthorization Act of 1987; the Resource Conservation and Recovery Act of 1976, 42 U.S.C.A. 6901 et seq.; the Clean Water Act, 42 U.S.C.A. 7401 et seq.; the Water Pollution Control Act, N.J.S.A. 58:10A-1 et seq., and all other Environmental Laws and other similar existing and future federal, state and municipal statutes, laws and ordinances governing the environment, all as amended from time to time, together with all rules and regulations issued or promulgated pursuant to or in connection with any of the foregoing (collectively, "Hazardous Substances"). Mortgagor, in performing its investigation, has considered, among other factors, (i) the relationship of the purchase price to the value of the Mortgaged Property if uncontaminated when acquired, (ii) commonly known or ascertainable information about the Mortgaged Property, and (iii) the obviousness of the presence or likely presence of contamination.

(b) Further, Mortgagor has caused to be conducted an on-site inspection of the Mortgaged Property and Mortgagor found no evidence of the presence of Hazardous Substances on or in the Mortgaged Property. To the best of Mortgagor's knowledge, none of the real property owned and/or occupied by Mortgagor and located in the State, including but not limited to the Mortgaged Property, has ever been used by previous owners and/or operators to refine, produce, store, handle, transfer, process, transport, generate, manufacture, treat or dispose of Hazardous Substances, and Mortgagor has not in the

past used, nor does Mortgagor intend in the future to use, said real property, including but not limited to the Mortgaged Property, for the purpose of refining, producing, storing, handling, transferring, processing or transporting Hazardous Substances.

(c) Mortgagor has not received a summons, citation, directive, letter or other communication, written or oral, from the Department concerning any intentional or unintentional action or omission on Mortgagor's part resulting in the Release of Hazardous Substances into any of the Protected Areas.

(d) Mortgagor's grantor was not required and did not place a notice in the deed to the Mortgaged Property related to presence of Hazardous Substances at the Mortgaged Property.

(e) Mortgagor has not permitted, and will not permit, any tenant or occupant of the Mortgaged Property to engage in any activity with respect to the generating, treating, processing, storing, recycling or disposing of any Hazardous Substances that could impose environmental liability on such tenant or occupant, on Mortgagor, or on any other owner of any of the Mortgaged Property.

(f) There is no asbestos, PCBs (polychlorinated biphenyls) or ureal formaldehyde insulation located on, in, under or about the Mortgaged Property nor radon gas infiltrating any building on the Mortgaged Property in excess of the point set by current state and federal guidelines at which remediation is required.

Section 1.21 Easements and Instruments of Record. Mortgagor will promptly perform and observe, or cause to be performed and observed, all of the terms, covenants and conditions of all instruments of record affecting the Mortgaged Property, noncompliance with which shall affect the security of this Mortgage, or shall impose any duty or obligation upon Mortgagor or any lessee or other occupant of the Mortgaged Property or any part thereof, and Mortgagor shall do or cause to be done all things necessary to preserve intact and unimpaired any and all easements, appurtenances and other interests and rights in favor of or constituting any portion of the Mortgaged Property.

Section 1.22 Right of Entry. Mortgagee and its authorized representatives and designees shall have the right at all reasonable times during usual business hours, or as otherwise required in the event of an emergency, to enter upon and inspect all portions of the Mortgaged Property in accordance with the Mortgagor's normal and customary policies for visitors.

Section 1.23 Flood Hazard. Mortgagor hereby represents that the Premises do not comprise property identified by the Secretary of Housing and Urban Development as an area having special flood hazards. If the Premises at any time are so identified by the Secretary of Housing and Urban Development as having special flood hazards, Mortgagor will keep the Premises insured against loss by flood hazards in an amount at least equal to the outstanding principal balance of the Note secured by this Mortgage, or to the maximum limit of coverage made available with respect to the particular type of property under the National Flood Insurance Act of 1968, as amended by the Flood Disaster Protection Act of 1973, whichever is less.

Section 1.24 Certain Representations and Warranties. Mortgagor represents and warrants to Mortgagee that: (a) the Documents are all valid, binding and enforceable obligations of Mortgagor; (b) there is no action, suit or proceeding threatened against or affecting Mortgagor or the Mortgaged Property which could materially adversely affect Mortgagor or the Mortgaged Property; (c) all

laws and governmental and private restrictions affecting Mortgagor or the Mortgaged Property have been complied with, and all governmental and private consents necessary to Mortgagor's consummation of the loan secured hereby have been obtained; (d) To the best of Mortgagor's knowledge, Mortgagor is not in violation of (i) any law, rule, regulation, order, writ, judgment, decree, determination or award applicable to it, or (ii) any provision of any indenture, lease, loan or other agreement to which it is a party or by which it or its properties may be bound, which violation would have an adverse effect upon Mortgagor's ability to perform any of its obligations under the Documents; (e) the statements, information and reports furnished to Mortgagee in connection with the loan secured hereby are accurate, correct and complete in all respects; (f) there are no delinquent taxes, ground rents, water charges, sewer rents, assessments (including assessments payable in future installments) or other outstanding charges affecting the Mortgaged Property; (g) the Mortgaged Property is separately assessed for tax purposes; (h) Mortgagor has filed all federal, state, county and municipal tax returns and annual reports required to be filed by it, and has paid all taxes and fees which have become due pursuant to such returns and reports or pursuant to any assessments related thereto, and Mortgagor does not know of any basis for any additional assessment in respect thereof; (i) each party to the Note, the Mortgage and all other Documents had legal capacity to enter into, execute and deliver the same, and the Note, Mortgage and all other Documents have been duly and properly executed and delivered by such parties; (j) all costs, fees and expenses payable to Mortgagee in connection with making the loan secured hereby have been paid; (k) there are no mechanics' or similar liens or claims which have been filed for work, labor or material, or which relate to the existence or cleanup of any Hazardous Substances affecting the Mortgaged Property, which are or may be liens prior to, or equal or coordinate with, the lien of this Mortgage; (l) all Improvements are wholly within the boundaries and building restriction lines of the Premises, except as described on the title policy and as shown on the survey(s) delivered to Mortgagee in connection herewith, and no improvements on adjoining properties encroach upon the Mortgaged Property, except as described in the title policy and as shown on the survey(s) delivered to Mortgagee in connection herewith, and no covenants, conditions and restrictions, if any, are violated by the Improvements, and no future violations could give rise to any rights of reverter or reentry; and (m) all leases, licenses or other agreements pursuant to which any person or entity is entitled to use or occupy any portion of the Mortgaged Property is subject and subordinate to this Mortgage.

Section 1.25 Publicity. Mortgagor agrees to permit Mortgagee to disclose Mortgagor's identity and the amount and purpose of the loan secured hereby.

Section 1.26 Environmental Compliance. Within thirty (30) days of the end of each of Mortgagor's fiscal years, Mortgagor shall provide to Mortgagee evidence acceptable to Mortgagee in all respects that Mortgagor has implemented and is in full compliance with all recommendations and requirements set forth in any environmental abatement plans and/or operations and maintenance programs previously delivered to Mortgagee.

Section 1.27 Future Compliance with Environmental Requirements. Mortgagor covenants that:

(a) Mortgagor shall operate the Mortgaged Property or cause it to be operated in compliance with all applicable laws of the state and federal governments and all applicable rules and regulations promulgated by the Ohio Environmental Protection Agency ("Department") or any successor agency thereto. Mortgagor shall have the right in good faith to contest or appeal from such laws, ordinances and regulations and any decision adverse to Mortgagor based thereon, but all costs, fees and expenses incurred in connection with such proceedings shall be borne by Mortgagor.

(b) Mortgagor shall not cause or permit to exist, as a result of an intentional or unintentional action or omission on its part, a release of Hazardous Substances, unless said Release of Hazardous Substances is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal or state governmental authorities.

(c) If Mortgagor obtains, gives or receives notice of any release of Hazardous Substances or threat thereof at the Mortgaged Property, or receives any notice of violation, request for information or notification that it is potentially responsible for investigation or cleanup of environmental conditions at the Mortgaged Property, demand letter or complaint, order, citation, or other notice with regard to any release of Hazardous Substances or any other environmental matter affecting the Mortgaged Property or Mortgagor's interest therein (an "Environmental Complaint") from any person or entity, including the Department or the U.S. Environmental Protection Agency (either, the "Authority"), then Mortgagor shall, within five (5) business days, give written notice of same to Mortgagee detailing the facts and circumstances giving rise to the release of Hazardous Substances or Environmental Complaint. Such information is to be provided to allow Mortgagee to protect its security interest in the Mortgaged Property.

(d) Mortgagor shall promptly forward to Mortgagee copies of any request for information, notification of potential liability, demand letter relating to potential responsibility with respect to the investigation or cleanup of Hazardous Substances at any other site owned, operated or used by Mortgagor to dispose of Hazardous Substances and shall continue to forward copies of communications regarding such claims to Mortgagee until the claim is settled. Mortgagor shall promptly forward to Mortgagee a copy of any filing relating to the release of Hazardous Substances at any other property owned or leased by Mortgagor that Mortgagor is required to file under any state or local environmental law, regulation or ordinance. Such information is to be provided to allow Mortgagee to protect its security interest in the Mortgaged Property.

(e) If Mortgagor shall fail to respond promptly to any release of Hazardous Substances, Environmental Complaint or the presence of any Hazardous Substances affecting the Mortgaged Property, whether or not the same originates or emanates from the Mortgaged Property or any other real estate, and/or if Mortgagor shall fail to comply with any of the requirements of any federal or state environmental law or regulation or local ordinance, Mortgagee may, at its election, but without the obligation to do so: (i) give such notices, and/or (ii) enter onto the Mortgaged Property after reasonable notice to Mortgagor and take such actions as Mortgagee deems reasonably necessary or advisable to clean up, remove, mitigate or otherwise deal with any release of Hazardous Substances, the presence of Hazardous Substances or any Environmental Complaint. All costs and expenses incurred by Mortgagee in the exercise of any such rights, including any sums paid in connection with any judicial or administrative investigation or proceeding, fines, penalties, fees for legal counsel and other professionals, together with interest thereon at the default rate stipulated in the Note, and if not specified therein, then at the then applicable rate of interest under the Note, from the date of payment by Mortgagee, shall be immediately due and payable by Mortgagor to Mortgagee, and until paid, shall be added to and become a part of the indebtedness under the Note and shall be secured by the lien of this Mortgage.

(f) Promptly upon the written request of Mortgagee, which written request may be made by Mortgagee from time to time but only upon the reasonable belief that there has been a release of Hazardous Substances at the Mortgaged Property, Mortgagor shall provide Mortgagee, at Mortgagor's expense, an environmental site assessment or environmental audit report prepared by an environmental engineering firm acceptable, in the reasonable opinion of Mortgagee, to assess with a reasonable degree

of certainty the existence of a release of Hazardous Substances and the potential costs in connection with abatement, cleanup or removal of any Hazardous Substances found on, under, at or within the Mortgaged Property; provided that:

(1) If such estimates, individually or in the aggregate, exceed \$100,000.00, Mortgagee shall have the right to require Mortgagor to post a bond to secure payment of these costs and expenses; and

(2) If the release of Hazardous Substances is the subject of any governmental inquiry, investigation or audit, then the provisions of the preceding subsection shall be suspended during any such governmental action, and Mortgagor shall be subject to any requirement imposed as a result of such governmental action.

(g) In addition to the Events of Default set forth elsewhere in this Mortgage, the filing by any Authority of an Environmental Complaint or expenditure of money by any Authority to respond to a release of Hazardous Substances or Environmental Complaint at the Mortgaged Property (an "Action") shall constitute an Event of Default under this Mortgage; provided, however, such Action shall not constitute an Event of Default if, within thirty (30) days of the date of notice to Mortgagor of such Action, Mortgagor demonstrates to the reasonable satisfaction of Mortgagee that it has commenced and is diligently pursuing either: (a) cure or correction of the event which constitutes the basis for the Action, including, as necessary, payment of any claims and removal of any lien imposed and continues diligently to pursue such cure or correction to completion, or (b) institutes proceedings for an injunction, a restraining order or other appeal procedure seeking to prevent such Authority from enforcing such Action or to defend against the enforcement of such Action. Mortgagor shall post a bond, letter of credit or other security, in form, substance, and amount acceptable to Mortgagee and the Authority or entity seeking to enforce the Action, to secure the proper and complete cure or correction of the event which constitutes the basis for the Action. Subject to Mortgagee's agreement, which agreement shall not be unreasonably withheld or delayed, the commitment of any reputable title insurance company to affirmatively insure over or to omit such lien shall constitute such reasonably satisfactory security.

(h) Mortgagor shall not place, or permit to be placed, any underground storage tank on the Mortgaged Property.

(i) Mortgagor shall defend and indemnify Mortgagee and hold Mortgagee harmless from and against all loss, liability, damages and expenses, claims, costs, fines, penalties, including fees for legal counsel and other professionals, suffered or incurred by Mortgagee, whether as holder of this Mortgage, as a Mortgagee in possession, or as successor-in-interest to Mortgagor, by foreclosure deed or deed in lieu of foreclosure, under or on account of any environmental statute, law, ordinance or order including the assertion of any lien thereunder, with respect to any release of Hazardous Substances, the presence of any Hazardous Substances affecting the Mortgaged Property, whether or not the same originates or emanates from the Mortgaged Property, including any loss of value of the Mortgaged Property as a result of the foregoing so long as no such loss, liability, damage and expense is attributable to any release of Hazardous Substances resulting from actions on the part of Mortgagee. Mortgagor's obligations under this Article shall arise upon the discovery of the presence of any Hazardous Substances at the Mortgaged Property, whether or not any federal, state, or local environmental agency has taken or threatened any action in connection with the presence of any Hazardous Substances. Mortgagor's obligation hereunder shall survive the termination of this Mortgage.

Section 1.28 Compliance with Americans with Disabilities Act. Mortgagor or any tenant approved by Mortgagee shall be responsible for compliance with Title III of the Americans with Disabilities Act of 1990, 42 U.S.C. §§12181 et seq and its regulations, (collectively, the "ADA") as to the design, construction, use and occupancy of the Mortgaged Property, which compliance shall include, without limitation (i) provision for full and equal enjoyment of the goods, services, facilities, privileges, advantages or accommodations of the Mortgaged Property as contemplated by and to the extent required by the ADA (ii) compliance relating to requirements under the ADA or amendments thereto arising after the date hereof and (iii) compliance relating to the design, layout, renovation, redecorating, refurbishment, alteration, or improvement to the Mortgaged Property made at any time following the date hereof. Mortgagor shall indemnify, protect, defend and save Mortgagee harmless with regard to any non-compliance or alleged non-compliance by the Mortgagor by the ADA and with any law, order, ordinance, regulation, permit, license or other governmental matter in any way relating to the design, construction, use or occupancy of the Mortgaged Property. If Mortgagee is named as defendant or a responsible party with respect to any alleged violation or non-compliance by Mortgagor as aforesaid, Mortgagee may require, by notice to Mortgagor, that the matters or conduct giving rise thereto be discontinued by Mortgagor unless and until the alleged violation or non-compliance is resolved in Mortgagor's favor.

Section 1.29 Assignment of Rents and Leases.

(a) As security for the prompt payment and performance of Mortgagor's obligations hereunder and under the Loan Documents, the Mortgagor hereby grants, transfers, and assigns to the Mortgagee (a) all of the Mortgagor's interest in and to any and all leases, license agreements and other occupancy or use agreements (whether oral or written), now or hereafter existing, which cover or relate to the Project, together with all options therefor, amendments thereto and renewals, modifications and guarantees thereof (the "Leases"), including, without limitation, any cash or securities deposited thereunder to secure performance by the tenants of their obligations, whether such cash or securities are to be held until the expiration of the terms of the applicable agreements or applied to one or more of the installments of rent coming due, (b) all rents, royalties, issues, profits, revenues, income and other benefits arising from and remedies under the Leases; and (c) all rents, royalties, issues, income, profits, revenues, other benefits and security deposits due or to become due or arising from the Project.

(b) The Mortgagor covenants (a) to observe and perform all of the obligations imposed upon the landlord in the Leases and not to do or permit to be done anything to impair the security thereof; (b) that the Leases are valid and enforceable and that the tenants are not in default under any of the terms thereof; (c) that no rent reserved in the Leases has been anticipated or assigned; (d) not to collect any of the rents, income and profits arising or accruing from the Project in advance of the time when the same becomes due under the terms of the Leases; (e) not to discount any future accruing rents; (f) without the prior written consent of the Mortgagee, not to execute any other assignment of the Leases or assignment of rents therefrom; (g) not to alter, modify or change the terms of the Leases without the prior written consent of the Mortgagee, which shall not be unreasonably withheld, conditioned or delayed; (h) not to surrender, cancel or terminate the Lease, or accept any such surrender, cancellation or termination, without the prior written consent of the Mortgagee; and (i) to assign and transfer to the Mortgagee any and all further Leases upon all or any part of the Project and to execute and deliver, at the request of the Mortgagee, all such further assurances and assignments in the Project as the Mortgagee may from time to time require.

(c) So long as no Event of Default shall exist and the Mortgagor is not in default in the performance of any obligation, covenant or agreement contained in the Leases, the Mortgagor shall have a license (which license shall terminate automatically and without notice upon the occurrence of an Event of Default or a default by the Mortgagor under the Leases), to collect upon, but not prior to accrual, all rents, income and profits from the Project; such rents, income and profits to be held in trust for the Mortgagee. Each month, provided that no Event of Default shall have occurred, the Mortgagor may retain such rents, income and profits as were collected that month and held in trust for the Mortgagee and use and enjoy the same.

(d) Upon revocation of the license referred to in the preceding Section, (c) following notification to the tenants under the Leases by the Mortgagee that all rents are to be paid to it, all rents shall be paid directly to the Mortgagee and not through the Mortgagor, it being understood that (i) a demand by the Mortgagee on any tenant under the Leases for the payment of rent shall be sufficient to warrant payment by such tenant of future payments of rent to the Mortgagee without the necessity of further consent by the Mortgagor; (ii) the Mortgagee shall be entitled to take possession of the Project and to have, hold, manage, lease and operate the same on such terms and for such period of time as the Mortgagee may deem proper; (iii) the Mortgagee shall be entitled to make from time to time all alterations, renovations, repairs or replacements to the Project as may seem proper to the Mortgagee; and (iv) the Mortgagee may apply rents, income and profits to the payment of:

(i) the cost of all such alterations, renovations, repairs and replacements and expenses incident to the taking and retaining possession of the Project and the management and operation thereof and keeping the same properly insured;

(ii) all taxes, charges, claims, assessments, water rents and any other liens which may be prior in lien or payment to the obligations of the Mortgagor under the Note and other Loan Documents, and premiums for said insurance with interest on all such items; and

(iii) the obligations of the Mortgagor under the Note and other Loan Documents, together with all costs and attorney's fees;

all in such order of priority as to any of such items as the Mortgagee in its sole discretion may determine, any statute, law, custom or use to the contrary notwithstanding.

(e) Subsequent to an Event of Default or a default by the Mortgagor under the Leases which is remedied, with all necessary charges and expenses incurred by reason thereof paid, the parties hereto shall each be restored to and reinstated in their respective rights and estates as if such Event of Default or default by the Mortgagor under the Leases had not occurred. The Mortgagor shall thereupon hold the Project subject hereto as if the Mortgagee had not exercised its rights and options hereunder and as if Mortgagor's license to collect rents had not been revoked; but nothing hereinbefore contained shall impair any right of the Mortgagee upon any subsequent breach.

(f) The Mortgagee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge any obligation, duty or liability under the Leases, or under or by reason of this Agreement, and the Mortgagor shall and does hereby agree to indemnify the Mortgagee for and to hold the Mortgagee harmless of and from any and all liability, loss or damage which it may or might incur under the Leases or under or by reason of this Agreement, and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or

undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Leases. Should the Mortgagee incur any such liability, loss or damage under the Leases, this Agreement or in the defense of any such claims or demands, the amount thereof including costs, expenses and reasonable attorneys' fees shall be secured hereby and the Mortgagor shall reimburse the Mortgagee therefor immediately upon demand, and upon the failure of the Mortgagor so to do the Mortgagee may declare the Obligations immediately due and payable, provided that any notice and opportunity to cure required by the Loan Documents are given.

ARTICLE II. EVENTS OF DEFAULT AND REMEDIES

Section 2.01 Events of Default and Remedies. If one or more of the following Events of Default shall happen:

(a) if (i) default shall be made in the payment of any tax required by Section 1.07 to be paid and said default shall have continued for a period of ten (10) days, or (ii) default shall be made in the due observance or performance of any covenant or agreement on the part of Mortgagor contained in Section 1.01, 1.09, 1.14, 1.20, 1.21, 1.22, 1.27, or 1.28 hereof (for the purposes of this clause, and for subparagraph (b) below, if any representation made in Section 1.01 shall be incorrect, it shall be deemed to be a default); or

(b) except as set forth in Section 2.01(a) hereof, if Mortgagor shall fail to comply with or perform any affirmative covenant or agreement set forth in this Mortgage and the continuance of such failure continues for ten (10) business days after written notice thereof from Mortgagee; provided, however, that if the curing of such default cannot be accomplished within said ten (10) business day period, and Mortgagor has commenced to cure such default within the said ten (10) business day period, the cure period shall be extended to a period of time necessary to cure such default, but in no event shall such period exceed thirty (30) days; or (ii) negative covenant or agreement set forth in this Mortgage as and when such performance shall be due (i.e., there is no cure period); or

(c) if any Event of Default shall occur under the Note, the Loan Agreement or under any of the other Documents; or

(d) if it shall be illegal for Mortgagor to pay any tax referred to in Section 1.07 hereof, or if the payment of such tax by Mortgagor would result in a violation of the usury laws of the jurisdiction in which the Premises are located; or

(e) if the holder of a junior or senior mortgage or other lien or encumbrance on the Mortgaged Property, or any part thereof, institutes foreclosure or other proceedings for the enforcement of its remedies thereunder, which foreclosure or other proceedings are not discharged (without affecting the Mortgaged Property) or bonded within thirty (30) days from the institution thereof (this subsection (i) shall not be construed to imply that Mortgagee consents to any junior or senior lien or encumbrance); or

(f) if any easement over, across or under or otherwise affecting the Mortgaged Property or any portion thereof shall be granted without Mortgagee's prior written consent; or

(g) the Mortgagor suffers or permits any judgment in excess of Fifty Thousand and No/100 Dollars (\$50,000) against the Mortgagor or any attachment against the Premises or any of the

Mortgagor's property (for an amount not fully covered by insurance), to remain unpaid, undischarged, unbonded or undismissed for a period of thirty (30) days unless such judgment has been appealed by the Mortgagor; or

(h) if the Mortgaged Property or any part thereof shall be sold or otherwise transferred; or

(i) if Mortgagor incurs any debt in addition to the Loan without the prior written consent of Mortgagee, except as may be permitted under the Loan Agreement; or

(j) if any change in any zoning ordinance or regulation or any other public restriction is enacted, adopted or implemented, that limits or defines the uses which may be made of the Mortgaged Property such that the present or intended use of the Mortgaged Property, as specified in the Loan Documents, would be in violation of such zoning ordinance or regulation or public restriction, as changed (other than as a pre-existing legally permitted nonconforming use);

then and in every such case:

(i) Mortgagee may declare the entire principal of the Note then outstanding (if not then due and payable), and all accrued and unpaid interest thereon, to be due and payable immediately, and upon any such declaration the principal of the Note and said accrued and unpaid interest, together with all other fees and charges payable in connection with the indebtedness evidenced by the Note, shall become and be immediately due and payable, anything in the Note or in this Mortgage or any other Document to the contrary notwithstanding;

(ii) To the extent permitted by applicable law, Mortgagee personally, or by its agents or attorneys, may enter into and upon all or any part of the Mortgaged Property and each and every part thereof, and may exclude Mortgagor, its agents and servants wholly therefrom; and having and holding the same, may use, operate, manage and control the Mortgaged Property or any part thereof and conduct the business thereof, either personally or by its superintendents, managers, agents, servants, attorneys or receivers; and upon every such entry, Mortgagee, at the expense of Mortgagor, from time to time, either by purchase, repairs or construction, may maintain and restore the Mortgaged Property, whereof it shall become possessed as aforesaid, may complete the construction of the Improvements, if applicable, and in the course of such completion may make such changes in the contemplated Improvements as it may deem desirable, and may insure the same; and likewise, from time to time, at the expense of Mortgagor, Mortgagee may make all necessary or proper repairs, renewals and replacements, and such useful alterations, additions, betterments and improvements thereto and thereon, as to it may seem advisable; and in every such case Mortgagee shall have the right to manage and operate the Mortgaged Property and to carry on the business thereof and exercise all rights and powers of Mortgagor with respect thereto either in the name of Mortgagor or otherwise, as Mortgagee shall deem best; and Mortgagee shall be entitled to collect and receive all gross receipts, earnings, revenues, rents, issues, profits and income of the Mortgaged Property and every part thereof, all of which shall for all purposes constitute property of Mortgagee; and after deducting the expenses of conducting the business thereof and of all maintenance, repairs, renewals, replacements, alterations, additions, betterments and improvements and amounts necessary to pay for taxes, assessments, insurance and prior or other proper charges upon the Mortgaged Property or any part thereof, as well as just and reasonable compensation for the services of Mortgagee and for all attorneys, counsel, agents, clerks, servants and other employees by it properly engaged and employed, Mortgagee may apply the moneys arising as aforesaid in such manner and at such

times as Mortgagee shall determine in its discretion to the payment of the indebtedness secured hereby and the interest thereon, when and as the same shall become payable and/or to the payment of any other sums required to be paid by Mortgagor under this Mortgage or any Document; and

(iii) Mortgagee, with or without entry, personally or by its agents or attorneys, insofar as applicable, may: (1) [reserved] (2) institute proceedings for the complete or partial foreclosure of this Mortgage; or (3) take such steps to protect and enforce its rights, whether by action, suit or proceeding in equity or at law, for the specific performance of any covenant, condition or agreement in the Note, this Mortgage or any other Document, or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other available legal or equitable remedy as Mortgagee shall elect. Mortgagor authorizes Mortgagee, at Mortgagee's option, to foreclose this Mortgage subject to the rights of any tenants of the Mortgaged Property (unless such tenants have entered into a Subordination Agreement with Mortgagee); provided, however, that all leases executed subsequent to the recordation of this Mortgage shall at all times be subject and subordinate to this Mortgage and to all the terms and conditions of this Mortgage and to the rights and liens of the holder of this Mortgage and to all renewals, modifications, consolidations, replacements and extensions thereof. The failure to make any such tenants parties defendant to any such foreclosure proceedings and to foreclose their rights will not be, nor be asserted by Mortgagor to be, a defense to any proceedings instituted by Mortgagee to recover the indebtedness secured hereby or any deficiency remaining unpaid after the foreclosure sale of the Mortgaged Property; however, nothing herein contained shall prevent Mortgagor from disputing in any proceedings the amount of the deficiency or the sufficiency of any bid at such foreclosure sale or that the failure to foreclose any such tenants adversely affects the value of the Mortgaged Property.

Section 2.02 Foreclosure Sale. (a) Mortgagee may adjourn from time to time any sale by it to be made under or by virtue of this Mortgage by announcement at the time and place appointed for such sale or for such adjourned sale or sales; and, except as otherwise provided by any applicable provision of law, Mortgagee, without further notice or publication, may make such sale at the time and place to which the same shall be so adjourned.

(a) Upon the completion of any sale or sales made under or by virtue of this Article II, Mortgagee, or any officer of any court empowered to do so, shall execute and deliver to the accepted purchaser or purchasers a good and sufficient instrument or instruments conveying, assigning and transferring all estate, right, title and interest in and to the property and rights sold. Mortgagee is hereby irrevocably appointed the true and lawful attorney of Mortgagor, in its name and stead, to make all necessary conveyances, assignments, transfers and deliveries of any part of the Mortgaged Property and rights so sold. Mortgagee may, for such purpose, execute all necessary instruments of conveyance, assignment and transfer, and may substitute one or more persons with like power, Mortgagor hereby ratifying and confirming all that its said attorney or such substitute or substitutes shall lawfully do by virtue hereof. Nevertheless, Mortgagor, if so requested by Mortgagee, shall ratify and confirm any such sale or sales by executing and delivering to Mortgagee or to such purchaser or purchasers all such instruments as may be advisable, in the judgment of Mortgagee, for the purpose, and as may be designated in such request. Any such sale or sales made under or by virtue of this Article II, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or a judgment or decree of foreclosure and sale, shall operate to divest all the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of Mortgagor in and to the properties, interests and rights so sold, and shall be a perpetual bar both at law and in equity against Mortgagor and against any

and all persons claiming or who may claim the same or any part thereof from, through or under Mortgagor.

(b) In the event of any sale made under or by virtue of this Article II (whether made under or by virtue of judicial proceedings or a judgment or decree of foreclosure and sale), the entire principal of and interest on the Note, if not previously due and payable, and all other sums required to be paid by Mortgagor pursuant to this Mortgage and/or any other Document, immediately thereupon shall, anything in the Note, this Mortgage or any other Document to the contrary notwithstanding, become due and payable.

(c) The purchase money proceeds or avails of any sale made under or by virtue of this Article II, together with any other sums which then may be held by Mortgagee under this Mortgage, whether under the provisions of this Article II or otherwise, shall be applied as follows:

(i) first: to the payment of the costs and expenses of such sale, including reasonable compensation to Mortgagee, its agents and attorneys, and of any judicial proceedings wherein the same may be made, and of all expenses, liabilities and advances made or incurred by Mortgagee under this Mortgage, together with interest at the Default Rate on all advances made by Mortgagee and all taxes or assessments paid by Mortgagee, except any taxes, assessments or other charges subject to which the Mortgaged Property shall have been sold;

(ii) second: to the payment of the whole amount then due, owing or unpaid upon the Note for principal and interest any other sums required to be paid by Mortgagor pursuant to any provision of this Mortgage, the Note, or any other Document, all with interest at the Default Rate from the date such sums were or are required to be paid under this Mortgage, the Note or the other Documents, all in such order and manner as Mortgagee may determine in its sole and absolute discretion;

(iii) third: to the payment of any other sums required to be paid by Mortgagor pursuant to any provision of this Mortgage, the Note, or any other Document, all with interest at the Default Rate, from the date such sums were or are required to be paid under this Mortgage, the Note or the other Documents; and

(iv) fourth: to the payment of the surplus, if any, to whomsoever may be lawfully entitled to receive the same.

(d) Upon any sale made under or by virtue of this Article II, whether made under or by virtue of judicial proceedings or a judgment or decree of foreclosure and sale, Mortgagee may bid for and acquire the Mortgaged Property or any part thereof and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the indebtedness of Mortgagor secured by this Mortgage the net sales price, after deducting therefrom the expenses of the sale and the costs of the action and any other sums which Mortgagee is authorized to deduct under this Mortgage.

Section 2.03 Payment of Indebtedness After Default. (a) If an Event of Default shall have occurred, then upon written demand of Mortgagee, Mortgagor will pay to Mortgagee the whole amount which then shall have become due and payable on the Note, for principal and interest or both, as the case may be, and after the happening of said Event of Default will also pay to Mortgagee interest at the Default Rate on the then unpaid principal of the Note, and the sums required to be paid by Mortgagor pursuant to any provision of this Mortgage, and in addition thereto such further amount as shall be

sufficient to cover the costs and expenses of collection, including reasonable compensation to Mortgagee, its agents and attorneys, and any expenses incurred by Mortgagee hereunder. In the event Mortgagor shall fail forthwith to pay such amounts upon such demand, Mortgagee shall be entitled and empowered to institute such action or proceedings at law or in equity as may be advised by its counsel for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree and may enforce any such judgment or final decree against Mortgagor and collect out of the property of Mortgagor wherever situated, as well as out of the Mortgaged Property, in any manner provided by law, moneys adjudged or decreed to be payable with interest thereon at the Default Rate.

(a) Mortgagee shall be entitled to recover judgment as aforesaid either before, after or during the pendency of any proceedings for the enforcement of the provisions of this Mortgage. The right of Mortgagee to recover such judgment shall not be affected by any entry or sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Mortgage, or the foreclosure of the lien hereof. In the event of a sale of the Mortgaged Property or any part thereof and of the application of the proceeds of sale, as in this Mortgage provided, to the payment of the indebtedness hereby secured, Mortgagee shall be entitled to (i) enforce payment of; and to receive all amounts then remaining due and unpaid upon, the Note, (ii) enforce payment of all other charges, payments and costs due under this Mortgage, and (iii) recover judgment for any portion of the debt remaining unpaid, with interest thereon at the Default Rate. In case of proceedings against Mortgagor in insolvency or bankruptcy or any proceedings for its reorganization or involving the liquidation of its assets, then Mortgagee shall be entitled to prove the whole amount of principal and interest due upon the Note to the full amount thereof, and all other payments, charges and costs due under this Mortgage, without deducting therefrom any proceeds obtained from the sale of the whole or any part of the Mortgaged Property, provided, however, that in no case shall Mortgagee receive a greater amount than such principal and interest and such other payments, charges and costs from the aggregate amount of the proceeds of the sale of the Mortgaged Property or any part thereof and the distribution from the estate of Mortgagor.

(b) No recovery of any judgment by Mortgagee and no levy of any execution under any judgment upon the Mortgaged Property or upon any other property of Mortgagor shall affect in any manner or to any extent, the lien of this Mortgage upon the Mortgaged Property or any part thereof, or any liens, rights, powers or remedies of Mortgagee hereunder, but such liens, rights, powers and remedies of Mortgagee shall continue unimpaired as before.

(c) Any moneys thus collected by Mortgagee under this Section 2.03 shall be applied by Mortgagee in accordance with the provisions of paragraph (d) of Section 2.02.

Section 2.04 Waiver of Personal Service; Appointment of Receiver. Mortgagor does hereby waive personal service of process and consent to service by certified mail to the address of Mortgagor set forth on the cover page of this Mortgage (with copies to be sent as provided in Section 3.03). After the happening of any Event of Default, or upon the commencement of any proceedings to foreclose this Mortgage or to enforce the specific performance hereof, or upon the commencement of any other judicial proceeding to enforce any right of Mortgagee, or in aid of any of the foregoing, Mortgagee, without regard to the value or occupancy of the Mortgaged Property or the solvency of Mortgagor or any guarantor of all or any part of the Loan, with or without notice to Mortgagor or any such guarantor, shall be entitled as a matter of right, if it so elects, to the appointment of a receiver to enter upon and take possession of the Mortgaged Property and to collect all rents, revenues, issues, income, products and profits thereof and apply the same as the court may direct. The receiver shall have all rights and powers

permitted under the laws of the State and such other powers as the court making such appointment shall confer. The expenses, including receiver's fees, attorney's fees, costs and agent's compensation, incurred pursuant to the powers herein contained shall be secured by this Mortgage. The right to enter and take possession of and to manage and operate the Mortgaged Property, and to collect the rents, issues and profits thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. Mortgagee shall be liable to account only for such rents, issues and profits as are actually received by Mortgagee. Notwithstanding the appointment of any receiver or other custodian, Mortgagee shall be entitled as pledgee to the possession and control of any cash, deposits, or instruments at the time held by, or payable or deliverable under the terms of this Mortgage to Mortgagee.

Section 2.05 Possession of Premises. Notwithstanding the appointment of any receiver, liquidator or trustee of Mortgagor, or of any of its property, or of the Mortgaged Property or any part thereof, Mortgagee shall be entitled to retain possession and control of all property now or hereafter held under this Mortgage.

Section 2.06 Remedies Cumulative. No remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law, in equity or by statute. No delay or omission of Mortgagee in exercising any right or power accruing upon any Event of Default shall impair any such rights or power, or shall be construed to be a waiver of any such Event of Default or any acquiescence therein; and every power and remedy given by this Mortgage to Mortgagee may be exercised from time to time as often as may be deemed expedient by Mortgagee. Nothing in this Mortgage or in the Note shall affect the obligation of Mortgagor to pay the principal of, and on, the Note in the manner and at the time and place therein respectively expressed.

Section 2.07 No Stay; Exemption or Moratorium. Mortgagor will not at any time insist upon, plead or in any manner whatsoever claim or take any benefit or advantage of any stay or extension or moratorium law, any exemption from execution or sale of the Mortgaged Property or any part thereof, wherever enacted, whether now or at any time hereafter in force, which may affect the covenants and terms of performance of this Mortgage, nor claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Mortgaged Property, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision herein, or pursuant to the decree, judgment or order of any court of competent jurisdiction, and covenants not to hinder, delay or impede the execution of any power herein granted or delegated to Mortgagee, and shall suffer and permit the execution of every power as though no such law or laws had been made or enacted. Mortgagor for itself and all who may claim under it, waives, to the extent that it lawfully may, all right to have the Mortgaged Property or any part thereof marshaled upon any foreclosure hereof.

Section 2.08 Rent During an Event of Default. To the extent permitted by applicable law, Mortgagor agrees that during the continuance of any Event of Default and pending the exercise by Mortgagee of its right to exclude Mortgagor from all or any part of the Premises, Mortgagor shall pay the fair and reasonable rental value for the use and occupancy of the Premises or any portion thereof which are in its possession for such period and, upon default of any such payment, will vacate and surrender possession of the Premises to Mortgagee or to a receiver, if any, and in default thereof may be evicted by any summary action or proceeding for the recovery of possession of premises for non-payment of rent, however designated.

Section 2.09 Additional Remedies. Without limiting any of the foregoing rights, remedies and powers of Mortgagee hereunder, Mortgagor agrees that if an Event of Default shall have occurred:

(a) Mortgagee shall have the right, from time to time, to bring an appropriate action to recover any sums required to be paid by Mortgagor under the terms of this Mortgage, as they become due, without regard to whether or not the principal indebtedness or any other sums secured by the Note and this Mortgage shall be due, and without prejudice to the right of Mortgagee thereafter to bring an action to foreclose this Mortgage, or any other action, for any default by Mortgagor existing at the time the earlier action was commenced.

(b) Any real estate sold pursuant to any writ or order of execution issued on a judgment obtained by virtue of the Note or this Mortgage, or pursuant to any other judicial proceedings under this Mortgage or the Note, may be sold in one parcel, as an entirety, or in such parcels, and in such manner or order as Mortgagee, in its sole discretion, may elect.

(c) Mortgagee shall have the power and authority to institute and maintain at any time and from time to time any suits and proceedings as Mortgagee may deem advisable: (1) to prevent any impairment of the Mortgaged Property by any acts which may be unlawful or any violation of this Mortgage, (2) to preserve or protect its interest in the Mortgaged Property, and (3) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order might impair the security hereunder or be prejudicial to Mortgagee's interest.

(d) Upon request or demand of Mortgagee, Mortgagor shall, at its expense, assemble the personal property forming part of the Mortgaged Property and make it available to Mortgagee at a convenient place acceptable to Mortgagee. Mortgagor shall pay to Mortgagee, on demand, any and all expenses, including attorneys' fees, incurred or paid by Mortgagee in protecting its interest in such property and in enforcing its rights hereunder with respect to such property. Any notice of sale, disposition or other intended action by Mortgagee with respect to such property sent to Mortgagor in accordance with the provisions hereof at least five (5) days prior to such action, shall constitute reasonable notice to Mortgagor. The proceeds of any disposition of such property, or any part thereof, may be applied by Mortgagee to the payment of the indebtedness secured hereby in such priority and proportions as Mortgagee in its discretion shall deem proper.

(e) Neither Mortgagor nor any other person now or hereafter obligated for payment of all or any part of the sums now or hereafter secured by this Mortgage shall be relieved of such obligation by reason of the failure of Mortgagee to comply with any request of Mortgagor or of any other person so obligated to take action to foreclose on this Mortgage or otherwise enforce any provisions of this Mortgage or the Note, or by reason of the release, regardless of consideration, of all or any part of the security held for the indebtedness secured by this Mortgage, or by reason of any agreement or stipulation between any subsequent owner of the Mortgaged Property and Mortgagee extending the time of payment or modifying the terms of this Mortgage or the Note without first having obtained the consent of Mortgagor or such other person; and, in the latter event, Mortgagor and all such other persons shall continue to be liable to make payments according to the terms of any such extension or modification agreement, unless expressly released and discharged in writing by Mortgagee. No release of all or any part of the security as aforesaid shall in any way impair or affect the lien of this Mortgage or its priority over any subordinate lien.

Section 2.10 Counsel Fees: If Mortgagee becomes a party to any suit or proceeding affecting the Mortgaged Property or title thereto, the lien created by this Mortgage or Mortgagee's interest therein (including any proceeding in the nature of eminent domain), or if following the occurrence of an Event of Default, Mortgagee engages counsel to collect any of the indebtedness or to enforce performance of the agreements, conditions, covenants, provisions or stipulations of this Mortgage, the Note or any of the other Loan Documents, Mortgagee's costs, expenses and reasonable fees for legal counsel, whether or not suit is instituted, shall be paid to Mortgagee by Mortgagor, on demand, with interest at the Default Rate, and until paid they shall be deemed to be part of the indebtedness evidenced by the Note and secured by this Mortgage.

ARTICLE III. MISCELLANEOUS

Section 3.01 Binding Obligations. All of the grants, covenants, terms, provisions and conditions herein shall run with the land and shall apply to, bind and inure to the benefit of, the successors and assigns of Mortgagor and the successors and assigns of Mortgagee. If there be more than one mortgagor, the representations, covenants and warranties hereof shall be joint and several. As used herein, the singular shall include the plural as the context requires.

Section 3.02 Severability. In the event any one or more of the provisions contained in this Mortgage, in the Note or in any other Document shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of Mortgagee, not affect any other provision of this Mortgage, but this Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

Section 3.03 Notices. All notices hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when given or served in accordance with the notice provisions of the Loan Agreement.

Section 3.04 Waiver of Notice. Whenever in this Mortgage the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person or persons entitled to receive such notice. Mortgagor shall not be entitled to any notices of any nature whatsoever from Mortgagee, except with respect to matters for which this Mortgage specifically and expressly provides for the giving of notice by Mortgagee to Mortgagor, and Mortgagor hereby expressly waives the right to receive any notice from Mortgagee with respect to any matter for which this Mortgage does not specifically and expressly provide for the giving of notice by Mortgagee to Mortgagor.

Section 3.05 Assignment. This Mortgage, and any instruments made in connection herewith, may be assigned by Mortgagee without the consent of Mortgagor or any other party.

Section 3.06 Incorporation of Information. The information set forth on the cover hereof is hereby incorporated herein.

Section 3.07 Default Rate. The Default Rate provided for herein shall continue to accrue and be paid on any amount to which the Default Rate is applied, until said amount is paid in full.

Section 3.08 Applicable Law. This Mortgage shall be governed by, and construed, enforced and interpreted according to the laws of the State, without giving effect to the principles of conflicts of law.

Section 3.09 No Oral Modification. Neither this Mortgage nor any provision hereof may be changed, waived, modified, discharged or terminated, except by an instrument in writing signed by both parties.

Section 3.10 Security Agreement and Fixture Filing. This Mortgage constitutes both a real property mortgage and a "security agreement", within the meaning of the Uniform Commercial Code of the State, and the Mortgaged Property includes both real and personal property and all other rights and interests of Mortgagor in the Mortgaged Property, whether tangible or intangible in nature. By executing and delivering this Mortgage, Mortgagor has granted to Mortgagee, as security for the Note, a security interest in the Chattels and any other personal property described herein as being subject to a lien in favor of Mortgagor. If Mortgagor shall default under the Note and/or this Mortgage, Mortgagee, in addition to any other rights and remedies which it may have, shall have and may exercise immediately and without demand, any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code of the State, including, without limiting the generality of the foregoing, the right to take possession of the Chattels or any part thereof, and to take such other measures as Mortgagee may deem necessary for the care, protection and preservation of the Chattels. Upon request or demand of Mortgagee, Mortgagor shall at its expense assemble the Chattels and make them available to Mortgagee at a convenient place acceptable to Mortgagee. Mortgagor shall pay to Mortgagee on demand any and all expenses, including legal expenses and attorneys' fees, incurred or paid by Mortgagee in protecting its interest in the Chattels and in enforcing its rights hereunder with respect to the Chattels. Any notice of sale, disposition or other intended action by Mortgagee with respect to the Chattels sent to Mortgagor in accordance with the provisions hereof at least five (5) days prior to such action, shall constitute reasonable notice to Mortgagor. The proceeds of any disposition of the Chattels, or any part thereof, may be applied by Mortgagee to the payment of the Note and any other obligations of Mortgagor secured hereby in such priority and proportions as Mortgagee in its discretion shall deem proper. The security agreement created by this Mortgage shall continue and remain in full force and effect during any foreclosure proceedings relating to this Mortgage and the period of redemption, if any, until all sums secured by this Mortgage, together with interest thereon, shall have been paid in full. This Mortgage is intended to be a financing statement within the purview of the Uniform Commercial Code in effect in the State with respect to any Collateral which is or may become fixtures relating to the Premises. The addresses of Mortgagor (debtor) and Mortgagee (secured party) are hereinabove set forth. This Mortgage is to be filed with the Office of the Fiscal Officer of the county where the Project is located. Mortgagor is the record owner of the Premises.

Section 3.11 Attorneys' Fees. Wherever "attorneys' or counsel fees" or similar references are made herein, it shall include disbursements and such fees incurred out of court and in litigation, including, without limitation, pre-trial, appellate and bankruptcy proceedings.

Section 3.12 Inclusion of Subtenants. Whenever reference is made in this Mortgage to a lease, lessee, tenancy or tenant, such reference shall be deemed to include a sublease, sublessee, subtenancy or subtenant, as the case may be.

Section 3.13 Counterparts. This Mortgage may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same Mortgage.

Section 3.14 Default Under Additional Security. If the payment of the mortgage indebtedness is now or hereafter further secured by assignments of leases or rentals, security agreements, financing statements, mortgages, collateral assignments, pledges, contracts of guaranty or other additional security documents, any default under the provisions of any such further security documents shall constitute and be a default under this Mortgage, and Mortgagee may, at its option, exhaust any one or more of the said security documents and the security thereunder, as well as the Mortgaged Property covered by this Mortgage, either concurrently or independently and in such other and further manner as Mortgagee may elect, and Mortgagee may apply the proceeds received therefrom upon the mortgage indebtedness without waiving or affecting Mortgagee's rights and remedies under this Mortgage or any other Document, whether exercised or not.

Section 3.15 Legal Interest Rate. Nothing herein, nor any transaction related hereto, shall be construed or operate so as to require Mortgagor to pay interest at a greater rate than shall be lawful. Should any interest or other charges paid by Mortgagor in connection with the loan evidenced by the Note result in the computation or earning of interest in excess of the maximum legal rate of interest which is legally permitted under the laws of the State or other applicable law, after taking into account all provisions of the Note and the Documents, then any and all such excess shall be, and the same is hereby, waived by Mortgagee, and any and all such excess shall be automatically credited against and in reduction of the balance due under the indebtedness secured hereby, and any portion which exceeds the balance due under the Note and secured hereby shall be paid by Mortgagee to Mortgagor. At the maturity of the Note secured hereby (or prior thereto, in the event of any permitted prepayment, or if Mortgagee accelerates payment thereof), if the total amount of interest paid, including any service fee and any other charge upon the principal, exceeds the maximum legal contract rate permitted by law, such interest shall be recomputed and any such excess shall be credited to principal or returned to Mortgagor. It is the intent of the parties hereto that Mortgagor, under no circumstances, shall be required to pay, nor shall Mortgagee be entitled to collect, any interest which is in excess of the maximum legal rate permitted under applicable laws.

Section 3.16 No Joint Venture. Nothing contained herein shall create any joint venture, partnership, agency or trust arrangement between Mortgagor and Mortgagee.

Section 3.17 WAIVER OF TRIAL BY JURY. TO THE FULLEST EXTENT PERMITTED BY LAW, MORTGAGOR HEREBY IRREVOCABLY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING BROUGHT BY MORTGAGOR OR MORTGAGEE INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO OR CONNECTED WITH THIS MORTGAGE, THE NOTE OR ANY OTHER DOCUMENT AND/OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. TO THE FULLEST EXTENT PERMITTED BY LAW, MORTGAGOR HEREBY IRREVOCABLY WAIVES IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING BROUGHT BY MORTGAGEE UNDER THIS MORTGAGE, THE NOTE OR ANY OTHER DOCUMENT, ANY AND EVERY RIGHT IT MAY HAVE TO, (I) INTERPOSE ANY COUNTERCLAIM THEREIN AND (II) HAVE THE SAME CONSOLIDATED WITH ANY OTHER OR SEPARATE SUIT, ACTION OR PROCEEDING. NOTHING HEREIN CONTAINED SHALL PREVENT OR PROHIBIT MORTGAGOR FROM

INSTITUTING OR MAINTAINING A SEPARATE ACTION AGAINST MORTGAGEE WITH RESPECT TO ANY ASSERTED CLAIM.

Section 3.18 Set-Off. Mortgagor agrees that, in addition to (and without limitation of) any right of set-off, bankers' lien or counterclaim Mortgagee may otherwise have, Mortgagee shall be entitled, at its option, to offset balances held by it for the account of Mortgagor in any of its offices, in lawful money of the United States of America or in any other currency, against any principal of or interest on the Note, or any other obligation of Mortgagor held by Mortgagee, which is not paid when due.

Section 3.19 Recovery of Sums Required To Be Paid. Mortgagee shall have the right from time to time to take action to recover any sum or sums which constitute a part of the indebtedness secured hereby as the same becomes due, without regard to whether or not the balance of such indebtedness shall be due, and without prejudice to the right of Mortgagee thereafter to bring an action of foreclosure, or any other action, for a default or defaults by Mortgagor existing at the time such earlier action was commenced.

Section 3.20 Marshalling. Mortgagor waives and releases, to the fullest extent permitted by law and with awareness of the consequences thereof, any right to have the Mortgaged Property marshaled.

Section 3.21 Headings. The headings and captions of the various Articles and Sections of this Mortgage, and the table of contents, are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

Section 3.22 Security and Priority of Advances.

(a) Intentionally deleted.

(b) Incidental Advances. This Mortgage secures (i) all advances made by Mortgagee with respect to any of the Mortgaged Property for the payment of impositions, maintenance charges, insurance premiums or costs incurred for the protection of any of the Mortgaged Property or the lien of this Mortgage, and (ii) all expenses incurred by Mortgagee by reason of an Event of Default hereunder. This Mortgage shall constitute a lien on the Mortgaged Property from the time this Mortgage is recorded (or, if this is a purchase money mortgage, from the time of delivery hereof to Mortgagee) for, among other things, all such advances and expenses, plus interest thereon, regardless of the time when such advances are made or such expenses are incurred.

Section 3.23 VENUE: Mortgagor irrevocably and unconditionally agrees that any suit, action or other legal proceeding arising out of or in connection with this Mortgage, or the obligations secured by it, may be brought in the courts of record of the State or the courts of the United States located in the State. Borrower consents to the jurisdiction of each such court in any such suit, action or proceeding, and waives any objection to the venue of any such suit, action or proceeding in any such courts.

Section 3.24 True Copy: Mortgagor acknowledges receipt of a "true copy" of this Mortgage, provided without charge.

Section 3.25 State Specific Provisions.

- (a) The maturity date of this Mortgage is September 1, 2021.

[Signature Follows on Next Page]

IN WITNESS WHEREOF, this Mortgage has been duly executed by Mortgagor as of the day and year first above written.

THE ARTS AND COLLEGE PREPARATORY
ACADEMY, an Ohio nonprofit corporation,

By: William A Klatt

Name: William Klatt

Its: President

State of Ohio
County of Franklin

I CERTIFY that on December 18, 2014, before me, the undersigned subscriber, personally appeared William Klatt, the President of The Arts and College Preparatory Academy, who I am satisfied is the person named in and who executed the within Instrument on behalf of said corporation and thereupon he acknowledged that he signed and delivered the same and that the within Instrument is the act and deed of said corporation for the uses and purposes therein expressed.

Megan J. Flanagan
Notary Public

This instrument prepared by:
[and when recorded return to:]

Debra Eidson
Self-Help New Markets XII, LLC
301 W. Main Street
Durham, NC 27701

**MEGAN J. FLANAGAN, Attorney
At Law**

NOTARY PUBLIC, STATE OF OHIO
My commission has no expiration date.
Section 147.03 R.C.

EXHIBIT A

Land situated in the City of Columbus, in the County of Franklin, State of Ohio is described as follows:

And known as being in Section 21, Township 12 North, Range 21 West, Refugee Lands, being 4.403 acres out of that 6.094 acre tract of land as described in a deed to Lionmark Development Partners, of record in Official Records Volume 7793, Page 120 (all references herein being to records located in the recorder's office, Franklin County, Ohio), said 4.403 acres being more particularly described as follows:

Beginning at the intersection of the Westerly right-of-way line of Cloverleaf Street East (80 feet in width) as shown and delineated upon the Plat dedication of Cloverleaf Street East, of record in Plat Book 41, Page 112, and the Northerly right-of-way line of the Penn Central Railroad;

Thence North 89 deg. 43' 46" West, along the Northerly line of said railroad, along the Southerly line of said 6.094 acre tract, a distance of 750.98 feet to a point; Thence North 0 deg. 21' 46" West, along the Westerly line of said 6.094 acre tract, a distance of 87.42 feet to a point on a curve in the Southerly right-of-way line of Hilton Corporate Drive, as dedicated by Ordinance No. 318-74 as Truro Station Road, at the Northwesterly corner of said 6.094 acre tract;

Thence along said Southerly right-of-way line, with the arc of curve to the left, having a radius of 340.00 feet, a central angle of 5 deg. 54' 52", the chord of which bears North 53 deg. 13' 40" East, a chord distance of 35.08 feet;

Thence North 50 deg. 16' 14" East, continuing along said Southerly right-of-way line, a distance of 410.82 feet to a point;

Thence through said 6.094 acre tract the following Four (4) courses:

1. South 39 deg. 43' 46" East, a distance of 73.43 feet to a point;
2. With the arc of a curve to the right, having a radius of 44.00 feet, a central angle of 40 deg. 00' 00", the chord of which bears South 19 deg. 43' 46" East, a chord distance of 30.10 feet to the point of tangency;
3. Thence South 0 deg. 16' 14" West, a distance of 19.84 feet to a point;
4. Thence South 89 deg. 43' 46" East, a distance of 348.74 feet to a point in the Easterly line of said 6.094 acre tract, in the Westerly right-of-way line of Cloverleaf Street East;

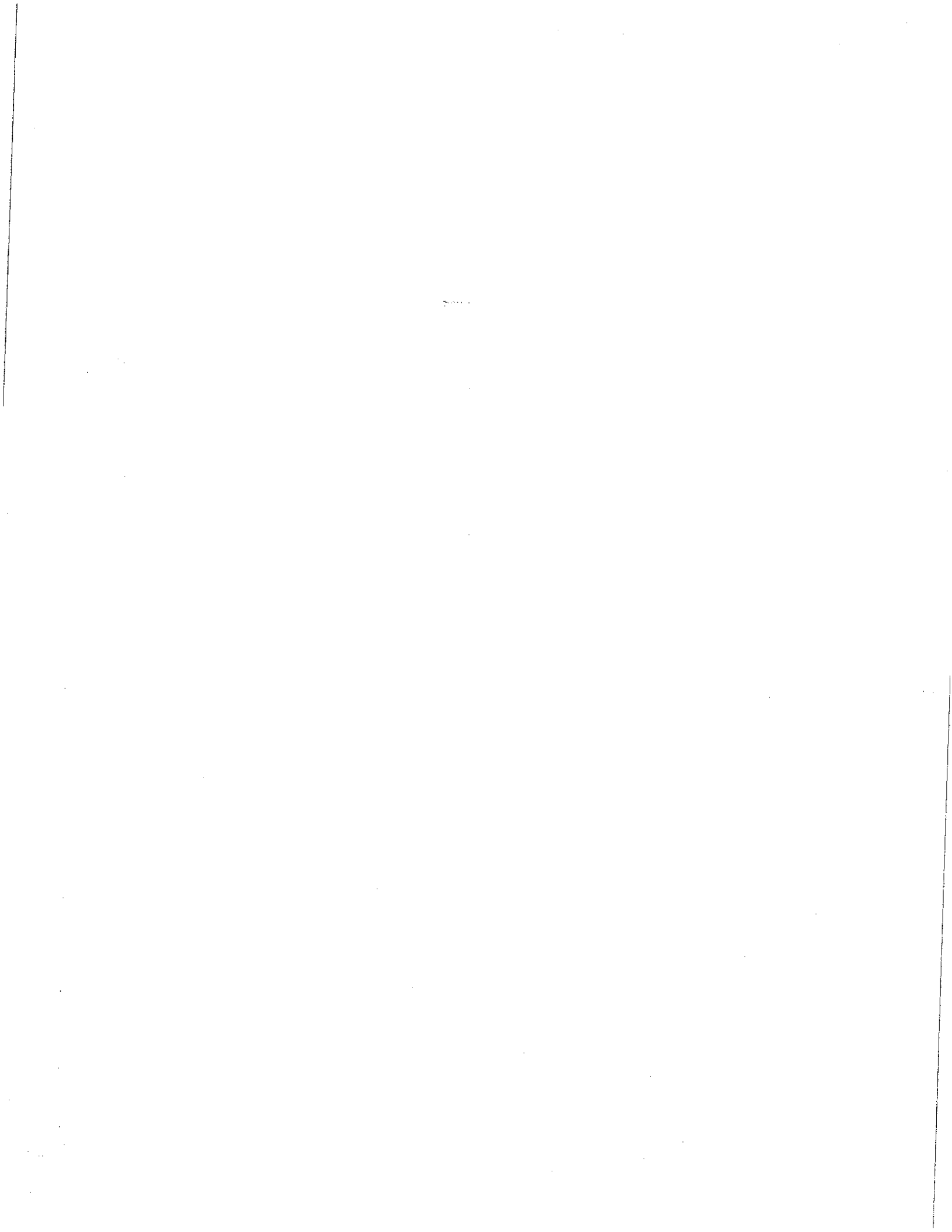
Thence South 0 deg. 22' 16" East, along said Westerly right-of-way line and along the Easterly line of said 6.094 acre tract, a distance of 268.25 feet to the place of beginning and containing 4.403 acres of land.

Bearings herein are based on those of the aforementioned Deed, of record in Official Records Volume 7793, Page 120.

TOGETHER WITH the rights, easements and interests described as being created for the benefit of the said 4.403 acre tract in that certain Cross-Easement Agreement (Phase III) of record in Official Records Volume 15246, Page A16, Recorder's Office, Franklin County,

Ohio.

Commonly known as: 4401-4501 Hilton Corporate Drive, Columbus, OH 43232
Tax ID Number: 010-217421-00



Filed at Ohio Secretary of State 12/23/2014 09:00 AM FILE# OH00181946870



DEC 23 PM 10:58

UCC FINANCING STATEMENT
FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. E-MAIL CONTACT AT FILER (optional)

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

Self-Help New Markets XII, LLC
P. O. Box 3619
Durham, NC 27702

Attn: Commercial Loans

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME
The Arts and College Preparatory Academy

OR

1b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

1c. MAILING ADDRESS

4401 Hilton Corporate Drive	CITY Columbus	STATE OH	POSTAL CODE 43232	COUNTRY USA
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2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

2c. MAILING ADDRESS

	CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME
Self-Help New Markets XII, LLC

OR

3b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

3c. MAILING ADDRESS

P. O. Box 3619	CITY Durham	STATE NC	POSTAL CODE 27702	COUNTRY USA
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4. COLLATERAL: This financing statement covers the following collateral:

All personal property of the Debtor.

5. Check only if applicable and check only one box: Collateral is held in a Trust (see UCC1Ad, item 17 and instructions) being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:
 Public-Finance Transaction Manufactured-Home Transaction A Debtor is a Transferring Utility

6b. Check only if applicable and check only one box:
 Agricultural Lien Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): Lessor/Lessor Consignor/Consignor Seller/Buyer Bailor/Bailor Licensor/Licensor

8. OPTIONAL FILER REFERENCE DATA:

Governing Authority Composition

Arts and College Preparatory Academy

<u>Name</u>	<u>Email Address</u>
Aichele, Nathan	nathanaichele@gmail.com
Bennett, William	willbennett36@gmail.com
Ewig, Joseph	jewing6@gmail.com
Goldstein, Jami	jgoldstein@gcac.org
Levitt, Sara	saralevitt1@gmail.com
Palmore, Kysten	kapalmore@gmail.com
Vitale, Robert	robertrvitale@gmail.com

Contact the members by mail:
4401 Hilton Corporate Drive, Columbus, OH 43232

Contact the members by phone:
(614) 986-9974

Uploaded: July 2020

Selection of Governing Authority Members

Article III, Section 12 – Resignations and Vacancies

Any Director may resign by tendering a written resignation to the Board of Directors. The resignation shall be effective on the date of its receipt by the Board of Directors, and the receipt of the resignation shall require no further action to be effective. Vacancies in the Board of Directors shall be filled in accordance with Section 4 of this Article III.

Article III, Section 4 – Election of Directors

At the annual meeting of Directors that is held on or before the date that such term expires, the Board of Directors shall elect a successor to any Director whose term is set to expire. The remaining Directors shall fill any vacancy in the Board of Directors created by the resignation, removal or death of a Director at a regular or special meeting of the Board of Directors. The remaining Directors shall have the authority to fill any such vacancy despite the fact that the remaining Directors do not constitute a quorum. Candidates for Director may be nominated by any Director.

Procedures

The procedure for selecting individuals recruited by school employees or a current member interested in joining the ACPA board is:

- Candidate submits a resume for review by the board.
- If board is interested in adding the candidate, the candidate will be invited to attend a meeting for a brief interview during a public session.
- Board votes to elect member to the board in a public session.
- Member is invited to join the board, pending completion of BCI and FBI background checks.

Arts and College Preparatory Academy

Attachment 04 – Educational Plan

Effective Date: July 1, 2020

I. Mission, Vision, and Core Values

A. Mission

We have a climate and culture that is based on a trailblazing arts and college prep curriculum in an environment that is safe, inclusive and progressive.

B. Vision

The vision of ACPA is to sustain a progressive teaching and learning culture that thrives on safety, acceptance and inclusion, rigorous academics, a commitment to the arts, and college preparedness.

C. Core Values

Value-based character education is the backbone of the ACPA climate and culture. ACPA has earned and maintained the distinction of being a high-performing charter high school by intentionally fostering positive relationships between all members of the school community. These staff and student relationships have transformed the school experience for countless students from a bleak, listless, and monotonous practice of conformity to a colorful expression of individuality within an open and accepting community. For the last decade, ACPA has been driven by seven core community values (*Kindness, Respect for Diversity, Honesty, Communication, Problem Solving, Participation, and Awareness*). These values have served as the framework for everything that is happening within the school community. Discipline, curriculum choices, instruction, arts performances, class meetings, staff meetings, advisory, hiring processes for staff, school safety, school-wide themes, enrollment, and community partnerships are all influenced and guided by our core community values.

II. Educational and Cultural Outline

A. Curricular Elements

ACPA's arts and academic curriculum in both the High School and Middle School is first rooted in prescribed Ohio State Standards, and second, responsive to a variety of student needs. ACPA adheres to the state of Ohio's graduation requirements and requires students to take course loads that will enable the attainment of an Honors Diploma or Arts Honors Diploma. Students also have several Advanced Placement and College Credit Plus options, as well as over 30 different arts classes to choose from. ACPA's course of study also prepares students for success on state-mandated and college entrance tests, including the ACT.

Teachers are primarily responsible for curriculum development and mapping in order to facilitate this. ACPA believes that teacher autonomy regarding curriculum is important,

not only to professional development, but to catering to a diverse student population. A one-size fits all curriculum is limiting and does not engage marginalized student populations or diversity among learning methods in students. ACPA requires teachers to develop a culturally responsive and diverse curriculum in all subjects. Teachers have multiple tools at their disposal in order to achieve this. A combination of texts, historical documents, teacher-created materials, online tools and programs, adaptive learning modules, benchmark testing, hands-on materials and the Google Classroom suite are all examples of how teachers approach curriculum development in a holistic, student-centered manner.

B. Instructional Practices

ACPA Teachers employ a variety of instructional methods as a means to deliver the curriculum. ACPA employs an Instructional Coach who is responsible for not only helping ACPA teachers in both the high school and middle school refine their practice, but for bringing new and innovative instructional practices into the school. Administrative evaluations are also approached with a coaching mentality, with the sole purpose being to help teachers improve and refine through a critical feedback approach.

Co-teaching, cross-curricular units of study, research and presentation-based learning, Socratic seminars, Rick Wormelli's "Framily" style of small group learning, incorporation of multiple levels of Bloom's Taxonomy, technology infused learning, virtual reality, labs, station-based learning, inquiry and problem-based methods, and many others are all instructional styles employed in ACPA classrooms, in addition to these three main Instructional philosophies employed by ACPA teachers:

ARTS INTEGRATION

Integration of the arts in academic subjects is encouraged in the ACPA classroom. The arts not only engage students in active learning, but also reinforce and aid in the development of critical and creative thinking habits that foster student success and resilience. With over 30 different art class offerings for ACPA in Grades 9-12, there are a variety of opportunities for students to experience and explore different art forms. The commitment to offering a range of art classes is a long-standing principle at ACPA because working in the arts fosters creativity and problem solving, helps students develop social skills, decision-making, risk-taking, and critical-thinking. In addition to a commitment to offering a broad range of art classes, there is also an expectation that the staff will integrate and embed the arts in all content areas in a meaningful and authentic way. This version of arts integration is an approach to teaching and learning through which content standards are taught and assessed regularly in and through the arts. This refers to not only what is taught, but also how it is taught.

PROJECT-BASED LEARNING

ACPA's working definition of PBL aligns closely with a nationally recognized leader in PBL, the Buck Institute for Education. PBL is the main instructional delivery method in the

Middle School and rounds out various other instructional practices in the high school. PBL is a teaching method in which students gain knowledge and skills by working for an extended period of time to investigate and respond to an authentic, engaging, and complex question, problem, or challenge. Using this definition, in conjunction with arts integration and co-teaching, ACPA will base the middle school curriculum on rigor and complexity, rather than mere coverage of the standards, to facilitate a deeper and more enriching experience for our students. The middle school students will work through the curriculum as they apply what they know through the PBL process rather than simply reciting what they know. Teachers are facilitators of the curriculum as students take ownership of their learning.

PBL has seven essential design elements that drive student learning: 1.) A challenging question, 2.) Sustained inquiry, 3.) Authenticity, 4.) Student voice and choice, 5.) Reflection, 6.) Critique, and a public product. Each of the elements is critical to a rewarding PBL experience and the majority of a teacher's work in PBL is in the planning and 7.) Development of a challenging problem or question aligned with key knowledge or skills related to content standards.

CHOICE

ACPA teachers are encouraged to embrace the concept of choice when developing lesson plans, assignments and assessments. With the belief that students can display their knowledge of a subject or standard in a variety of ways, and with some more successfully than others, teachers embed choice as a means to engage students to take ownership of their learning. This can look like completing a project or presentation instead of a traditional test, or a variety of assignment options used to reinforce learning of course standards. Students can choose what best suits their learning styles and what interests them instead of all being required to complete the same assignment. This often puts the teacher in more of a facilitator role, and lessens the amount of direct, lecture-style teaching happening in a classroom.

ACPA uses a hybrid of period days and block days. The block days are meant to give time to deeper exploration of course material, extended lab activities and additional rehearsal time for the arts. The block days also include a block called the ACPA HOUR, meant to foster community among the student body and staff. ACPA HOUR is time for student performances for the community, guest artist performances, roundtable and panel discussion and other activities that promote and reinforce ACPA's core values. The block days also include time for PODS. PODS are mini-classes that incorporate student interests, allow for some niche subject opportunities, can be used for independent projects, extended studio time, college visits, career fairs, student produced programming, class meetings, restorative justice activities, and many other initiatives. There are 208 minutes of instructional time in each class per week. The ACPA school day starts at 8:55 and ends at 4:05. There are 4 grading terms and the year starts in late August or early September and ends in late May or early June (this varies from year to year and is dependent on a number of variables).

C. Assessment

All ACPA teachers use data driven assessment practices to inform planning and measure student growth. Teachers meet in grade level and subject teams once per grading term to examine data and create standards-based diagnostic assessments that are administered at the beginning of a course or unit of study and use a summative assessment at a pre-determined end point to measure student growth. Formative assessments are completed in the interim to track student progress towards mastery of the standards included in the diagnostic. Formative data is used to adjust instruction as necessary. Teachers use the Illuminate data system to compile and house this assessment data, and create the actual assessments. Training on data-driven instruction is provided at the beginning of each school year, and a lead teacher operates in a coaching role to aid teachers in implementing the practice. The Instructional Data Coach is available to aid staff in interpreting the data and using it to effectively inform regular instructional practices. Administration requires the submission of SLO's at the beginning of the year, and of the summative data after the pre-determined end point (either year or unit). ACPA uses a 5-Point grading/mastery scale in conjunction with these data practices so that students can see incremental growth in their feedback and grades as they progress through learning the standards.

The Middle School uses a Mastery assessment model and also uses MAP testing in for Math placement and intervention.

ACPA students take all state-mandated assessments. Data from these assessments is used to inform overarching programmatic decisions and to inform instruction at the classroom level.

D. Special Student Populations

Individuals With Disabilities

ACPA serves all students with IEPs in an inclusion model. Full efforts are made to meet students' individualized needs outlined in their IEPs in this setting, through teacher training conducted by Intervention Specialists regarding accommodations in the classroom. Often the Intervention Specialist will monitor and assist with providing accommodations in the classroom, and there is an ongoing process in which the IS and classroom teacher develop strategies that best serve the individual student and their needs. Students with IEPs also have the "Collaboration" room available to them. Here, students work directly with the IS on broader IEP goals, receive targeted instruction in goal areas, and use the space for extra time or as a less restricted environment.

English Language Learners

ACPA utilizes the Home Language Survey developed by the Ohio Department of Education at the beginning of the enrollment process. This survey identifies students whose primary or home language is a language other than English to whom ACPA will provide an English language screening assessment in reading, writing, listening and speaking. If through the assessment, a student is identified as an English Language Learner, ACPA contracts with a service provider to create and implement an individualized education plan. A team consisting of the student, parent, teachers, service providers, administrator and/or school psychologist meets to determine appropriate goals, instructional strategies, assessment strategies and other appropriate accommodations to facilitate learning for ELL students. Students identified as ELL participate in the Ohio English Language Proficiency Assessment (OELPA)

Section 504

It is the intent of ACPA to ensure that students who are handicapped within the definition of Section 504 of the Rehabilitation Act of 1973, as amended (29 USC 794), are identified, evaluated, and provided with appropriate educational services. Students may be identified as handicapped under Section 504 even though they are not eligible to receive services under the Individuals with Disabilities Act.

Academically Advanced & Gifted

ACPA currently have 5 different Advanced Placement courses and will continue to develop the AP program in response to student interest and teacher readiness. In addition to College Credit Courses offered at ACPA, these courses provide rigorous college prep opportunities for students who are advanced learners. Differentiation offers gifted students challenging extensions and enrichment opportunities in all classes (academic and arts). The gifted committee is currently working on a plan to serve identified gifted students through our new POD classes. These classes will offer a multitude of opportunities specifically for ACPA's gifted population, including project-based models, independent topic choice, and niche content.

RTI and Academic Intervention

ACPA's Level-Up program is designed to both screen students who may be in need of special education services and as a safety net for those students who are at risk of academic failure.

The Level-Up Program.

Students must attend the **Level-Up Program** if they fall in any of the following categories:

- The student is failing or receives a D in two of five core classes (English, Mathematics, Science, Social Studies, or Foreign Language) at the end of a nine-week term.
- The student fails any core class for [two consecutive] nine-week terms.
- The student earns a 1.5 grade point average, or below, for a nine-week term.

- The Intervention Team (Teachers, Intervention Specialists, and Administration) decides that a student need attend for any reason either listed above or unspecified.
1. An Administrator or an Intervention Specialist (I.S.) and the student will conference to discuss the student's lack of progress, to explain the intention and expectations of Level-Up, and to help the student understand the potential consequences of failing to bring up their grades to a satisfactory level. The parent or guardian of the student will also be informed to let them know about the student's challenges and the effort being taken to help support them.
 2. The student and the Administrator or I.S. will work together to create an Individual Goal (IG) that will address the causes for the student's lack of progress, and create strategies that the student will use to address the specific identified areas that are causing them problems. These may include organization, study skills, time management, motivation, or comprehension.
 3. Guided by the goals and interventions specific to each IG, the student will be assigned to a Study Group, occurring in place of his/her regular advisory period.
 4. Students' progress in Level-Up is based on participation & attendance, maintaining their notebook, and assessment of their IG to be completed by the Administrator or I.S. and student. Progress will be communicated to parents and guardians.
 5. Student Performance and IG's will be reassessed at the end of each term to determine if the goal was met and appropriate next steps. If a student does not meet their IG in the time given, the IG will be re-assessed and adjusted to a more suitable level.
 6. If a student attends Level-Up for two consecutive terms and fails to meet one or any of their IG's, a conference with an Administrator and Parent/Guardian will be scheduled to discuss the student's academic outlook.

E. School Culture and Climate

In addition to our values-centered approach to all aspects of ACPA, especially as an approach to disciple, ACPA implements restorative practices to foster a safe and inclusive school culture and climate. ACPA staff has engaged in extensive training with Kelvin Oliver, a national expert in restorative practices in schools. Our Restorative Justice leadership team and classroom teachers learned and practiced techniques that they have been implementing. These techniques include Respect Contracts generated by students in collaboration with teachers and Community Building Circles that work to strengthen relationships amongst members of our community. When asked to define the purpose of Community Building Circles, some students said, *"For people to lift some weight off of their life," "Building relationships with others and thinking more about ourselves,"* and *"I think that it is to help the teachers get to know the students better, and for students to learn more about their classmates."* We hope these practices continue to live up to student expectations. These restorative practices help us form stronger relationships with students and for students to get to know and appreciate one another in order to prevent discipline, conflict, and communication problems in the first place.

When used in response to a disciplinary infraction, Restorative Justice is a way to guide a student through the process of "making it right" when they have done harm to an individual, group, or the school community. Restorative Justice is often used in combination with more traditional consequences, such as lunch detentions or suspension. Restorative Justice views disciplinary infractions as an opportunity for learning, repair, and transformative growth. This process requires both honesty and accountability, whereby students take ownership when they've done something harmful and take responsibility for repairing the damage.

Also at the heart of ACPA's founding principles is a strong stance against bullying, intimidation, and harassment by one student (or a group of students) toward another student (or group of students). An environment in which a person is bullied, intimidated or harassed is not a safe environment, nor is it conducive to learning. In accordance with state law, the Arts and College Preparatory Academy prohibits harassment, intimidation or bullying of one student toward another particular student or students on school property, at school sponsored events and at all times where student conduct is related to school or school activities, including time spent traveling on school busses, and social media and internet activity. Bullying, intimidation or harassment by one student toward another particular student or students shall be defined as an intentional written, verbal, or physical act that occurs more than once and which causes mental or physical harm to the other student and is sufficiently severe, persistent or pervasive that it creates an intimidating, threatening or abusive educational environment for the other student. Any student who believes he/she/they have been harassed, intimidated or bullied by another particular student may bring forward a complaint to the school Principal or designee. Any school personnel who are aware of prohibited incidents shall report those incidents to the school Principal or designee. All allegations of harassment, intimidation, or bullying shall be promptly, impartially and thoroughly investigated. Parents or guardians of students involved in a reported incident shall be notified and to the extent permitted by federal and state law, shall have access to any written reports pertaining to the prohibited incident. Any school employee, student, or volunteer, who in good faith and in compliance with procedures, reports an incident of harassment, intimidation, or bullying shall be immune from civil liability.

Suspensions and expulsions exist at ACPA, but are reserved for the most serious threats to school safety, personal safety or the safety of others. ACPA follows all due process laws when engaging in formal discipline where suspensions and expulsions might be a consequence (letter of intent, hearing, notice, right to appeal).

ACPA has an afterschool program that includes enriched arts experiences and auditioned groups, academic help lab, outside physical activity and other student generated clubs and activities.

We also encourage students to "do something worth mentioning" to earn ACPA Mentions. These are public shout-outs (and wrist bands as a reward) to students who

exhibit the values outwardly to the community. Each term, every staff member nominates one student each for a SUPER MENTION. Students who earn these stand out in the community and consistently practice the values in an outward manner as example to other students. This positive behavior is rewarded with a limited edition ACPA t-shirt.

Parent involvement is most visible at ACPA's arts events. The multitude of arts events occurring at ACPA is a time to foster community and support each other in a celebratory and joyous manner. Parents are also invited to serve on focus groups geared toward specific initiatives and strategic planning, and to volunteer in the front office and in classrooms. Parent also help produce some of the arts events and are constantly engaged in student progress through frequent newsletters, calls home, progress meetings, and parent-student-teacher conferences.

III. Proposed Outcomes and Supports

A. Proposed Outcomes

State Measures – ACPA strives to excel in the criteria defined on the Ohio State Report Card. End of Course Exams, Growth Measures, Graduation Rates, Prepared For Success and Gap Closing are all at the forefront of our academic programming. Test data and final report card grades are presented to the sponsor and board annually.

Climate and Culture – A main part of ACPA's mission and vision is to maintain a safe and inclusive school environment. Our success in this area is measured through parent and student satisfaction surveys at the end of each school year.

Participation in the Arts – Another main mission and vision component is ACPA's commitment to the arts. Every student is expected to participate in arts at ACPA. This is measured through course sign-ups and attendance at and participation in the various arts events held during the day and after school at ACPA.

College and Post-Grad – ACPA tracks students admittance to 2 and 4 year colleges and universities, trade programs, military and other post-grad experiences. This is reported in our annual report and school profile annually.

B. Outcome Support Teams

Building Leadership Team – The BLT at ACPA is comprised of eight teachers/support staff, the Development Director, Middle and High School Principals and is led by the Executive Director. The team focuses on long-term strategic planning, continual growth and expansion, and the examination and refinement of over-arching programmatic components that reinforce the mission and vision of the school. The Building Leadership Team meets as needed, and sometimes in more condensed periods of time.

Local Professional Development Committee – The LPDC is comprised of five teachers and the Middle and High School Principals. The LPDC meets monthly and focuses on addressing individual and whole staff professional development needs and works to provide in house PD opportunities from outside experts, as well as teacher-led workshops.

Committees – All ACPA staff serve on at least one programmatic committee. These meet monthly and include Safety, Gifted Ed., Advisory, Student Club, Assembly and Restorative Justice. The committees share minutes with the High School and Middle School Principals, and the Executive Director.

Grade Level and Department Teams – Grade level and department teams meet once a month each. These meetings are focused on curriculum mapping, instructional and classroom management strategies, and data analysis. They are monitored by the High School and Middle School Principals.

Arts and College Preparatory Academy

Attachment 5 – Performance and Accountability Plan

Effective Date: July 1, 2020

Overview

The Performance and Accountability Plan (Attachment 5) sets out the performance standards and/or performance requirements as measured annually to be satisfied in the four Core Performance Areas: Legal Compliance; Organization and Operational Performance; Financial Performance; and, Student and Academic Performance.

I. Legal Compliance

The Legal Compliance section determines how well the governing authority and school adhered to state and federal statutes and the community school contract using the following indicators:

1. The school had a substantiated compliance rate of 96% as outlined by the Ohio Department of Education.
2. The school had a compliance rate of 96% for all applicable laws and rules as outlined by the Ohio Department of Education and the Council.
3. The governing authority submitted the school’s annual report to the parents and Council by October 31.
4. The governing authority and school receive a rating of “Needs Assistance” or better on the LEA Special Education Performance Determination.
5. The school’s safety plan and blueprint were appropriately submitted and on file the Ohio Attorney General.

Rating Scale – Legal Compliance

Exceeds Standards: The school receives this rating if it meets the compliance rate for indicators one and two AND has met the requirements of two of the last three indicators for two consecutive years.

Meets Standards: The school receives this rating if it meets the compliance rate for indicators one and two AND met the requirements of two of the last three indicators.

Does Not Meet Standards: The school receives this rating if it fails to meet the standards.

Falls Far Below Standards: The school receives this rating if it fails to meet the standards for two consecutive years or, as outlined in the first indicator, has a substantiated compliance rate of less than 92% as outlined by the Ohio Department of Education in any single year.

Legal Compliance Rating and Indicators (Percentage and Met or Not Met)

	Overall Rating	1. ODE Substantiated Compliance	2. Additional Compliance Requirements
SY 2020-2021	_____	_____	_____
SY 2021-2022	_____	_____	_____
SY 2022-2023	_____	_____	_____
SY 2023-2024	_____	_____	_____
SY 2024-2025	_____	_____	_____

SY 2025-2026			
SY 2026-2027			
SY 2027-2028			
SY 2028-2029			
SY 2029-2030			
	3. Annual Report	4. LEA Sp Ed Perf Determination	5. School Safety Plan
SY 2020-2021			
SY 2021-2022			
SY 2022-2023			
SY 2023-2024			
SY 2024-2025			
SY 2025-2026			
SY 2026-2027			
SY 2027-2028			
SY 2028-2029			
SY 2029-2030			

II. Organization and Operational Performance

The Organization and Operational Performance section is used to determine the performance of the school’s governing authority. The section rates how well the governing authority executes its governance duties using the following indicator areas:

1. The governing authority held at least the contractually required number of meetings.
2. The governing authority was not out of compliance with regard to the required number of approved members for more than 60 cumulative days throughout the year.
3. The governing authority members completed all trainings as required by the Ohio Revised Code and ODE.
4. The governing authority members filed annual conflicts of interest statements.
5. The governing authority and/or school met at least one of the following governance goals:
 - a) **School Mission-specific Goal:** Beginning September 1 and occurring annually on the same date, the school will demonstrate it has re-enrolled 75% of students in each grade level served who were enrolled during the previous full academic year (as defined by ODE).
 - b) **Governing Authority Goal:** The governing authority will assume responsibility for underwriting the costs of the school’s annual Winterfest performance. The costs will be covered by sponsors, solicited donations, and/or personal donations.

Rating Scale – Organization and Operational Performance

Exceeds Standards: The school receives this rating if its governing authority executes its governance duties in all five indicator areas for two consecutive years.

Meets Standards: The school receives this rating if its governing authority executes its governance duties in four of the five indicator areas.

Does Not Meet Standards: The school receives this rating if its governing authority fails to meet the standards.

Falls Far Below Standards: The school receives this rating if its governing authority fails to meet the standards for two consecutive years.

Organization and Operational Performance Rating and Indicators (Met or Not Met)

	Overall Rating	1. Required Number of Meetings	2. Required Number of Members
SY 2020-2021	_____	_____	_____
SY 2021-2022	_____	_____	_____
SY 2022-2023	_____	_____	_____
SY 2023-2024	_____	_____	_____
SY 2024-2025	_____	_____	_____
SY 2025-2026	_____	_____	_____
SY 2026-2027	_____	_____	_____
SY 2027-2028	_____	_____	_____
SY 2028-2029	_____	_____	_____
SY 2029-2030	_____	_____	_____
	3. Required Trainings	4. Conflicts of Interest Statements	5. Mission-Specific and Gov Auth Goals
SY 2020-2021	_____	_____	_____
SY 2021-2022	_____	_____	_____
SY 2022-2023	_____	_____	_____
SY 2023-2024	_____	_____	_____
SY 2024-2025	_____	_____	_____
SY 2025-2026	_____	_____	_____
SY 2026-2027	_____	_____	_____
SY 2027-2028	_____	_____	_____
SY 2028-2029	_____	_____	_____
SY 2029-2030	_____	_____	_____

III. Financial Performance

The school’s Financial Performance is rated by using the information provided in the financial reports, monthly financial reviews, five-year forecasts, compliance with internal financial controls, and the annual audit. These items provide the necessary information to determine if the school met the standards for the financial viability indicators:

1. The school’s aggregated total margin is greater than or equal to -2.5%.
2. The school’s total assets to total liabilities ratio is greater than or equal to 1.0, or, on average, the school’s available cash on hand is at least 30 days.

3. The school does not experience an unplanned decrease in enrollment by more than 15%.
4. The school’s five-year forecasts are approved by the governing authority, submitted on time, and, unless the school’s year-end fund cash balance is positive, do not show a projected deficit in the first three forecasted years.
5. No audit will contain:
 - A “Qualified” Opinion;
 - The same finding for two consecutive years; or,
 - As outlined in the Schedule of Findings, a Finding for Recovery of more than \$2,500 in any audit or any Finding for Recovery for any amount in two consecutive audits.

Rating Scale – Financial Performance

Exceeds Standards: The school receives this rating if it meets the standards for four out of five of the financial viability indicators for two consecutive years.

Meets Standards: The school receives this rating if it meets the standards for a majority of the financial viability indicators.

Does Not Meet Standards: The school receives this rating if it fails to meet the standards.

Falls Far Below Standards: The school receives this rating if it fails to meet the standards for two consecutive years.

Financial Performance Rating and Indicators (Met or Not Met)

	Overall Rating	1. Aggregated Total Margin	2. Assets to Liabilities
SY 2020-2021	_____	_____	_____
SY 2021-2022	_____	_____	_____
SY 2022-2023	_____	_____	_____
SY 2023-2024	_____	_____	_____
SY 2024-2025	_____	_____	_____
SY 2025-2026	_____	_____	_____
SY 2026-2027	_____	_____	_____
SY 2027-2028	_____	_____	_____
SY 2028-2029	_____	_____	_____
SY 2029-2030	_____	_____	_____
	3. Enrollment Trend	4. Five-Year Forecasts	5. Annual Audit
SY 2020-2021	_____	_____	_____
SY 2021-2022	_____	_____	_____
SY 2022-2023	_____	_____	_____
SY 2023-2024	_____	_____	_____

SY 2024-2025	_____	_____	_____
SY 2025-2026	_____	_____	_____
SY 2026-2027	_____	_____	_____
SY 2027-2028	_____	_____	_____
SY 2028-2029	_____	_____	_____
SY 2029-2030	_____	_____	_____

IV. Student and Academic Performance

The school’s Student and Academic Performance section determines how well the school is educating its students based on all applicable Local Report Card measures of student performance using the following indicators:

1. Based on the school’s Local Report Card, the school met at least one of the following:
 - a) Received a “D” or better in the School Grade;
 - b) Received a “C” or better in at least half of all applicable Local Report Card Components and Measures of student performance; or,
 - c) When comparing all applicable Local Report Card measures of student performance, the school was not outperformed by 50% of the Comparison Group in 50% of those graded areas.

Note: In determining whether the school was outperformed in any of the School, Component, or Measure Grades where the school and a member of the Comparison Group both received an “F,” the school will be deemed as to have been outperformed in that area if the member of the Comparison Group exceeds the school’s performance by more than 5%. If an “F” grade is in an area without percentages, the area will not be counted in the calculation.

2. The school does not meet the criteria in Section 3314.35 or Section 3314.351 of the Ohio Revised Code for potential closure due to operation of law for academic underperformance.

The school’s Comparison Group is comprised of the local district, two local district schools, and a group of three nearby community schools. As of the effective date of the P&A Plan, the Comparison Group includes the following:

District:	Columbus City Schools	Comm. School 1:	Dayton Early College Academy
IRN:	(043802)	IRN:	(009283)
Dist. School 1:	Fort Hayes Arts and Academic HS	Comm. School 2:	The Graham School
IRN:	(068239)	IRN:	(133421)
Dist. School 2:	Arts Impact Middle School	Comm. School 3:	Toledo School for the Arts
IRN:	(010876)	IRN:	(133942)

Rating Scale – Student and Academic Performance

Exceeds Standards: The school receives this rating if it met the criteria in both indicators AND has received a “B” or better in the School Grade or a “C” or better for the two most recent school years.

Meets Standards: The school receives this rating if it met the criteria in both indicators.

Does Not Meet Standards: The school receives this rating if it fails to meet the standards.

Falls Far Below Standards: The school receives this rating if it fails to meet the standards for two consecutive years.

Student and Academic Performance Rating and Indicators (Met or Not Met)

	Overall Rating	1. Local Report Card Data			2. Not on Closure Watch List
		1.A.	1.B.	1.C.	
SY 2020-2021	_____	_____	_____	_____	_____
SY 2021-2022	_____	_____	_____	_____	_____
SY 2022-2023	_____	_____	_____	_____	_____
SY 2023-2024	_____	_____	_____	_____	_____
SY 2024-2025	_____	_____	_____	_____	_____
SY 2025-2026	_____	_____	_____	_____	_____
SY 2026-2027	_____	_____	_____	_____	_____
SY 2027-2028	_____	_____	_____	_____	_____
SY 2028-2029	_____	_____	_____	_____	_____
SY 2029-2030	_____	_____	_____	_____	_____

Local Report Card: School, Component, and Measure Grades (Grade and/or Score)

SY 2020-2021	School	District	DS1	DS2	CS1	CS2	CS3
<u>School Grade</u>	_____	_____	_____	_____	_____	_____	_____
<u>Achievement</u>	_____	_____	_____	_____	_____	_____	_____
Perf Index	_____	_____	_____	_____	_____	_____	_____
Indicators Met	_____	_____	_____	_____	_____	_____	_____
<u>Progress</u>	_____	_____	_____	_____	_____	_____	_____
Overall	_____	_____	_____	_____	_____	_____	_____
Gifted	_____	_____	_____	_____	_____	_____	_____
Lowest 20%	_____	_____	_____	_____	_____	_____	_____
Students w Dis	_____	_____	_____	_____	_____	_____	_____
<u>Gap Closing</u>	_____	_____	_____	_____	_____	_____	_____
AMOs	_____	_____	_____	_____	_____	_____	_____
<u>K-3 Literacy</u>	_____	_____	_____	_____	_____	_____	_____
Imp At-Risk K-3	_____	_____	_____	_____	_____	_____	_____
<u>Graduation Rate</u>	_____	_____	_____	_____	_____	_____	_____
Four-Year Grad	_____	_____	_____	_____	_____	_____	_____
Five-Year Grad	_____	_____	_____	_____	_____	_____	_____
<u>Prep for Success</u>	_____	_____	_____	_____	_____	_____	_____
SY 2021-2022	School	District	DS1	DS2	CS1	CS2	CS3
<u>School Grade</u>	_____	_____	_____	_____	_____	_____	_____
<u>Achievement</u>	_____	_____	_____	_____	_____	_____	_____
Perf Index	_____	_____	_____	_____	_____	_____	_____
Indicators Met	_____	_____	_____	_____	_____	_____	_____

<u>Progress</u>							
Overall							
Gifted							
Lowest 20%							
Students w Dis							
<u>Gap Closing</u>							
AMOs							
<u>K-3 Literacy</u>							
Imp At-Risk K-3							
<u>Graduation Rate</u>							
Four-Year Grad							
Five-Year Grad							
<u>Prep for Success</u>							
SY 2022-2023	School	District	DS1	DS2	CS1	CS2	CS3
<u>School Grade</u>							
<u>Achievement</u>							
Perf Index							
Indicators Met							
<u>Progress</u>							
Overall							
Gifted							
Lowest 20%							
Students w Dis							
<u>Gap Closing</u>							
AMOs							
<u>K-3 Literacy</u>							
Imp At-Risk K-3							
<u>Graduation Rate</u>							
Four-Year Grad							
Five-Year Grad							
<u>Prep for Success</u>							
SY 2023-2024	School	District	DS1	DS2	CS1	CS2	CS3
<u>School Grade</u>							
<u>Achievement</u>							
Perf Index							
Indicators Met							
<u>Progress</u>							
Overall							
Gifted							
Lowest 20%							
Students w Dis							
<u>Gap Closing</u>							
AMOs							
<u>K-3 Literacy</u>							
Imp At-Risk K-3							

<u>Graduation Rate</u>							
Four-Year Grad							
Five-Year Grad							
<u>Prep for Success</u>							
SY 2024-2025	School	District	DS1	DS2	CS1	CS2	CS3
<u>School Grade</u>							
<u>Achievement</u>							
Perf Index							
Indicators Met							
<u>Progress</u>							
Overall							
Gifted							
Lowest 20%							
Students w Dis							
<u>Gap Closing</u>							
AMOs							
<u>K-3 Literacy</u>							
Imp At-Risk K-3							
<u>Graduation Rate</u>							
Four-Year Grad							
Five-Year Grad							
<u>Prep for Success</u>							
SY 2025-2026	School	District	DS1	DS2	CS1	CS2	CS3
<u>School Grade</u>							
<u>Achievement</u>							
Perf Index							
Indicators Met							
<u>Progress</u>							
Overall							
Gifted							
Lowest 20%							
Students w Dis							
<u>Gap Closing</u>							
AMOs							
<u>K-3 Literacy</u>							
Imp At-Risk K-3							
<u>Graduation Rate</u>							
Four-Year Grad							
Five-Year Grad							
<u>Prep for Success</u>							
SY 2026-2027	School	District	DS1	DS2	CS1	CS2	CS3
<u>School Grade</u>							
<u>Achievement</u>							
Perf Index							

Indicators Met							
<u>Progress</u>							
Overall							
Gifted							
Lowest 20%							
Students w Dis							
<u>Gap Closing</u>							
AMOs							
<u>K-3 Literacy</u>							
Imp At-Risk K-3							
<u>Graduation Rate</u>							
Four-Year Grad							
Five-Year Grad							
<u>Prep for Success</u>							
SY 2027-2028	School	District	DS1	DS2	CS1	CS2	CS3
<u>School Grade</u>							
<u>Achievement</u>							
Perf Index							
Indicators Met							
<u>Progress</u>							
Overall							
Gifted							
Lowest 20%							
Students w Dis							
<u>Gap Closing</u>							
AMOs							
<u>K-3 Literacy</u>							
Imp At-Risk K-3							
<u>Graduation Rate</u>							
Four-Year Grad							
Five-Year Grad							
<u>Prep for Success</u>							
SY 2028-2029	School	District	DS1	DS2	CS1	CS2	CS3
<u>School Grade</u>							
<u>Achievement</u>							
Perf Index							
Indicators Met							
<u>Progress</u>							
Overall							
Gifted							
Lowest 20%							
Students w Dis							
<u>Gap Closing</u>							
AMOs							

<u>K-3 Literacy</u>							
Imp At-Risk K-3							
<u>Graduation Rate</u>							
Four-Year Grad							
Five-Year Grad							
<u>Prep for Success</u>							
SY 2029-2030	School	District	DS1	DS2	CS1	CS2	CS3
<u>School Grade</u>							
<u>Achievement</u>							
Perf Index							
Indicators Met							
<u>Progress</u>							
Overall							
Gifted							
Lowest 20%							
Students w Dis							
<u>Gap Closing</u>							
AMOs							
<u>K-3 Literacy</u>							
Imp At-Risk K-3							
<u>Graduation Rate</u>							
Four-Year Grad							
Five-Year Grad							
<u>Prep for Success</u>							

Note: The grid above is used for illustrative purposes only and may not include each specific measure being used to determine compliance with the student and academic performance goals. As such, if necessary, based on the school’s Local Report Card, other measures or component grades will be added to the School and Component Grades and Sub Measures and Indicators sections.

Communication from the Council to the Governing Authority

Intervention and Probation

While the Overall Rating in each Core Performance Area is an annual determination based on multiple indicators, goals, and data points, the individual indicators, goals, and data points will be used to determine intervention strategies and aid in determining disciplinary actions as outlined below:

Performance Improvement Plan: If the governing authority or school fails to meet the standards of indicators, goals, or data points in any of the Core Performance Areas, the governing authority will be required to submit a Performance Improvement Plan to address each area of noncompliance and/or underperformance and to outline steps and actions being taken to increase compliance and/or performance over the course of the year within 60 days of being notified by the Sponsor.

Probation: The governing authority will be placed on Probation, in accordance with the charter contract, if it Falls Far Below Standards in any Core Performance Area.

Please note, at the sole discretion of the Council and based on the totality of the performance of the governing authority and the school, an egregious underperformance or a consistent inability to meet the standards of indicators, goals, or data points will factor into decisions about intervention, reauthorization, probation, suspension, and termination.

High-Stakes Review and Charter Contract Reauthorization

In the Council's work to enable data-driven decision, the P&A Plan and performance throughout the term of the charter contract will be used during a high-stakes review and the charter contract reauthorization process. As outlined above, these are the minimum performance standards and/or performance requirements to be satisfied by the governing authority and school in the Core Performance Areas for the review and reauthorization.

For the high-stakes review and charter contract reauthorization process, the annual performance of the governing authority and school in each of the Core Performance Areas will be measured as follows:

Exceeds Standards: Schools receiving this rating are able to demonstrate that their performance surpasses expectations and that the school has clearly exceeded standards of success. Those schools consistently receiving this rating have a very strong likelihood of reauthorization.

Meets Standards: The target for this rating category sets the minimum expectations for a successful community school. Schools repeatedly earning this rating generally perform well and are likely to continue previous success. Those schools consistently receiving this rating have a strong likelihood of reauthorization.

Does Not Meet Standards: Schools receiving this rating have failed to meet the minimum performance standards. Those schools receiving this rating are less likely to be reauthorized.

Falls Far Below Standards: Schools continuously failing to meet the minimum standards fall into this rating category. Schools receiving this rating are not likely to be reauthorized.

In the event there are changes to Ohio's accountability system and sponsor rating system, the parties agree to make changes to this Performance and Accountability Plan to keep it effective under any new system in place. Additionally, the communication section is for the benefit of the Governing Authority of the school and, in the Council's discretion, is subject to change.

Waitlist and Lottery Procedures for New Students – School Year 2020-2021 and Beyond

1. Applications for enrollment in grades 7 and 9 must be completed on or before December 1 of the year prior to the intended start year. Applications for enrollment in grades 8, 10, 11 and 12 must be completed by June 1. A completed application consists of the following:

- Formal Tour of ACPA
- Signed Enrollment Application
- Original or Copy of Birth Certificate
- Proof of Residency
- Completed Immunization Record
- Custody or Court Orders pertaining to Parental Rights (if applicable)
- Up to Date Transcript (Grades 10th, 11th and 12th)
 - Most Current Report Card

2. The number of student spots available per grade level is as follows:

- 7th Grade – 50
- 8th Grade – 50 minus the number of returning students
- 9th Grade – 55
- 10th, 11th and 12th Grades – 105 minus the number of returning students in each grade level

3. If the number of completed applications is equal to or less than the number of student spots available for the grade level applied to, all students with completed applications on or before December 1 will be offered enrollment for the following year.

- Enrollment offers will be conducted through certified mail, e-mail and phone calls.
- Families will have 30 days after notification of acceptance to inform the school of their intent to enroll, using the “Intent to Enroll” form.
- Families who do not complete the “Intent to Enroll” form by the deadline will forfeit the offered spot.
- Remaining spots will be offered to students with completed applications on a first come, first served basis.
- If and when the number of applicants exceeds the number of spots available, a wait list will also be compiled on a first come, first served basis.
- Spots will be offered to students on the waitlist, in order, as they become available. Students will be updated monthly regarding their number on the waitlist.
 - The school will maintain a racial and ethnic balance that closely resembles that of Columbus City School, as outlined in the school’s charter contract.

4. If the number of completed applications for grades 7 and 9 is greater than the number of student spots available for the grade level applied to, all students with completed

applications on or before December 1 (or June 1 for grades 8, 10, 11 and 12) will be entered into a lottery to determine offers of enrollment.

- The lottery will be conducted using a random number selector software program and will be conducted publicly 10 days after the application deadline.
- Lotteries will be conducted separately for each grade level.
- Preference will be given in each grade level lottery to (1) students who have siblings currently enrolled in ACPA, (2) students whose parents or guardians are full time, contracted employees of ACPA, (3) students who reside in the Columbus City School District, (4) students who have siblings chosen by the lottery.
- The random lottery will choose the students who are offered enrollment and will also randomly build the waitlist.

Students Chosen for Enrollment By The Lottery

- Students chosen for enrollment by the random lottery will be notified by phone call and e-mail on the day of the lottery and by certified mail.
- Students will have seven days to inform the school of their intent to accept the spot offered using the “intent to enroll” form.

Students on the Waitlist

- The lottery software will randomly build the waitlist with students who were not chosen for enrollment. Students on the waitlist will be notified by e-mail.
- Any remaining spots open after the seven day intent to enroll period will be offered to students on the waitlist, in order, by a phone call, e-mail and certified mail.
- Students will have seven days to inform the school of their intent to accept the spot offered using the “intent to enroll” form.
- Students on the waitlist will be informed periodically (monthly at the least) of their number on the waitlist via e-mail.
- This is a continual process through the end of the third term of the school year.

5. The number of spots open for grades 8, 10, 11 and 12 (and for any additional spots in 9th grade) will be determined by June 1 after the deadline for currently enrolled students to turn in their “intent to re-enroll” form – due on the last day of school. Students who do not complete their “intent to re-enroll” by the deadline will forfeit their spot for the following year.

6. Applications for enrollment for students who were not offered a spot before or during the school year will only be carried forward to the next year by filling out the “intent to re-apply” form. Additional and updated application materials may be requested at this time. These applications will not be given preference in future lotteries.

7. Students with already completed 2020-2021 applications prior to the announcement of this policy will be informed of the policy after board approval and be bound by the policy.

Fiscal Officer License and Contact Information

Dan Lamb
40 Hill Road South
Pickerington, OH 43147

Phone: (614) 837-8945
Email: dlamb@charterschoolspec.com

STATE OF OHIO DEPARTMENT OF EDUCATION
5 Year School Treasurer School Treasurer License

DAN V LAMB
THIS LICENSE AWARDED TO

OH3102058	07/21/2019	07/01/2019 to 06/30/2024
EDUCATOR STATE ID	ISSUE DATE	EFFECTIVE DATES

The holder of this credential, having satisfactorily completed the requirements prescribed by The State Board of Education and the laws of Ohio, is authorized to teach the subject(s) or serve in the area(s) listed on this document for the period specified. The holder of this credential is responsible for being knowledgeable about current requirements for maintaining the credential.



Superintendent of Public Instruction

This official document was created by the Ohio Department of Education and represents a true copy of a legal educator license as referenced in Ohio Revised Code Section 3319.36.

Credential # 21749184

Employers may verify this credential by going to Educator Profile on education.ohio.gov and ensuring that the unique credential number appearing on this credential matches the person's records in Educator Profile, which is the official record of educator credential history.



The Ohio Casualty Insurance Company

BOND

No. 601016055

KNOW ALL MEN BY THESE PRESENTS:

That we Danny V Lamb of 763 Prairie Run Drive, Sunbury, OH 43074, as Principal

(Insert Full Name [top line] and Address [bottom line] of Principal)

and The Ohio Casualty Insurance Company, a corporation organized and existing under the laws of the State of Ohio, (hereinafter called the Surety), are held and firmly bound unto State of Ohio, Auditor of State

88 East Broad Street, 5th Floor, Columbus, OH 43216

(Insert Full Name [top line] and Address [bottom line] of Obligee)

in the aggregate and non-cumulative penal sum of Twenty Five Thousand and NO/100 (\$ 25,000.00)

DOLLARS, for the payment of which, welland truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents

SIGNED, SEALED and DATED April 13, 2012

THE CONDITION OF THE ABOVE OBLIGATION IS SUCH, That Whereas, the said Principal has been elected or appointed to (or holds by operation of law) the office of Treasurer on behalf of Arts and College Preparatory Academy

for a continuous term beginning on 6/30/2012 .

NOW, THEREFORE, If the said Principal shall well, truly and faithfully perform all official duties required by law of such official during the term aforesaid, then this obligation shall be void: otherwise to remain in full force and effect.

THIS BOND is executed by the Surety upon the following express conditions:

First: That the Surety may, if it shall so elect, cancel this bond by giving thirty (30) days notice in writing to State of Ohio, Auditor of State 88 East Broad Street, 5th Floor, Columbus, OH 43216 and this bond shall be deemed canceled at the expiration of said thirty (30) days, the Surety remaining liable, however, subject to all the terms, conditions and provisions of this bond, for any act or acts covered by this bond which may have been committed by the Principal up to the date of such cancellation; and the Surety shall, upon surrender of this bond and a release from all liability hereunder, refund the premium paid, less a pro rate part thereof for the time this bond shall have been in force.

Second: That the Surety shall not be liable hereunder for the loss of any public moneys or funds occurring through or resulting from the failure of, or default in payment by, any banks or depositories in which any public moneys or funds have been deposited, or may be deposited, or placed to the credit, or under the control of the Principal, whether or not such banks or depositories were or may be selected or designated by the Principal or by other persons; or by reason of the allowance to, or acceptance by the Principal of any interest on said public moneys or funds. any law, decision, ordinance or statute to the contrary notwithstanding

Third: That the Surety shall not be liable for any loss or losses, resulting from the failure of the Principal to collect any taxes, licenses, levies, assessments, etc., with the collection of which he may be chargeable by reason of his election or appointment as aforesaid.

The Ohio Casualty Insurance Company

By: Marilyn L Rice
Marilyn L Rice

Attorney-in-fact

Purchasing/Invoicing

Before placing a purchase order, each party authorized to place a purchase order should consider whether the material requested may be available elsewhere in the School or in the management company network. In the interests of economy, fairness and efficiency, the Board requires that:

- A. All purchase orders shall be numbered consecutively.
- B. An informal but documented assessment of the responsibility, reliability, comparative cost and reputation of available qualified suppliers shall have been conducted before the purchase order is submitted.
- C. Certain purchases may be below an amount of money allowed to be spent without a properly signed purchase order, as authorized by the management company and the Superintendent.
- D. Insofar as conditions permit, all legitimate business suppliers shall be treated courteously.
- E. Credit card agreements may be approved by the Superintendent at his/her sole discretion, and, if so approved, all credit cards shall be kept in the custody of the Superintendent or Principal in a locked area. All credit card purchases require the prior written approval of the Superintendent. Any staff member or Board member entrusted with a credit card shall be personally liable for the proper use and safekeeping of the credit card.
- F. Cooperative purchasing among schools managed by the same company is encouraged, if it results in an economic advantage. Other cooperative purchasing may be considered as well.
- G. If it results in an advantage of any kind, the School may prefer local vendors.
- H. All applicable ethical and conflicts rules shall be followed when purchasing or soliciting for purchasing. No director, officer, employee, staff or agent of the School shall 1) solicit or participate in the negotiations of a contract in which he or she has any direct or indirect pecuniary or beneficial interests or 2) accept any gift or favor from a vendor which might influence their recommendations in the eventual purchases of equipment, supplies or services.

These policies do not prevent any person from receiving royalties upon the sale of any textbook or similar educational product of which she or he is the author, which has been properly approved for use in the School.

If the Board is presented with an invoice from a vendor, the vendor must certify that the good or services were used for School purposes, the invoice must contain

sufficient itemization to determine that the services or goods were used for School purposes and the fiscal agent or fiscal officer of the School shall pre-approve payment before the invoice is approved by the Board.

R.C. 102.03; OAC 117-2-02

See also Policy No. 395.1 Purchase of Supplies and Materials, Equipment.

See also Policy No. 148.6 Credit Cards.

Fixed Asset Policy/Title Assets Policy**A. Purpose**

The School's fixed asset/Title I policy establishes a fixed asset accounting system that, if followed, will ensure that the School properly handles and disposes of assets, including those assets obtained with Title I grant monies and contains sufficient data to permit:

1. the preparation of fiscal year end financial statements in accordance with Generally Accepted Accounting Principles (GAAP);
2. adequate insurance coverage; and
3. control, accountability and security.

B. Criteria for Fixed Asset Capitalization

An item is a Fixed Asset if:

1. it has a useful life of one (1) year or more, and
2. the cost of the asset is greater than \$1,500.00, or, it is a leased asset with a purchase price of greater than \$1,500.00.

C. Valuation

Fixed assets are to be valued at historical cost or, if that amount is not practicably determined, at estimated historical cost. The Controller shall determine the estimated historical cost.

Donated fixed assets shall be valued at the donor's estimated fair market value at the time of gifting.

D. Depreciation

Assets will be depreciated using straight-line depreciation. Estimated life for fixed assets shall follow ASBO (Association of School Business Officials) guidelines.

E. Classifications:

Fixed assets shall be classified as follows:

1. furniture
2. equipment
3. leased fixed assets

4. real property

F. Information

The following information shall be maintained for all fixed assets:

1. description of the asset
2. who holds title to the property
3. serial number of the asset
4. asset classification
5. location, use, and condition of the asset
6. purchase price and percentage of federal participation
7. vendor
8. date purchased or leased
9. accumulated depreciation
10. date and method of disposal and sale price
11. records generated by physical inventories

G. Management of Fixed Assets

The School shall conduct a physical inventory of its fixed assets no less frequently than every two years. The results of the physical inventories must be reconciled with the property records.

The School shall develop a control system to safeguard against loss, damage, or theft of fixed assets. The School shall investigate any loss, damage, or theft of any fixed asset.

In order to prevent loss or theft of School property, all fixed assets (other than real property) will have a School fixed asset sticker.

The School shall maintain its fixed assets in order to keep them in good condition and working order.

The School shall establish and follow procedures to ensure that it receives the overall best possible return, if it sells any fixed asset. An independent valuation or market comparison may be used, among any other reasonable method of valuation.

H. Real Property Acquired with Title I Grants

Real property acquired with federal Title I grant monies received by the School shall be titled in the name of the School.

Real property acquired with federal Title I grant monies shall be used for the purposes authorized by the grant(s).

The School shall not transfer or encumber its title or other interest in any real property acquired with federal Title I grant monies.

I. Equipment Acquired with Title I Grants

Equipment acquired with federal Title I grant monies received by the School shall be titled in the name of the School.

For as long as needed, the School shall use equipment acquired with federal Title I grant monies in the program or project for which it was acquired, whether or not the project or program continues to be supported by federal funds. The equipment may be used in other activities currently or previously supported by a federal agency when it is no longer needed for the program or project for which it was acquired.

The School can use equipment acquired with federal Title I grant monies on other projects or programs that are currently or were previously supported by the Federal Government provided that such use will not interfere with the program or project for which the equipment was acquired. First preference should be given to other programs or projects supported by the agency that awarded the grant monies.

The School shall not use the equipment acquired with federal Title I grant monies to provide services for a fee.

The School shall obtain the approval of the awarding agency before it (1) uses equipment acquired with federal Title I grant monies as a trade-in to acquire equipment to replace the old equipment, or (2) sells the old equipment and uses the sale proceeds to offset the cost of the replacement equipment.

J. Equipment Furnished by Federal Agency

The School shall ensure that the equipment remains titled in the name of the Federal Government.

The School shall follow the rules and procedures of the federal agency for managing the property.

K. Disposal of Fixed Assets not Acquired with Title I Funds

Fixed assets that were not acquired in whole or part with federal grant monies will be disposed in a manner approved by the School Board.

L. Disposal of Fixed Assets Acquired with Title I Grants

Real Property. When real property acquired with federal Title I grant monies is no longer used for the originally authorized purpose(s), the School shall dispose of such property pursuant to instructions provided by the awarding agency.

Equipment. The School may retain, sell or otherwise dispose of equipment acquired with Title I funds. However, the School shall contact the awarding agency for disposition instructions before it sells any equipment with a per unit value of greater than \$5,000 because the awarding agency may have a right to a portion of the proceeds of the sale. State law may dictate the procedures that must be followed or otherwise place restrictions on the ability of the School to sell the property.

M. Disposal of Equipment Provided by a Federal Agency

The School shall only dispose of federal equipment pursuant to instructions provided by the federal agency that provided the equipment.

R.C. 117.09; OAC 117-2-05; OAC 117-2-02; 34 CFR Sections 80.31 and 80.32

See also Policy No. 148.8 Federal Grants Procurement, Monitoring and Administration

148.6 Credit Card Account Policy

The Board recognizes the convenience and efficiency afforded by the use of School Credit Card Accounts. A Credit Card Account shall not be used in order to circumvent the general purchasing procedures established by State law and Board policy. The Board affirms that Credit Card Accounts shall only be used in connection with Board-approved or School-related activities and that only those types of expenses that are for the benefit of the School and serve a valid and proper public purpose shall be paid for by Credit Card Account. As such, employees are required to abide by the following guidelines when using a School Credit Card Account.

"Credit Card Account" means any bank-issued credit card account, store-issued credit card account, financial institution-issued credit card account, financial depository issued credit card account, affinity credit card account, or any other card account allowing the holder to purchase goods or services on credit or to transact with the account, and any debit or gift card account related to the receipt of grant moneys. Credit Card Accounts do not include a procurement card account, gasoline or telephone credit card account, or any other card account where merchant category codes are in place as a system of control for use of the card account.

1. The Board appoints the Superintendent as the Compliance Officer.
1. All Credit Card Accounts shall be issued to and in the name of ARTS AND COLLEGE PREPARATORY ACADEMY. The Board authorizes the Superintendent, PRINCIPALS, and ADMIN. ASSISTANTS to use the Credit Card Account ("Card Designee(s)").
2. Subject to the discretion of and the approval of the Compliance Officer, Credit Card Accounts may be used for eligible goods and services including:
 - a. Transportation reservations and expenses.
 - b. Conference registrations.
 - c. Hotel reservation guarantees and expenses.
 - d. If monies are budgeted and deposited with the Compliance Officer in advance, credit cards may be used for student trips and competitions for safety and security reasons.
 - e. Reasonable expenses, including a maximum gratuity of twenty percent (20%), but excluding alcoholic beverages, since the purchase of such beverages clearly fails to serve a valid and proper public purpose.
 - f. Purchases from vendors who do not accept purchase orders or vouchers, with prior approval from the Compliance Officer.
 - g. Other purchases approved by the Compliance Officer on a case-by-case basis.

3. Credit Card Accounts shall not be used for personal purchases or expenditures not allowed under this guideline. In particular, the Credit Card Account shall not be used for expenses that are not incurred in connection with Board-approved or School-related activities, are not for the benefit of the School, and do not serve a valid and proper public purpose. Use of the Credit Card Account in an unauthorized or illegal manner may result in revocation of Credit Card Account privileges, disciplinary action consistent with current law and/or, where appropriate, may require the user to pay any and all inappropriate charges, including finance charges and interest assessed in connection with the purchase.
4. The School is a nonprofit instrumentality of the State of Ohio. Tax exemption forms shall be utilized and are available in the Superintendent's office.
5. Upon receipt of a School credit card, Card Designees shall:
 - a. Inform merchants that the purchase is for "Official School Business" and is not subject to State or local sales tax. However, if the merchant fails to waive the tax, the Card Designee shall pay it. For large purchases where the merchant refuses to waive the tax, the Card Designee shall present a tax exemption form.
 - b. Maintain Credit Card Accounts in a secure fashion and prevent unauthorized charges to the account.
 - c. Maintain sufficient documentation of all purchases, including, but not limited to, charge receipts, original cash register slip or other detailed receipt, and invoices.
 - d. Provide documentation of all purchases to the Compliance Officer in a timely manner to ensure prompt payment.
 - e. Immediately notify the fiscal officer if the card is lost or stolen.
 - f. After use, School credit cards are to be returned to the Compliance Officer, along with appropriate receipt copies of all charges. All receipts must be itemized.
 - g. Upon receipt of the appropriate documentation, Credit Card Account expenditures will be paid through the Compliance Officer.
6. Accounting Procedures:
 - a. The Compliance Officer or his/her designee will monitor the Credit Card Account(s) and reconcile all Credit Card Accounts on a monthly basis. A report will be a part of the monthly financial reports, as reported to the Board. The Board will sign an attestation confirming review of monthly activity report.

- b. The fiscal officer shall prepare a report at least quarterly and the Board and the Compliance Officer shall review the report including the number of cards and accounts issued, the number of active cards and accounts issued, the cards' and accounts' expiration dates, and the cards' and accounts' credit limits.
 - c. The fiscal officer annually shall file a report with the School detailing all rewards received based on the use of the School's Credit Card Account.
- 7. The fiscal officer must retain the approved Credit Card Account statements and accompanying receipts on file in accordance with the School's Record Retention Policy.
- 9. If the Card Designee is terminated or resigns, (s)he must return the credit card to the fiscal officer and shall remain responsible for any inappropriate use.
- 10. Failure to turn in receipts and appropriate forms to the Compliance Officer within five business days may result in the charges being deemed unrelated or unsubstantiated. Card Designees are liable in person and upon any official bond the Card Designee has given to the School to reimburse the School the amount for which the Card Designee does not provide itemized receipts in accordance with this policy.

148.1

Purchasing/Invoicing

Before placing a purchase order, each party authorized to place a purchase order should consider whether the material requested may be available elsewhere in the School. In the interests of economy, fairness and efficiency, the Board requires that:

- A. The School shall strive to complete purchase orders for all purchase and all purchase orders shall be numbered consecutively.
- B. An informal but documented assessment of the responsibility, reliability, comparative cost and reputation of available qualified suppliers shall have been conducted before the purchase order is submitted.
- C. Certain purchases may be below an amount of money allowed to be spent without a properly signed purchase order, as authorized by the Superintendent.
- D. Insofar as conditions permit, all legitimate business suppliers shall be treated courteously.
- E. Cooperative purchasing may be considered if it results in an economic advantage.
- F. If it results in an advantage of any kind, the School may prefer local vendors.
- G. All applicable ethical and conflicts rules shall be followed when purchasing or soliciting for purchasing. No director, officer, employee, staff or agent of the School shall 1) solicit or participate in the negotiations of a contract in which he or she has any direct or indirect pecuniary or beneficial interests or 2) accept any gift or favor from a vendor which might influence their recommendations in the eventual purchases of equipment, supplies or services.

These policies do not prevent any person from receiving royalties upon the sale of any textbook or similar educational product of which she or he is the author, which has been properly approved for use in the School.

If the Board is presented with an invoice from a vendor, the vendor must certify that the good or services were used for School purposes, the invoice must contain sufficient itemization to determine that the services or goods were used for School purposes and the fiscal agent or fiscal officer of the School shall pre-approve payment before the invoice is approved by the Board.

R.C. 102.03; OAC 117-2-02

See also Policy No. 395.1 Purchase of Supplies and Materials, Equipment.

See also Policy No. 148.6 Credit Cards.

ARTS AND COLLEGE PREPARATORY ACADEMY

FEDERAL FUNDS EXPENDITURE, REPORTING AND MANAGEMENT POLICY

The Superintendent is responsible for following this Policy concerning the expenditure of federal funds, time and effort reporting, travel expense payments and reimbursements, and the cash management of federal funds. When the Superintendent is employed by a charter school operator, the operator is responsible for the implementation of this Policy. Please note that the School has also adopted a Federal Educational Funds Procurement Policy which applies to the procurement of goods and services with federal funds.

	Page
1. Costs Principles for Spending Federal Funds	1
Costs Principles.....	1
Selected Items of Cost	4
Cost Compliance	4
Determining Whether a Cost is Direct or Indirect	4
Timely Obligation of Funds.....	5
Period of Performance	6
2. Time and Effort Reporting.....	7
Time and Effort Reports	7
Reconciliations	8
3. Travel Payment & Reimbursement Guidelines for Federal Funds	9
4. Cash Management of Federal Funds	10

COST PRINCIPLES FOR SPENDING FEDERAL FUNDS

The Superintendent is responsible for the efficient and effective administration of federal funds through the application of sound management practices. Such funds shall be administered in a manner consistent with all applicable Federal, State and local laws, the associated agreements/assurances, program objectives and the specific terms and conditions of the grant award.

Cost Principles

Except where otherwise authorized by statute, costs shall meet the following general criteria to be allowable under Federal awards:

- A. Be necessary and reasonable for proper and efficient performance and administration of the Federal award and be allocable thereto under these principles.

To determine whether a cost is reasonable, consideration shall be given to:

1. whether a cost is a type generally recognized as ordinary and necessary for the operation of the School or the proper and efficient performance of the Federal award;
2. the restraints or requirements imposed by such factors as: sound business practices, arm's length bargaining, Federal, State, local, tribal and other laws and regulations, and terms and conditions of the Federal award;
3. market prices for comparable goods or services for the geographic area;
4. whether the individuals concerned acted with prudence in the circumstances considering their responsibilities; and
5. whether the cost represents any significant deviation from the established practices or Board of Education policy which may increase the expense.

While Federal regulations do not provide specific descriptions of what satisfies the "necessary" element beyond its inclusion in the reasonableness analysis above, whether a cost is necessary is determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective. A key aspect in determining whether a cost is necessary is whether the School can demonstrate that the cost addresses an existing need and can prove it.

When determining whether a cost is necessary, consideration may be given to whether:

- a. the cost is needed for the proper and efficient performance of the program;
- b. the cost is identified in the approved budget or application;
- c. there is an educational benefit associated with the cost;
- d. the cost aligns with identified needs based on results and findings from a needs assessment;

- e. the cost addresses program goals and objectives and is based on program data.

A cost is allocable to the Federal award if the goods or services involved are chargeable or assignable to the Federal award in accordance with the relative benefit received. there is an educational benefit associated with the cost;

- B. Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the Federal award.
- C. Be consistent with policies and procedures that apply uniformly to both Federally-financed and other activities of the School.
- D. Be afforded consistent treatment. A cost cannot be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.
- E. Be determined in accordance with generally accepted accounting principles.
- F. Be representative of actual cost, net of all applicable credits or offsets.

The term "applicable credits" refers to those receipts or reductions of expenditures that operate to offset or reduce expense items allocable to the Federal award. Typical examples of such transactions are: purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the State relate to the Federal award, they shall be credited to the Federal award, either as a cost reduction or a cash refund, as appropriate.

- G. Be not included as a match or cost-share, unless the specific Federal program authorizes Federal costs to be treated as such.
- H. Be adequately documented:
 - 1. in the case of personal services, the Superintendent shall implement a system for School personnel to account for time and efforts expended on federally funded programs to assure that only permissible personnel expenses are allocated;
 - 2. in the case of other costs, all receipts and other invoice materials shall be retained, along with any documentation identifying the need and purpose for such expenditure if not otherwise clear.

Selected Items of Cost

The School shall follow the rules for selected items of cost at 2 C.F.R. Part 200, Subpart E when charging these specific expenditures to a Federal grant. When applicable, School staff shall check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, State, School and program-specific rules, including the terms and conditions of the award, may deem a cost as unallowable and School personnel shall follow those rules as well.

Cost Compliance

The Superintendent shall require that grant program funds are expended and are accounted for consistent with the requirements of the specific program and as identified in the grant application. Compliance monitoring includes accounting for direct or indirect costs and reporting them as permitted or required by each grant.

Determining Whether a Cost is Direct or Indirect:

- A. Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

These costs may include: salaries and fringe benefits of employees working directly on a grant-funded project; purchased services contracted for performance under the grant; travel of employees working directly on a grant-funded project; materials, supplies, and equipment purchased for use on a specific grant; and infrastructure costs directly attributable to the program (such as long distance telephone calls specific to the program, etc.).

- B. Indirect costs are those that have been incurred for a common or joint purpose benefitting more than one (1) cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. Costs incurred for the same purpose in like circumstances shall be treated consistently as either direct or indirect costs.

These costs may include: general data processing, human resources, utility costs, maintenance, accounting, etc.

Federal education programs with supplement not supplant provisions must use a restricted indirect cost rate. In a restricted rate, indirect costs are limited to general management costs. General management costs do not include divisional administration that is limited to one (1) component of the School, the governing body of the School, compensation of the Superintendent, compensation of the chief executive officer of any

component of the School, and operation of the immediate offices of these officers.

The salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

1. Administrative or clerical services are integral to a project or activity.
2. Individuals involved can be specifically identified with the project or activity.
3. Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency.
4. The costs are not also recovered as indirect costs.

Where a Federal program has a specific cap on the percentage of administrative costs that may be charged to a grant, that cap shall include all direct administrative charges as well as any recovered indirect charges.

Effort should be given to identify costs as direct costs whenever practical, but allocation of indirect costs may be used where not prohibited and where indirect cost allocation is approved ahead of time by the Ohio Department of Education ("ODE") or the pass-through entity (Federal funds subject to 2 C.F.R. Part 200 pertaining to determining indirect cost allocation).

Timely Obligation of Funds

Obligations are orders placed for property and services, contracts and sub-awards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period.

The following table illustrates when funds are determined to be obligated under the U.S. Department of Education regulations:

If the obligation is for:

- A. Acquisition of property - on the date which the School makes a binding written commitment to acquire the property.
- B. Personal services by an employee of the School - when the services are performed.
- C. Personal services by a contractor who is not an employee of the School - on the date which the School makes a binding written commitment to obtain the services.

- D. Public utility services - when the School receives the services.
- E. Travel - when the travel is taken.
- F. Rental of property - when the School uses the property.
- G. A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 C.F.R. Part 200, Subpart E - Cost Principles - on the first day of the project period.

Period of Performance

All obligations must occur on or between the beginning and ending dates of the grant project. This period of time is known as the period of performance. The period of performance is dictated by statute and will be indicated in the Grant Award Notification ("GAN"). As a general rule, State-administered Federal funds are available for obligation within the year that Congress appropriates the funds for. However, given the unique nature of educational institutions, for many Federal education grants, the period of performance is twenty-seven (27) months. This maximum period includes a fifteen (15) month period of initial availability, plus a twelve (12) month period for carryover. For direct grants, the period of performance is generally identified in the GAN.

In the case of a State-administered grant, obligations under a grant may not be made until the grant funding period begins or all necessary materials are submitted to the granting agency, whichever is later. In the case of a direct grant, obligations may begin when the grant is, unless an agreement exists with ODE or the pass-through entity to reimburse for pre-approval expenses.

For both State-administered and direct grants, regardless of the period of availability, the School shall liquidate all obligations incurred under the award not later than ninety (90) calendar days after the end of the funding period unless an extension is authorized. Any funds not obligated within the period of performance or liquidated within the appropriate timeframe are said to lapse and shall be returned to the awarding agency. Consequently, the School shall closely monitor grant spending throughout the grant cycle.

TIME AND EFFORT REPORTING

As a recipient of Federal funds, the School shall comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Section 200.430 of the Code of Federal Regulations requires certification of effort to document salary expenses charged directly or indirectly against Federally- sponsored projects. This process is intended to verify that compensation for employment services, including salaries and wages, is allocable and properly expended, and that any variances from the budget are reconciled.

Compensation for employment services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits, which are addressed in 2 C.F.R. 200.431 Compensation-fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of these regulations, and that the total compensation for individual employees:

- A. is reasonable for the services rendered, conforms to the School's established written policy, and is consistently applied to both Federal and non-Federal activities; and
- B. follows an appointment made in accordance with the School's written policies and meets the requirements of Federal statute, where applicable.

Time and Effort Reports

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. The records must:

- A. be supported by a system of internal controls which provide reasonable assurance that the charges are accurate, allowable, and properly allocated;
- B. be incorporated into the official records of the School;
- C. reasonably reflect the total activity for which the employee is compensated by the School, not exceeding 100% of the compensated activities;
- D. encompass both Federally assisted and other activities compensated by the School on an integrated basis;
- E. comply with the School's established accounting policies and practices;
- F. support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one (1) Federal award, a Federal award and non-Federal award, an indirect cost activity and a direct cost activity, two (2) or more indirect activities which are

allocated using different allocation bases, or an unallowable activity and a direct or indirect cost activity.

The School will also follow any time and effort requirements imposed by the pass-through entity to the extent that they are more restrictive than the Federal requirements. The Superintendent is responsible for the distribution, collection, and retention of all employee effort reports. Individually reported data will be made available only to authorized auditors.

Reconciliations

Budget estimates are not used as support for charges to Federal awards. However, the School may use budget estimates for interim accounting purposes. The system used by the School to establish budget estimates produces reasonable approximations of the activity actually performed. Any significant changes in the corresponding work activity are identified by the School and entered into the School's records in a timely manner.

The School's internal controls include a process to review after-the-fact interim charges made to a Federal award based on budget estimates and ensure that all necessary adjustments are made so that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

TRAVEL PAYMENT & REIMBURSEMENT GUIDELINES FOR FEDERAL FUNDS

Travel expenses incurred for official business and travel on behalf of the Board shall be limited to those expenses necessarily incurred by the employee in the performance of a public purpose authorized, in advance, in accordance with administrative guidelines.

Payment and reimbursement rates for per diem meals, lodging, and mileage shall be reviewed annually by the Superintendent. The Superintendent shall establish mileage rates not exceeding the Federal IRS prescribed mileage rate.

Employees are expected to exercise the same care incurring travel expenses that a prudent person would exercise if traveling on personal business and expending personal funds. Unauthorized costs and additional expenses incurred for personal preference or convenience will not be reimbursed.

Unauthorized expenses include but are not limited to alcohol, movies, fines for traffic violations, and the entertainment/meals/lodging of spouses or guests.

Travel payment and reimbursement provided from Federal funds must be authorized in advance and must be reasonable and consistent with the School's administrative guidelines. For travel paid for with Federal funds, the travel authorization must include documentation that demonstrates that (1) the participation in the event by the individual traveling is necessary to the Federal award; and (2) the costs are reasonable and consistent with the School's administrative guidelines.

All travel shall comply with the travel procedures and rates established in the administrative guidelines. All costs incurred with Federal funds must meet the cost allowability standards set by the School.

To the extent that the School's standards do not establish the allowability of a type of travel cost, the rates and amounts established under 5 U.S.C. 5701-11, ("Travel and Subsistence Expenses; Mileage Allowances"), or by the Administrator of General Services, or by the Superintendent (or his/her designee), must apply to travel under Federal awards.

CASH MANAGEMENT OF FEDERAL FUNDS

In order to provide reasonable assurance that all assets, including Federal, State, and local funds, are safeguarded against waste, loss, unauthorized use, or misappropriation, the Superintendent shall implement internal controls in the area of cash management.

The School's payment methods shall minimize the time elapsing between the transfer of funds from the United States Treasury or the Ohio Department of Education (ODE) (pass-through entity) and disbursement by the School, regardless of whether the payment is made by electronic fund transfer, or issuance or redemption of checks, warrants, or payment by other means.

The School shall use forms and procedures required by the grantor agency or pass-through entity to request payment. The School shall request grant fund payments in accordance with the provisions of the grant. Additionally, the School's financial management systems shall meet the standards for fund control and accountabilitys established by the awarding agency.

The Superintendent or their designee is authorized to submit requests for advance payments and reimbursements at least monthly when electronic fund transfers are not used, and as often as deemed appropriate when electronic transfers are used, in accordance with the provisions of the Electronic Fund Transfer Act (15 U.S.C. 1693-1693r).

When the School uses a cash advance payment method, the following standards shall apply:

- A. The timing and amount of the advance payment requested will be as close as is administratively feasible to the actual disbursement for direct program or project costs and the proportionate share of any allowable indirect costs.
- B. The School shall make timely payment to contractors in accordance with contract provisions.
- C. To the extent available, the School shall disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.
- D. The School shall account for the receipt, obligation and expenditure of funds.
- E. Advance payments will be deposited and maintained in insured accounts whenever possible.

- F. Advance payments will be maintained in interest bearing accounts unless the following apply:
1. The School receives less than \$120,000 in Federal awards per year.
 2. The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances.
 3. The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.
 4. A foreign government or banking system prohibits or precludes interest bearing accounts.
- G. Pursuant to Federal law and regulations, the School may retain interest earned in an amount up to \$500 per year for administrative costs. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System ("PMS") through an electronic medium using either Automated Clearing House ("ACH") network or a Fedwire Funds Service payment. Remittances shall include pertinent information of the payee and nature of payment in the memo area (often referred to as "addenda records" by Financial Institutions) as that will assist in the timely posting of interest earned on Federal funds. Pertinent details include the Payee Account Number ("PAN") if the payment originated from PMS, or Agency information if the payment originated from ASAP, NSF or another Federal agency payment system.

Approved: _____
Resolution No.: _____

ARTS AND COLLEGE PREPARATORY ACADEMY

FEDERAL EDUCATIONAL FUNDS PROCUREMENT POLICY

Procurement of all supplies, materials, equipment, and services paid for from Federal funds or School matching funds shall be made in accordance with all applicable Federal, State, and local statutes and/or regulations, the terms and conditions of the Federal grant, Board of Directors policies, and administrative procedures.

In addition to applicable policies otherwise approved by the Board, the following policies shall apply when the School expends federal grant funds to purchase property or obtain services, including but not limited to, purchase made under the School Nutrition Programs.

- A. Competition. To the extent required by law, the School shall use procurement methods that provide for full, free, and open competition and comply with the federal procurement regulations. The School shall award the contract to the party whose bid or proposal, after considering all appropriate facts, is most advantageous to the School if the School solicits bids or competitive proposals to secure property or services. The School shall avoid unnecessary restrictions on competition.

Some of the situations considered to be restrictive of competition include, but are not limited to, the following:

1. unreasonable requirements on firms in order for them to qualify to do business;
2. unnecessary experience and excessive bonding requirements;
3. non-competitive practices between firms or affiliated companies;
4. noncompetitive contracts to consultants that are on retainer contracts;
5. organizational conflicts of interest;
6. specification of a "brand name" product instead of allowing for an "or equal" product to be offered and describing the performance or other relevant requirements of the procurement; or
7. any arbitrary action in the procurement process.

Further, the School does not use statutorily or administratively imposed State, local, or tribal geographical preferences in the evaluation of bids or proposals, unless (1) an applicable Federal statute expressly mandates or encourages a

geographic preference; or (2) the School is contracting for architectural and engineering services, in which case geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

- B. Solicitation Language: The School requires that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, shall set forth those minimum essential characteristics and standards to which it shall conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible.

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equivalent" description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which shall be met by offers shall be clearly stated; and identify all requirements which the offerors shall fulfill and all other factors to be used in evaluating bids or proposals. Solicitations for contracts that involve the purchase of food must include requirements to comply with the Buy American Provision, USDA Regulation (7 CFR Part 250 and 7 CFR Part 210).

- C. Procurement Procedures. To the extent required by law:

1. The School shall review any proposed procurement to avoid purchasing unnecessary or duplicative property or services. Additionally, consideration shall be given to consolidating or breaking out procurements to obtain a more economical purchase.
2. Before acquiring an item, the School shall compare the advantages of leasing versus purchasing property.
3. The School is encouraged to enter into inter-entity agreements where appropriate for the procurement or use of common or shared goods and services.
4. The School shall conduct a cost or price analysis in connection with every procurement transaction, including contract modifications.
5. The School shall ensure that its solicitations for goods and services contain the descriptions and provide the other information required under the applicable federal regulations.
6. The School shall attempt to ensure that the parties it contracts with are responsible and capable of fulfilling the terms of the contract. Consideration will be given to such matters as contractor integrity, compliance with public policy, price, quality, record of past performance, references, financial and technical resources, and management capabilities.
7. The School shall create and maintain records that document the procurement process that the School followed in each procurement transaction, including

the rationale for utilizing the selected procurement method, the basis for awarding the contract, the justification for lack of competition if competitive bids or offers are not sought and the basis for award cost or price.

8. The School shall make its procurement records available for review by the appropriate federal officials. This includes keeping an original copy of all invoices for goods and services for 3 years (in paper or electronic form, if supported), from the end of the year in which the expense was incurred.

- D. Contract Provisions. Procurement contracts shall, at a minimum, include the terms and conditions that are required by the applicable federal procurement regulations.

For spending related to the school nutrition program funds, contracts shall require the following clauses: termination for cause and convenience, Contract Work Hours/Safety Standards, Davis Bacon Act provisions, Rights to Interventions Made Under a Contract, Debarment and Suspension, and the Bryd Anti-Lobbying Amendment language. To the extent required by law, the School shall require that the person awarded a contract satisfy the bonding requirements set forth in the applicable federal regulations.

The School and vendor shall comply with the Buy American Provision for all solicitations and contracts that involve the purchase of food, USDA Regulation (7 CFR Part 250 and 7 CFR Part 210). The vendor is required to utilize, to the maximum extent practicable, domestic commodities and products.

- E. Contract Administration. The School shall delegate to one or more School employees or contractors the responsibility for the administration of all procurement contracts and ensuring that the party awarded the contract satisfies the terms of the procurement contract.

- F. Small/Minority/Women Businesses. To the extent possible, the School shall take affirmative steps in an attempt to contract with small businesses, minority-owned firms, and women's business enterprises. When required, the School will consult with appropriate sources such as the Small Business Administration or the Ohio Department of Administrative Services to find suppliers that may qualify. Affirmative steps may include:

- Placing qualified small and minority businesses and women's business on solicitation lists.
- Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources.
- Dividing total requirements, when feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises.

- Establishing delivery schedules, where permissible, which encourage participation by small and minority businesses, and women's business enterprises.

Federal Grant Administration

The School shall ensure that these procedures are followed with respect to all federal grant applications submitted by the School and all federal grants that are awarded to the School.

- A. Monitoring Grant Applications. The School shall delegate to one or more persons the responsibility for monitoring all pending federal grant applications, who shall provide the Board with a report on the status of all federal grant applications on a regular basis as needed.
- B. Monitoring Grant Expenditures. The School shall delegate to one or more persons the responsibility for monitoring federal grant expenditures, who shall provide the Board with a report on the expenditures made from each federal grant on a regular basis as needed.
- C. Final Expenditure Reports. The School shall delegate to one or more persons the responsibility for reviewing all final expenditure reports for each federal grant that the School was awarded, reconciling the report(s) with the School's financial records, and ensuring that the final expenditure report for each federal grant is complete and accurate.

CODE OF CONDUCT

No employee, officer, or agent of the School shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the School shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub-agreements. However, the School may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The School may take disciplinary action for violations of this code of conduct by its officers, employees, or agents.

MICRO-PURCHASES (\$1 - \$10,000) - No quotes required.

Personnel authorized to make purchases for federally sponsored projects may take procurement actions of up to \$10,000 or such amount as may be set by the Federal Acquisition Regulation, in the aggregate, without documenting vendor quotes, if the School considers the price to be reasonable. Personnel are expected to exercise prudence; to keep the procurement guiding principles in mind; to observe ordinary

procedures for purchase decisions and channels; and to take reasonable steps to secure cost-effective goods and services, including taking advantage of negotiated supplier contracts available to the School or other discounts. To the extent practicable, the School shall distribute micro-purchases equitably among qualified suppliers.

SMALL PURCHASES \$10,001 TO \$250,000 (SIMPLIFIED ACQUISITION THRESHOLD) – *Minimum three quotes*

The simplified acquisition threshold (\$250,000 or as updated in 41 USC §134) is established by the federal government to define when streamlined procurement processes can be used and when more formal competition is required.

For purchases in this range, a minimum of three price quotes from responsible vendors must generally be secured and documented. Additional requirements and procedures related to Small Purchases can be found in the attached Appendix. These quotes should be made by email, fax, or in writing; oral quotes are acceptable if other methods are not readily available or would unacceptably delay a time-sensitive procurement decision, but must be documented with a dated summary. All suppliers shall receive identical information. Solicitations must not restrict competition. In addition, the request for quotes shall include the following:

1. Written Specifications will be prepared and provided to the vendors.
2. Clear and accurate descriptions of the technical requirements for the product or service being procured as well as clear evaluation criteria.
3. Where applicable, the specifications must include a requirement that goods must be produced and processed in the United States.
4. Where applicable, the specifications must include a requirement that affirmative steps are taken to include small, minority, and women's businesses

In some situations, fewer than three quotes may be acceptable. If several qualified vendors were invited to submit quotes or proposals and only one or two did so, the procurement process may move forward using the available quotes. Sole source procurement may occasionally be acceptable, for instance when there is one known vendor who is uniquely qualified, or when a vendor who successfully competed for one stage of a project and performed to a high standard of quality and value may be invited to continue providing similar goods or services for the next stage of the project without a new quote or bid process.

A best-value analysis should be done. For standardized goods, the lowest price will generally be the best value. For non-standardized goods or professional services, a more complex analysis is appropriate and the lowest price may not represent the best value.

A procurement justification must be documented that includes, at minimum:

- The basis for selecting the vendor,
- The basis for the vendor's price, and
- How the purchaser knows the price is reasonable

If a contract will be signed as part of the procurement action, all applicable procedures and limitations shall be made in accordance with all applicable Federal, State, and local statutes and/or regulations must be observed. Please note that no contracts may be signed with contractors that have relevant Exclusions listed on SAM.gov.

PROCUREMENTS ABOVE THE SIMPLIFIED ACQUISITION THRESHOLD

For purchases above the simplified acquisition threshold (\$250,000 or as updated in 41 USC §134), a more formal and carefully documented competitive procurement process is required. The School should consult with financial and legal advisors to determine appropriate procedures for each procurement action at this level, in order to assure compliance with the requirements and limitations established in accordance with all applicable Federal, State, and local statutes and/or regulations.

DEBARMENT AND SUSPENSION

Suspension is an action taken by the School that immediately prohibits a person from participating in covered transactions and transactions covered under the Federal Acquisition Regulation (48 CFR chapter 1) for a temporary period, pending completion of an agency investigation and any judicial or administrative proceedings that may ensue. A person so excluded is suspended. (2 CFR Part 180 Subpart G)

Debarment is an action taken to exclude a person from participating in covered transactions and transactions covered under the Federal Acquisition Regulation (48 CFR chapter 1). A person so excluded is debarred. (2 CFR Part 180 Subpart H)

The School shall not contract or subcontract with or award sub grants to any person or company who is debarred or suspended. For contracts over \$25,000, the School shall confirm that the vendor is not debarred or suspended by either checking the Federal government's System for Award Management, which maintains a list of such debarred or suspended vendors at www.sam.gov; collecting a certification from the vendor; or adding a clause or condition to the covered transaction with that vendor. (2 CFR Part 180 Subpart C)

BID PROTEST

The School maintains the following protest procedures to handle and resolve disputes relating to procurements and, in all instances, discloses information regarding the protest to the awarding agency.

A bidder who wishes to file a bid protest shall file such notice and follow procedures prescribed by the Request For Proposals (RFPs) or the individual bid specifications package, for resolution. Bid protests shall be filed in writing with the individual identified

in the bid specifications package within seventy-two (72) hours of the opening of the bids in protest.

Within five (5) days of receipt of a protest, the designated individual shall review the protest as submitted and render a decision regarding the merits of the protest and any impact on the acceptance and rejection of bids submitted. Notice of the filing of a bid protest shall be communicated to the Board and shall be so noted in any subsequent recommendation for the acceptance of bids and awarding of contracts.

Failure to file a notice of intent to protest, or failure to file a formal written protest within the time prescribed, shall constitute a waiver of proceedings.

MAINTENANCE OF PROCUREMENT RECORDS

The school administrator, or its designee must maintain records sufficient to detail the history of all procurements. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price (including a cost or price analysis). Records will be maintained for a period of 3 years.

APPENDIX
Description of Types of Contracts and
Additional Requirements and Procedures

Formal Contracts: Purchases made through a formal procurement process such as sealed bids or competitive proposals.

Procurement by Sealed Bids: Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. In order for sealed bidding to be feasible, the following conditions should be present:

- (i) A complete, adequate, and realistic specification or purchase description is available;
- (ii) Two or more responsible bidders are willing and able to compete effectively for the business; and
- (iii) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

If sealed bids are used, the following requirements apply:

- (i) Bids must be publicly advertised and solicited from an adequate number of known suppliers who all receive the same information, providing them sufficient response time prior to the date set for opening the bids;
- (ii) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
- (iii) Bids must include a designation of who is responsible for managing solicitations and a description of how the School will determine who is qualified to supply the desired good or service including clear evaluation criteria;
- (iv) All bids will be opened at the time and place prescribed in the invitation for bids;
- (v) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
- (vi) Any or all bids may be rejected if there is a sound documented reason.

If Competitive Sealed Bidding is used, bids must be solicited to an adequate number of known suppliers, providing them with a sufficient amount of time to respond. Under the sealed bidding method of procurement, it is not necessary to conduct discussions with bidders in order to obtain the greatest value for the School, as the award is to be made to the lowest responsive and responsible bidder. The invitation for bids must be publically advertised.

Competitive Proposals (Negotiated Procurement): Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids.

The Request for Proposals (“RFP”) must be solicited to an adequate number of qualified sources. Any timely response to the RFP must be considered to the maximum extent practicable.

Evaluation of the proposals received must be accomplished in accordance with School procedures. Each proposal must be scored based upon the evaluation criteria contained in the RFP. Evaluation criteria must not be changed after receipt of offers.

Contracts must be awarded to the supplier whose proposal is the most advantageous to the program, with price and any other evaluation criteria considered.

Procurement by Noncompetitive Proposals (Sole Source Contracting): Procurement by noncompetitive proposals is procurement through the solicitation of a proposal from only one source and may be used only under specified circumstances.

Procurement through the solicitation of a proposal from only one source may be used **only if** one or more of the following circumstances apply:

1. The item or service is available only from a single source.
2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
3. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the School.
4. After solicitation of a number of sources, competition is determined inadequate.

Time and Materials Contracts: The School may use a time and materials type contract only (1) after a determination that no other contract is suitable; and (2) if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to the School is the sum of the actual costs of materials, and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, the School sets a ceiling price for each contract that the

contractor exceeds at its own risk. Further, the School shall assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

Invitation for Bid or Request for Proposal: An announcement of an **Invitation for Bid (IFB) or a Request for Proposal (RFP)** will be placed in a public forum which may include a newspaper, website or other internet source to publicize the intent of the School to purchase needed items. The advertisement for bids/proposals or legal notice will be run for at least one week.

- An advertisement is required for all purchases over the School's small purchase threshold set by federal law. The announcement, advertisement or legal notice will contain a:
 - general description of items to be purchased;
 - deadline for submission of questions and the date written responses will be provided including addenda to bid specifications, terms and conditions as needed;
 - date of pre-bid meeting, if provided, and if attendance is a requirement for bid award;
 - deadline for submission of sealed bids or proposals, and
 - address of location where complete specifications and bid forms may be obtained.
- In an IFB or RFP, each vendor will be given an opportunity to bid on the same specifications. Specifications provided in the solicitation must be in sufficient detail that all prospective vendors are bidding on the same item.
- The developer of written specifications or descriptions for procurements will be prohibited from submitting bids or proposals for such products or services.
- The School will perform a cost analysis in connection with every procurement in excess of the Small Purchase Threshold including contract modifications. This analysis is to be included in each solicitation.

Arts and College Preparatory Academy (143610)

Statement of Receipt, Disbursements, and Changes in Cash Balances
the Fiscal Years Ending 2021 through 2030, Forecasted

Purchased Services

Rent	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities	\$ 220,000	\$ 222,200	\$ 224,422	\$ 226,666	\$ 228,933
Other Facility Costs	\$ 130,842	\$ 132,150	\$ 133,472	\$ 134,807	\$ 136,155
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -
Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -
Sponsor Fee	\$ 45,000	\$ 45,450	\$ 45,905	\$ 46,364	\$ 46,827
Audit Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation	\$ 60,000	\$ 60,600	\$ 61,206	\$ 61,818	\$ 62,436
Legal	\$ 10,000	\$ 10,100	\$ 10,201	\$ 10,303	\$ 10,406
Marketing	\$ 20,000	\$ 20,200	\$ 20,402	\$ 20,606	\$ 20,812
Consulting	\$ 50,000	\$ 50,500	\$ 51,005	\$ 51,515	\$ 52,030
Salaries and Wages		\$ -	\$ -	\$ -	\$ -
Employee Benefits		\$ -	\$ -	\$ -	\$ -
Special Education Services	\$ 45,000	\$ 45,450	\$ 45,905	\$ 46,364	\$ 46,827
Technology Services	\$ 65,000	\$ 65,650	\$ 66,307	\$ 66,970	\$ 67,639
Food Services	\$ 100,000	\$ 101,000	\$ 102,010	\$ 103,030	\$ 104,060
Other	\$ 15,000	\$ 15,150	\$ 15,302	\$ 15,455	\$ 15,609
Total	\$ 760,842	\$ 768,450	\$ 776,135	\$ 783,896	\$ 791,735

Financial Metrics

Debt Service Payments	\$ 256,124	\$ 256,124	\$ 256,124	\$ 256,124	\$ 256,124
Debt Service Coverage	-0.05	2.97	2.33	2.00	1.66
Growth in Enrollment	0.00%	2.08%	0.00%	0.00%	0.00%
Growth in New Capital Outlay	0.00%	-89.34%	2.00%	2.00%	2.00%
Growth in Operating Receipts	0.00%	2.08%	0.05%	0.05%	0.05%
Growth in Non-Operating Receipts/Expenses	0.00%	-89.32%	-22.79%	4.50%	4.40%
Days of Cash	0.08	0.46	0.58	0.65	0.70

Fiscal Year 2021-2025 Projected Debt

Description	Beginning Year Balance	Principle Retirement	Interest Expense	Ending Year Balance	Debitor/ Creditor
FTE Review	\$ -	\$ -	\$ -	\$ -	
Loan A	\$ 1,588,247	\$ 50,000	\$ 63,724	\$ 1,538,247	Self-Help
Loan B	\$ 1,600,000	\$ 30,000	\$ 110,000	\$ 1,570,000	Self-Help
Line of Credit	\$ -	\$ -	\$ -	\$ -	
Notes, Bonds	\$ -	\$ -	\$ -	\$ -	
Capital Leases	\$ -	\$ -	\$ -	\$ -	
Payables (Past Due 180+ days)	\$ -	\$ -	\$ -	\$ -	
Total	\$ 3,188,247	\$ 80,000	\$ 173,724	\$ 3,108,247	

Assumptions Narrative Summary

For first four years, used \$8000 per pupil. Kept the state funding flat due to Covid-19 pandemic in FY 20. Forecasting a one percent increase in state funding for FY 25 through FY 30. For FY 20, the school was also awarded \$350,000 for the CSP grant. For wages, used a 3 percent increase for each year. Benefits are 33 percent of wages. Used a two percent increase for purchased services, supplies and capital outlay. Used a two percent increase in federal funding.

Arts and College Preparatory Academy (143610)
Statement of Receipt, Disbursements, and Changes in Cash Balances
the Fiscal Years Ending 2021 through 2030, Forecasted

Forecasted

	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030
Operating Receipts					
State Foundation Payments (3110, 3211)	\$ 3,959,200	\$ 3,998,792	\$ 4,079,168	\$ 4,119,959	\$ 4,161,159
Charges for Services (1500)	3,170	3,202	3,234	3,267	3,299
Fees (1600, 1700)	56,849	57,418	57,992	58,572	59,158
Other (1830,1840,1850,1860,1870,1890,3190)	49,197	49,689	50,185	50,687	51,194
Total Operating Receipts	\$ 4,068,416	\$ 4,109,100	\$ 4,190,579	\$ 4,232,485	\$ 4,274,810
Operating Disbursements					
100 Salaries and Wages	\$ 2,171,219	\$ 2,236,356	\$ 2,303,446	\$ 2,372,550	\$ 2,443,726
200 Employee Retirement and Ins Benefits	\$ 707,817	\$ 737,997	\$ 760,137	\$ 782,941	\$ 806,430
400 Purchased Services	\$ 807,570	\$ 823,721	\$ 840,196	\$ 857,000	\$ 874,140
500 Supplies and Materials	\$ 214,364	\$ 218,651	\$ 220,838	\$ 223,046	\$ 225,277
600 Capital Outlay - New	\$ 216,486	\$ 218,651	\$ 220,838	\$ 223,046	\$ 225,277
700 Capital Outlay - Replacement	\$ -	\$ -	\$ -	\$ -	\$ -
800 Other	\$ 56,105	\$ 56,666	\$ 57,233	\$ 57,805	\$ 58,383
819 Other Debt	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Disbursements	\$ 4,173,562	\$ 4,292,043	\$ 4,402,688	\$ 4,516,388	\$ 4,633,232
Excess of Operating Receipts Over (Under) Operating Disbursements	\$ (105,146)	\$ (182,942)	\$ (212,108)	\$ (283,903)	\$ (358,422)
Nonoperating Receipts/(Disburs)					
Federal Grants (all 4000 except fund 532)	\$ 430,592	\$ 439,203	\$ 447,987	\$ 456,947	\$ 466,086
State Grants (3200, except 3211)	-	-	-	-	-
Restricted Grants (3219, CS Fac Grant)	-	-	-	-	-
Donations (1820)	96,625	97,591	98,567	99,553	100,548
Interest Income (1400)	2,274	2,296	2,319	2,342	2,366
Debt Proceeds (1900)	-	-	-	-	-
Debt Principal Retirement	(254,124)	(254,124)	(254,124)	(254,124)	(254,124)
Interest and Fiscal Charges	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Transfers - In	-	-	-	-	-
Transfers - Out	-	-	-	-	-
Total Nonoperating Revenues/(Expenses)	\$ 273,366	\$ 282,967	\$ 292,750	\$ 302,718	\$ 312,876
Excess of Operating and Nonoperating Receipts Over/(Under) Operating and Nonoperating Disbursements	\$ 168,220	\$ 100,024	\$ 80,641	\$ 18,815	\$ (45,546)
Fund Cash Balance Beginning of Fiscal Year	\$ 3,045,466	\$ 3,213,687	\$ 3,313,711	\$ 3,394,352	\$ 3,413,168
Fund Cash Balance End of Fiscal Year	\$ 3,213,687	\$ 3,313,711	\$ 3,394,352	\$ 3,413,168	\$ 3,367,622
Assumptions					
Staffing/Enrollment					
Total Student FTE	490.00	490.00	490.00	490.00	490.00
Instructional Staff	31.00	31.00	31.00	31.00	31.00
Administrative Staff	10.00	10.00	10.00	10.00	10.00
Other Staff	2.00	2.00	2.00	2.00	2.00

Arts and College Preparatory Academy (143610)

Statement of Receipt, Disbursements, and Changes in Cash Balances
the Fiscal Years Ending 2021 through 2030, Forecasted

Purchased Services

Rent	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities	233,512	238,182	242,945	247,804	252,760
Other Facility Costs	138,878	141,655	144,488	147,378	150,326
Insurance	-	-	-	-	-
Management Fee	-	-	-	-	-
Sponsor Fee	47,764	48,719	49,693	50,687	51,701
Audit Fees	-	-	-	-	-
Contingency	-	-	-	-	-
Transportation	63,685	64,959	66,258	67,583	68,935
Legal	10,614	10,826	11,043	11,264	11,489
Marketing	21,228	21,653	22,086	22,528	22,978
Consulting	53,071	54,132	55,215	56,319	57,446
Salaries and Wages	-	-	-	-	-
Employee Benefits	-	-	-	-	-
Special Education Services	47,764	48,719	49,693	50,687	51,701
Technology Services	68,992	70,372	71,779	73,215	74,679
Food Services	106,142	108,264	110,430	112,638	114,891
Other	15,921	16,240	16,564	16,896	17,234
Total	\$ 807,570	\$ 823,721	\$ 840,196	\$ 857,000	\$ 874,140

Financial Metrics

Debt Service Payments	\$ 256,124	\$ 256,124	\$ 256,124	\$ 256,124	\$ 256,124
Debt Service Coverage	1.66	1.39	1.31	1.07	0.82
Growth in Enrollment	0.00%	0.00%	0.00%	0.00%	0.00%
Growth in New Capital Outlay	0.00%	1.00%	1.00%	1.00%	1.00%
Growth in Operating Receipts	0.00%	1.00%	1.98%	1.00%	1.00%
Growth in Non-Operating Receipts/Expenses	0.00%	3.51%	3.46%	3.41%	3.36%
Days of Cash	0.73	0.75	0.75	0.75	0.74

Fiscal Year	Fiscal Year 2021-2025 Projected Debt					
	Description	Beginning Year Balance	Principle Retirement	Interest Expense	Ending Year Balance	Debitor/Creditor
	FTE Review	\$ -	\$ -	\$ -	\$ -	
	Loan A	\$ 1,588,247	\$ 50,000	\$ 63,724	\$ 1,538,247	Self-Help
	Loan B	\$ 1,600,000	\$ 30,000	\$ 110,000	\$ 1,570,000	Self-Help
	Line of Credit	\$ -	\$ -	\$ -	\$ -	
	Notes, Bonds	\$ -	\$ -	\$ -	\$ -	
	Capital Leases	\$ -	\$ -	\$ -	\$ -	
	Payables (Past Due 180+ days)	\$ -	\$ -	\$ -	\$ -	
	Total	\$ 3,188,247	\$ 80,000	\$ 173,724	\$ 3,108,247	

Assumptions Narrative Summary

	Per Pupil Amt		
For first four years, used \$8000 per pupil. Kept the stFY 21	8000	FY 26	8161
Forecasting a one percent increase in state funding for FY 22	8000	FY 27	8242
For FY 20, the school was also awarded \$350,000 for FY 23	8000	FY 28	8325
For wages, used a 3 percent increase for each year. EFY 24	8000	FY 29	8408
Used a two percent increase for purchased services, FY 25	8080	FY 30	8492
Used a two percent increase in federal funding.			



ADMINISTRATIVE STRUCTURE & HIERARCHY

Superintendent/Executive Director (under board)

- Mission/Vision alignment
- Oversight and Evaluation of MS and HS Principals
- Community Engagement and Partnerships
- Budgeting
- Purchasing Oversight
- Compliance and Policy Oversight
- Staffing
- Communication Oversight
- Strategic Planning and Growth Oversight
- Grant Writing and Management
- CCIP
- Safety Oversight
- Insurance Oversight

Principals (under Superintendent/Exec. Director)

- Academic Program Oversight
 - Grades, assessment, credits, scheduling, transcripts, grad plans, report cards, mandated testing, general student and teacher support
- Attendance Intervention
- Teaching Staff Evaluations and Oversight
- School Counselor Evaluations and Oversight
- Intervention Team Evaluations and Oversight
- Staff Professional Development Oversight
- Restorative Justice Discipline
- Parent Engagement and Communication
- Student Recognition and PBIS

Development Director (under Superintendent/Exec. Director)

- Community Engagement and Partnerships
- Grant Writing
- Donor and Fundraising Oversight
- Special Projects Oversight
- Communication, Promotion and Branding
- Website and Social Media Management

Enrollment Directors (under Superintendent/Exec. Director and Principals)

- Student Recruitment, Retainment and Enrollment Oversight
- Alumni Engagement

Administrative Assistants (under Superintendent/Exec. Director and Principals)

- Building Manager
 - Oversight of Custodial Staff
 - Site Management
 - Utility and Vendor Contract Oversight
 - Food Program Oversight
 - Safety and Drills
 - Attendance Officer

- Purchasing
 - Requisition, PO, Invoice Processing with Treasurer
 - Front Office Management and Teacher Support

- Compliance, Records and Personnel
 - Student File Management
 - Staff File Management
 - Epicenter Processing
 - Payroll Processing with treasurer
 - Staff Benefits Management
 - Staff Absence Management
 - EMIS and State Reporting