This Preliminary Official Statement and the information contained in this Preliminary Official Statement are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 16, 2018

REFUNDING ISSUE—BOOK-ENTRY ONLY **S&P RATING: "BB"**

In the opinion of Miller, Canfield, Paddock & Stone, P.L.C., Bond Counsel, under existing law, (i) the interest on the Series 2018 Bonds: (a) is excluded from gross income for federal income tax purposes; and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed. It should be noted, however, that with respect to corporations (as defined for federal income tax purposes), the interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations for taxable years beginning prior to January 1, 2018; and (ii) the Series 2018 Bonds and the interest thereon are exempt from all taxation by the State of Michigan or any political subdivision thereof, except for estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. See "TAX MATTERS" herein.

$10,510,000*
TRILLIUM ACADEMY
Public School Academy Refunding Bonds
Series 2018

Dated: Date of Issuance **Due: As shown on inside cover**

The $10,510,000* Public School Academy Refunding Bonds, Series 2018 (the "Series 2018 Bonds"), will be issued by Trillium Academy (the "Academy"), Wayne County, Michigan, as registered bonds in book-entry only form in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Series 2018 Bonds. Purchases of beneficial interests in the Series 2018 Bonds will be made in book-entry only form, in denominations of $5,000 or any integral multiple thereof. In addition, purchasers will not receive physical certificates representing the ownership interest in the Series 2018 Bonds purchased by them. See "THE SERIES 2018 BONDS – Book-Entry-Only System."

The Series 2018 Bonds will be issued under and pursuant to a Trust Indenture dated as of May 1, 2018 (the "Indenture"), between U.S. Bank National Association, St. Paul, Minnesota (the "Trustee"), and the Academy. The Series 2018 Bonds are being issued to: (i) currently refund the Academy's Full Term Certificates of Participation, Series 2005, issued in the original principal amount of $7,200,000 (the "Series 2005 Prior Obligation"), and the Academy's Full Term Certificates of Participation, Series 2007, issued in the original principal amount of $5,065,000 (the "Series 2007 Prior Obligation," and together with the Series 2005 Prior Obligation, the "Prior Obligations"); (ii) fund a deposit to a debt service reserve fund; and (iii) pay certain costs of issuance of the Series 2018 Bonds. The proceeds of the Prior Obligations were used by the Academy to finance the acquisition, construction, and equipping of the school facilities located at 15740 Racho Road in Taylor, Michigan (the "Facilities"). See "THE FACILITIES" and "THE REFUNDING" herein.

The Series 2018 Bonds are full faith and credit obligations of the Academy additionally secured by an assignment made by the Academy in the Indenture of State Aid Payments (as defined herein) to be received by the Academy in each fiscal year from the State of Michigan (the "State"). Pursuant to the State School Aid Payment Agreement dated as of May 1, 2018 (the "State Aid Agreement"), by and between the Academy and the Trustee, and acknowledged by the Central Michigan University Board of Trustees, fiscal agent for the Academy (the "Authorizing Body"), the Academy has directed that twenty percent (20%) of the State Aid Payments to be received by the Academy in each fiscal year from the State be paid directly to the Trustee. The Academy will also grant a mortgage on the Facilities to the Trustee pursuant to a Mortgage dated as of May 1, 2018 (the "Mortgage"). See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2018 BONDS," "APPENDIX A – TRILLIUM ACADEMY – Debt History" and "APPENDIX F – FORM OF INDENTURE" herein.

Interest on the Series 2018 Bonds will accrue from the date of delivery and will be payable semi-annually on each May 1 and November 1, commencing November 1, 2018. Principal of and interest on the Series 2018 Bonds will be paid by the corporate trust office of the Trustee. So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2018 Bonds, such payments will be made directly to DTC or such nominee. Disbursements of such payments to the Direct Participants (as herein defined) are the responsibility of DTC, and disbursements of such payments to the beneficial owners are the responsibility of the Direct Participants and the Indirect Participants (as herein defined), as more fully described herein.

The Series 2018 Bonds are subject to optional redemption beginning November 1, 20[__], and mandatory and extraordinary redemption as described herein. See "THE SERIES 2018 BONDS – Redemption of the Series 2018 Bonds Prior to Maturity" herein. Additional Bonds may be issued as provided in the Indenture and described herein. See "LIMITATION ON ADDITIONAL INDEBTEDNESS AND ADDITIONAL BONDS" herein.

THE SERIES 2018 BONDS ARE PAYABLE SOLELY FROM FUNDS PLEDGED THEREFOR PURSUANT TO THE INDENTURE. ALL STATE SCHOOL AID RECEIVED BY THE ACADEMY IS SUBJECT TO ANNUAL APPROPRIATION BY THE STATE LEGISLATURE, AND THE LEGISLATURE IS NOT REQUIRED TO APPROPRIATE MONEYS FOR SUCH PURPOSE. THE SERIES 2018 BONDS DO NOT CONSTITUTE AN OBLIGATION, EITHER GENERAL, SPECIAL, OR MORAL, OF THE STATE OF MICHIGAN, THE AUTHORIZING BODY OF THE ACADEMY, ANY OTHER POLITICAL SUBDIVISION OF THE STATE OR THE UNITED STATES GOVERNMENT, AND NEITHER THE FULL FAITH AND CREDIT NOR ANY TAXING POWERS OF THE STATE, THE AUTHORIZING BODY, ANY OTHER POLITICAL SUBDIVISION OF THE STATE OR THE UNITED STATES ARE PLEDGED TO THE PAYMENT OF PRINCIPAL AND INTEREST WITH RESPECT TO THE SERIES 2018 BONDS. THE ACADEMY HAS NO TAXING POWER. SEE "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2018 BONDS" AND "RISK FACTORS" HEREIN.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. PURCHASE OF THE SERIES 2018 BONDS INVOLVES A HIGH DEGREE OF RISK, AND THE SERIES 2018 BONDS ARE A SPECULATIVE INVESTMENT. INVESTORS MUST READ THIS ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO AN INFORMED INVESTMENT DECISION, AND SHOULD GIVE PARTICULAR ATTENTION TO THE "RISK FACTORS" SECTION HEREIN.

The Series 2018 Bonds are offered when, as and if issued by the Academy and received and accepted by Herbert J. Sims & Co., Inc. (the "Underwriter"), and subject to the approval of legality by Miller, Canfield, Paddock & Stone, P.L.C., Detroit, Michigan, Bond Counsel. Certain legal matters will be passed upon by Miller, Canfield, Paddock & Stone, P.L.C., as counsel to the Academy, and by Dorsey & Whitney LLP, Minneapolis, Minnesota, as Underwriter's Counsel. It is expected that the Series 2018 Bonds in book-entry form will be available for delivery against payment therefor on or about May [__], 2018.

The Underwriter intends to engage in secondary market trading in the Series 2018 Bonds, subject to applicable securities laws. However, the Underwriter is not obligated to repurchase any of the Series 2018 Bonds at the request of any holder thereof. For information with respect to the Underwriter, see "UNDERWRITING" herein.

HJ SIMS

The date of this Official Statement is _____, 2018.

** Preliminary, subject to change.*

MATURITY SCHEDULE

**$10,510,000*
TRILLIUM ACADEMY
PUBLIC SCHOOL ACADEMY REFUNDING BONDS
SERIES 2018**

$3,285,000* Term Bond due November 1, 2028* at ____%; Price ____%; CUSIP® _____

$7,225,000* Term Bond due November 1, 2039* at ____%; Price ____%; CUSIP® _____

---

* *Preliminary, subject to change.*

® Registered Trademark, American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Services Bureau, a division of the McGraw-Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Academy and are included solely for the convenience of the readers of this Official Statement and holders of the Bonds. Neither the Academy nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Bonds.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE ACADEMY OR THE UNDERWRITER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING. THE INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED FROM THE ACADEMY, DTC AND OTHER SOURCES WHICH ARE BELIEVED TO BE ACCURATE AND RELIABLE, BUT NO REPRESENTATION, WARRANTY, OR GUARANTEE IS MADE AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION IN THIS OFFICIAL STATEMENT. NOTHING CONTAINED IN THIS OFFICIAL STATEMENT CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE SERIES 2018 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO COMPLETION AND AMENDMENT. NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY STATEMENT NOR ANY SALE MADE HEREUNDER WILL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ACADEMY SINCE THE DATE HEREOF.

SERIES 2018 BONDS AND THE BENEFICIAL OWNERSHIP INTERESTS THEREIN MAY ONLY BE PURCHASED BY OR TRANSFERRED IN ACCORDANCE WITH APPLICABLE SECURITIES LAWS, INCLUDING STATE SECURITIES LAWS. SEE "APPENDIX F – FORM OF INDENTURE" HEREIN. THE SERIES 2018 BONDS ARE BEING ISSUED WITHOUT REGISTRATION IN RELIANCE ON SECTION 3(A)(2) OF THE SECURITIES ACT OF 1933. THE ACADEMY WILL BE REQUIRED UNDER THE CONTINUING DISCLOSURE AGREEMENT TO FURNISH UPON REQUEST, AND AT THE EXPENSE OF THE REQUESTING INVESTOR, CERTAIN FINANCIAL AND OPERATING INFORMATION.

This Official Statement contains forward-looking statements, which can be identified by the use of future tense or other forward-looking terms such as "may," "intend, "will," "expect," "anticipate," "plan," "management believes," "estimate," "continue," "should," "strategy," or "position" or the negatives of those terms or other variations of them or by comparable terminology. In particular, any statements, express or implied, concerning future receipts of funds or the ability to generate cash flow to service indebtedness are forward-looking statements. Investors are cautioned that reliance on any of these forward-looking statements involves risks and uncertainties and that, although the Academy's management believes that the assumptions on which those forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate. As a result, the forward-looking statements based on those assumptions also could be incorrect, and actual results may differ materially from any results indicated or suggested by those assumptions. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Official Statement should not be regarded as a representation by the Academy that its plans and objectives will be achieved. All forward-looking statements are expressly qualified by the cautionary statements contained in this paragraph. The Academy does not undertake any duty to update any forward-looking statements. See "RISK FACTORS" herein.

THE DESCRIPTIONS OF THE DOCUMENTS IN THE OFFICIAL STATEMENT ARE SUMMARIES THEREOF AND REFERENCE IS MADE TO THE ACTUAL DOCUMENTS FOR A COMPLETE UNDERSTANDING OF THE CONTENTS OF SUCH DOCUMENTS.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS A PART OF, THE UNDERWRITER'S RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE SERIES 2018 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2018 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2018 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE SERIES 2018 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2018 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE ACADEMY, DTC AND OTHER SOURCES THAT ARE BELIEVED TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY AND COMPLETENESS, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY THE UNDERWRITER. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE THE IMPLICATION THAT THERE HAS BEEN NO CHANGE IN ANY OF THE INFORMATION SET FORTH HEREIN SINCE THE DATE HEREOF.

THE AUTHORIZER HAS NOT REVIEWED THIS OFFICIAL STATEMENT AND DOES NOT ASSUME ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF ANY OF THE STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT.

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The Academy/Issuer
Trillium Academy
Taylor, Michigan

Academy Officials
Angela Romanowski, Superintendent
R.J. Suemnick, Principal
Heather Gardner, Board President
Tobi Walker, Vice President
Steven M. Wisinski, Board Treasurer
Lisa Green, Secretary
Rob Bovitz, Member
Greg Handel, Member
Steve Schwartz, Member

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Dorsey & Whitney LLP
Minneapolis, Minnesota

Trustee and Paying Agent
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SUMMARY STATEMENT

The information set forth in this summary statement is a brief overview only of certain matters contained in this official statement. This summary statement is subject in all respects to more complete information set forth elsewhere in this official statement, which should be read in its entirety including, without limitation, the appendices hereto.

PUBLIC SCHOOL ACADEMY REFUNDING BONDS, SERIES 2018. The Public School Academy Refunding Bonds, Series 2018 (the "Series 2018 Bonds"), will be issued by Trillium Academy, Wayne County, Michigan (the "Academy"), in the original principal amount of $10,510,000*, under and pursuant to a Trust Indenture (the "Indenture") dated as of May 1, 2018, between U.S. Bank National Association, St. Paul, Minnesota (the "Trustee"), and the Academy. The Series 2018 Bonds are full faith and credit obligations of the Academy and are additionally secured by an assignment made by the Academy in the Indenture of certain State School Aid payments to be received by the Academy in each fiscal year from the State of Michigan (the "State Aid Payments"). The Series 2018 Bonds are being issued to: (i) currently refund the Academy's Full Term Certificates of Participation, Series 2005, issued in the original principal amount of $7,200,000 (the "Series 2005 Prior Obligation") and the Academy's Full Term Certificates of Participation, Series 2007, issued in the original principal amount of $5,065,000 (the "Series 2007 Prior Obligation," and together with the Series 2005 Prior Obligation, the "Prior Obligations"); (ii) fund a deposit to a debt service reserve fund; and (iii) pay certain costs of issuance of the Series 2018 Bonds. The proceeds of the Prior Obligations were used by the Academy to finance the acquisition, construction and equipping of the school facilities located at 15740 Racho Road, Taylor, Michigan (the "Facilities"). See "THE FACILITIES" and "THE REFUNDING" herein.

TRILLIUM ACADEMY. The Academy is a public school academy, operating as a Michigan non-profit corporation and governmental agency of the State of Michigan, organized pursuant to Part 6A of Chapter 380 of the Revised School Code, Act 451, Public Acts of Michigan, 1976, as amended (the "Revised School Code"), Michigan Compiled Laws ("MCL"), Sections 380.501 *et seq*. and the Michigan Nonprofit Corporation Act, Act 162, Public Acts of Michigan, 1982, as amended, MCL Section 450.2101 *et seq*. The Academy's school facilities are located in the City of Taylor, Wayne County, Michigan.

The Academy began operations in September of 2002 offering grades K-6 to 149 students. In the 2003-2004 school year, the Academy's second year of operation, it enrolled 208 students in grades K-7. The Academy continued to add a grade each year and offered grades K-12 by the 2008-09 school year and enrolled 689 students. The Academy enrolled 626 students in the 2015-16 school year, 601 students in the 2016-17 school year, and, as of October 4, 2017 (the "2017-18 Fall Count Date"), enrolled 586 students for the 2017-18 school year. The Academy projects future enrollment of 586 students for the 2018-19 school year through the 2022-23 school year. The Academy attracts students mostly from within a five (5) mile radius of the school. On a year-to-year basis while adding new students, the Academy has historically retained approximately 77% of its students in the 2015-16 school year, 81% of its students in the 2016-17 school year, and 89% of its students in the 2017-18 school year.

CHARTER CONTRACT. The Central Michigan University ("CMU") Board of Trustees (the "Authorizing Body") is the authorizing body of the Academy and has issued the Charter to the Academy confirming its status as a Michigan public school academy operating under Part 6A of Chapter 380 of the Revised School Code. The Authorizing Body oversees and monitors the Academy's Board of Directors in their compliance with all applicable State and federal laws pertaining to public school academies. The Academy's Charter was renewed by the Authorizing Body on July 1, 2015 for a five (5) year term expiring on June 30, 2020, unless sooner terminated in accordance with the terms of the Charter.

As of September 15, 2017, there were 295 public school academies (which include strict discipline academies, urban high schools, cyber schools and schools of excellence) operating in Michigan. These public school academies are authorized as follows: 201 by public universities, 20 by intermediate school districts, 45 by community colleges and 29 by local education agencies.[1] These public school academies serve more than 150,000

[1] Source: http://www.michigan.gov/documents/mde/Schools_by_Authorizer_396738_7.pdf.

students, or approximately 10% of the State's kindergarten through 12th grade population.[2] From 1996 through September 30, 2016, 122 public school academies have been closed.[3]

See "RISK FACTORS – Termination, Revocation or Non-Renewal of Charter," "– Limited Authorizing Body Approval of the Series 2018 Bonds," "– Recent Actions by Charter Authorizers" and "– Recent and Future Changes to Charter School Laws" herein.

CENTRAL MICHIGAN UNIVERSITY. The CMU Board of Trustees is the Authorizing Body of the Academy. CMU is located in Mt. Pleasant, Michigan. From its roots as a teachers' college, CMU has grown to offer nationally acclaimed programs in areas ranging from the health professions and engineering to business and communications. Established in 1892, Central Michigan University is among the nation's 100 largest public universities with more than 20,000 students on its Mt. Pleasant campus and another 7,000 enrolled online and at more than 40 locations across North America. CMU offers more than 200 academic programs at the undergraduate, master's, specialist and doctoral levels. CMU is Michigan's largest and one of the nation's largest university charter school authorizers and was the first authorizer to issue a charter contract in Michigan. The Charter Schools Office at CMU is responsible for the oversight of 62 public school academies, including the Academy.

SCHOOL MANAGEMENT. The governing body for the Academy, the Board of Directors, currently consists of seven (7) members. Vacancies in office are determined and filled pursuant to the provisions set forth in the Academy's Bylaws and are subject to the approval of the Authorizing Body. The day-to day operations of the Academy are managed by its Superintendent and Principal.

On July 1, 2015, the Academy entered into an educational provider agreement (the "Educational Provider Agreement") with The Romine Group, Inc., a Michigan corporation, ("TRG" or the "Manager"). The term of the Educational Service Provider Agreement ends June 30, 2019. The Academy and TRG work together to develop and bring about systems of educational excellence and services to the Academy based on TRG's vision of school design, TRG's management principles and the educational program. TRG specializes in providing charter schools with a variety of educational services and products, including business management, curriculums, educational programs, teacher training and technology. TRG provides to the Academy all labor, material and supervision necessary to provide the educational services to students of the Academy, and provides for the personnel, management, operation and maintenance of the Academy. In addition to the Academy, TRG manages eight additional schools in Michigan and one school in North Carolina.

THE FACILITIES. The Academy serves grades K-12 at the Facilities, which are located at 15740 Racho Road in Taylor, Michigan. Proceeds of the Series 2005 Prior Obligation were used to finance the acquisition of an approximately 9.25 acre parcel of land and a 43,300 square foot single story school building. The proceeds of the Series 2007 Prior Obligation were used to finance the acquisition and equipping of an expansion to the Facilities, which increased capacity to 750 students. As expanded, the Facilities consist of an approximately 71,300 square-foot school facility that contains 40 classrooms, including two art rooms, two music rooms, a drama room, two resource rooms and two science labs. The Facilities also contain a tech room, a media center with a computer lab, 17 restrooms, two locker rooms with restrooms inside, two gymnasiums, a theater with a stage, a mechanical room, several offices, storage area, a baseball diamond, play areas, and a large paved parking lot. Construction is concrete block and low maintenance siding, with a pitched asphalt shingled roof. In the Spring of 2018, the Academy intends to make updates and improvements to the Academy's athletic fields, including the installation of a drainage system, new goal posts, scoreboards, and bleachers, and field resurfacing.

THE REFUNDING. The Series 2018 Bonds are being issued to currently refund the Prior Obligations. The proceeds of the Prior Obligations were used by the Academy to finance the acquisition, construction and equipping of the Facilities. See "THE FACILITIES" below.

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[2] Source: http://www.charterschools.org/facts.

[3] Source: http://www.michigan.gov/documents/mde/Closed_PSA_with_reason_2012.08_396310_7.pdf.

SECURITY FOR THE SERIES 2018 BONDS. The Series 2018 Bonds will be the full faith and credit obligations of the Academy. The Academy's ability to make payments under the Indenture is subject to and dependent on State Aid Payments received on a per-student basis from the State of Michigan. Pursuant to the State Aid Agreement between the Academy and the Trustee and acknowledged by the Authorizing Body (the "State Aid Agreement"), the Academy has irrevocably directed the Authorizing Body to deposit twenty percent (20%) of such State School Aid with the Trustee during such time as the Series 2018 Bonds are outstanding, to pay the Academy's obligations under the Indenture. See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2018 BONDS – State School Aid Pledge." The Series 2018 Bonds are further secured by a Mortgage dated as of May 1, 2018 (the "Mortgage") with respect to the Facilities. See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2018 BONDS – The Mortgage and the Environmental Reports." See "LIMITATION ON ADDITIONAL INDEBTEDNESS AND ADDITIONAL BONDS" herein.

THE SERIES 2018 BONDS ARE PAYABLE SOLELY FROM FUNDS PLEDGED THEREFOR PURSUANT TO THE INDENTURE. ALL STATE AID PAYMENTS RECEIVED BY THE ACADEMY ARE SUBJECT TO ANNUAL APPROPRIATION BY THE STATE LEGISLATURE, AND THE LEGISLATURE IS NOT REQUIRED TO APPROPRIATE MONEYS FOR SUCH PURPOSE. THE SERIES 2018 BONDS DO NOT CONSTITUTE AN OBLIGATION, EITHER GENERAL, SPECIAL, OR MORAL, OF THE STATE OF MICHIGAN (THE "STATE"), THE AUTHORIZING BODY, ANY OTHER POLITICAL SUBDIVISION OF THE STATE OR THE UNITED STATES GOVERNMENT, AND NEITHER THE FULL FAITH AND CREDIT NOR ANY TAXING POWERS OF THE STATE, THE AUTHORIZING BODY, ANY OTHER POLITICAL SUBDIVISION OF THE STATE OR THE UNITED STATES ARE PLEDGED TO THE PAYMENT OF PRINCIPAL AND INTEREST WITH RESPECT TO THE SERIES 2018 BONDS. THE ACADEMY HAS NO TAXING POWER. SEE "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2018 BONDS" AND "RISK FACTORS" HEREIN.

ADDITIONAL BONDS AND ADDITIONAL INDEBTEDNESS. The Indenture permits the issuance of Additional Bonds and Additional Indebtedness on a parity or subordinate basis with the Series 2018 Bonds, but requires certain tests and certifications to be satisfied (the Series 2018 Bonds and any Additional Bonds are collectively, the "Bonds"). See "LIMITATION ON ADDITIONAL INDEBTEDNESS AND ADDITIONAL BONDS" herein.

THE INDENTURE: FUNDS AND ACCOUNTS. The Indenture authorizes the Trustee to authenticate and deliver the Series 2018 Bonds. The Indenture establishes the following funds: the Bond Principal Fund, the Bond Interest Fund, the Debt Service Reserve Fund, the Cost of Issuance Fund, the Expense Fund, the Rebate Fund, the Repair and Replacement Fund, and the Revenue Fund. There is also created a Prior Obligations Escrow Fund which will be held in the custody of the Trustee, solely for the benefit of the holders of the Prior Obligations. On the date of issuance of the Series 2018 Bonds, the Trustee will deposit into the Prior Obligations Escrow Fund from the proceeds of the Series 2018 Bonds and other funds held under the Indenture, an amount sufficient to pay the redemption price of the Prior Obligations on the Prior Obligations' Redemption Date, on which date the Trustee will withdraw such funds from the Prior Obligations Escrow Fund and apply such funds to the redemption of the Prior Obligations.

There shall be deposited in the Bond Principal Fund and the Bond Interest Fund, as appropriate: (a) disbursements from the Revenue Fund; (b) moneys transferred or deposited into the Bond Principal Fund or the Bond Interest Fund pursuant to the Indenture; and (c) all other moneys received by the Trustee when accompanied by directions from an authorized representative of the Academy not inconsistent with the Indenture that such moneys are to be paid into the Bond Principal Fund or the Bond Interest Fund. There shall also be retained in the Bond Principal Fund and Bond Interest Fund, respectively, interest and other income received on investment of moneys in the Bond Principal Fund and Bond Interest Fund to the extent provided in the Indenture.

A Debt Service Reserve Fund is established by the Trustee under the Indenture. The Debt Service Reserve Fund is to be funded on the date of issuance of the Series 2018 Bonds in the amount of $[_____]. There shall also be deposited into the Debt Service Reserve Fund all other moneys required to be deposited therein pursuant to the Indenture, and moneys received by the Trustee when accompanied by written directions from an Authorized Officer of the Academy that such moneys are to be paid into the Debt Service Reserve Fund.

Pursuant to the Indenture, the Academy authorizes and directs the Trustee to withdraw sufficient funds from the Debt Service Reserve Fund to pay the principal of, redemption premium, if any, and interest on the Bonds and for other purposes described in the Indenture. In the event there shall be a deficiency in the Bond Principal Fund or the Bond Interest Fund on any payment date for the Bonds, the Trustee is required to promptly transfer an amount equal to such deficiency from the Debt Service Reserve Fund. See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2018 BONDS – The Debt Service Reserve Fund" herein.

All money at any time deposited in the Repair and Replacement Fund shall be held by the Trustee in trust for the Academy and neither the Trustee nor any Owner shall have any rights in or claims to such money. The Academy has covenanted to deposit certain funds in the Repair and Replacement Fund pursuant to the Indenture. See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2018 BONDS – Repair and Replacement Fund" herein. Payments shall be made from the Repair and Replacement Fund upon receipt by the Trustee of a written requisition from an Authorized Representative of the Academy setting forth the amount and the payee for the purpose of paying the cost of extraordinary maintenance and replacements which may be required to keep the Facilities in sound condition, including but not limited to replacement of equipment, replacement of any roof or other structural component, exterior painting and the replacement of heating, air conditioning, plumbing and electrical equipment, architectural, engineering, legal and other professional services and other costs reasonably necessary and incidental thereto.

THE INDENTURE: COVENANTS OF THE ACADEMY. Operating Reserve Balance. The Academy covenants and agrees to maintain at least thirty (30) Days Cash on Hand, as measured on the last day of each Fiscal Year of the Academy based on its audited financial statements, commencing June 30, 2019 and each June 30 thereafter (the "Cash on Hand Requirement"). "Days Cash on Hand" means: (a) Cash on Hand of the Academy, as shown on the audited financial statements for the fiscal year; divided by; (b) the quotient of Operating Expenses, as shown on the audited financial statements for such fiscal year, divided by 365.

If the Cash on Hand for any testing date is less than the Cash on Hand Requirement, then, upon the written direction of a the holders of a majority in aggregate principal amount of the Bonds then Outstanding, the Academy will promptly employ a Management Consultant to review and analyze the operations and administration of the Academy, inspect the Facilities, and submit to the Academy and the Trustee written reports, and make such recommendations as to the operation and administration of the Academy as such Management Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Academy agrees to consider any recommendations by the Management Consultant and, to the fullest extent practicable and allowed by law and consistent with its covenants hereunder, to adopt and carry out such recommendations.

So long as the Academy is otherwise in full compliance with its obligations under this Indenture, including following the recommendations of the Management Consultant to the fullest extent practicable and allowed by law and consistent with its covenants hereunder, it shall not constitute an Event of Default if the Cash on Hand for any testing date is less than the Cash on Hand Requirement. The Trustee has no duty or obligation to monitor the Academy's compliance with any recommendations of the Management Consultant and the Trustee's sole responsibility is to forward such recommendations to the Bondholders. If requested, the Academy shall provide the Trustee with a written certification that the Academy is, to the fullest extent practicable and allowed by law and consistent with its covenants hereunder, in compliance with the recommendations of the Management Consultant and the Trustee is entitled to rely on such written certification.

Days Cash on Hand and Debt Service Coverage Ratio Covenants. The Academy covenants and agrees to comply with either of the following covenants: (a) maintain sixty (60) Days Cash on Hand and a Debt Service Coverage Ratio (as defined in the Indenture) that will be at least one times (1.00x) during such fiscal year, commencing with the fiscal year ending June 30, 2019; or (b) if the Academy maintains fewer than sixty (60) Days Cash on Hand, then the Academy will maintain a Debt Service Coverage Ratio that will be at least one point one times (1.10x) during such fiscal year. All determinations required pursuant to these covenants shall be made utilizing the Academy's audited financial statement for the appropriate fiscal year.

If (i) the Academy does not maintain sixty (60) Days Cash on Hand and the Debt Service Coverage Ratio for any fiscal year ending on or after June 30, 2019 is less than one point one times (1.10x) during such fiscal year, or (ii) the Academy is maintaining sixty (60) Days Cash on Hand, but the Debt Service Coverage Ratio for any

fiscal year ending on or after June 30, 2019 is less than one times (1.00x) during such fiscal year; then, upon the written direction of the holders of a majority in aggregate principal amount of the Bonds then Outstanding, the Academy will promptly employ a Management Consultant to review and analyze the operations and administration of the Academy, inspect the Facilities, and submit to the Academy and Trustee written reports, and make such recommendations as to the operation and administration of the Academy as such Management Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Academy agrees to consider any recommendations by the Management Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations.

So long as the Academy is otherwise in full compliance with its obligations under the Indenture, including following, to the fullest extent practicable, the recommendations of the Management Consultant, it shall not constitute an Event of Default if Debt Service Coverage Ratio for any fiscal year is less than one point one times (1.10x) for such fiscal year (as evidenced by the Academy's audited financial statements for such fiscal year). The Trustee has no duty or obligation to monitor the Academy's compliance with any recommendations of the Management Consultant.

Notwithstanding the immediately preceding paragraph, if the Debt Service Coverage Ratio as of the end of any fiscal year commencing with the fiscal year ending June 30, 2019 is less than one times (1.00x) for such fiscal year (as evidenced by the Academy's audited financial statements for such fiscal year), then the holders of a majority in aggregate principal amount of the Bonds then Outstanding, if the Trustee is indemnified as provided in the Indenture, may: (a) direct the Trustee to declare an Event of Default; and (b) direct the Trustee to exercise one or more of the remedies permitted under the Indenture. If the Debt Service Coverage Ratio is at least one times (1.00x) for such fiscal year as of the end of the fiscal year following the fiscal year in which the Management Consultant's recommendations were implemented, then any subsequent failures to meet the requirements set forth above will give the Bondholders the option to again initiate the procedures set forth above.

Academic Performance. The Academy covenants and agrees that, beginning with the 2018-19 school year and each year thereafter, it will maintain its academic performance at a level above the lowest achieving public schools in the State as determined by the State under Section 1280c of the Revised School Code (MCL §380.1280c). In addition if Section 1280c is subsequently amended to provide a letter grade accountability system (or similar academic accountability system) the Academy further covenants and agrees to maintain a letter grade of a "C" or above (or a comparable measure to a "C"). For a further discussion of Section 1280c see "Public School Academies in Michigan – State School/Reform Office ("SRO")" herein.

In the event the Academy is determined under Section 1280c to be among the lowest achieving public schools in the State or alternatively receives a letter grade under Section 1280c below a "C" or a comparable measure, the Academy will promptly employ, at its sole expense, an Educational Consultant to review and analyze the instructional program and curriculum of the Academy, and submit to the Academy and the Trustee a compliance plan wherein the Educational Consultant and the Academy will create benchmarks to assist the Academy so that it is not determined to be among the lowest achieving public schools in the State and receives a letter grade not below a "C" . The Academy agrees to consider all reasonable recommendations by the Educational Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations. The Trustee has no duty or obligation to monitor the Academy's compliance with any recommendations and the Trustee's sole responsibility is to forward such recommendations to the Bondholders. Prior to hiring such Educational Consultant, the Academy shall provide the Trustee with a brief written description of its proposed Educational Consultant. Within 3 Business Days of receipt, the Trustee shall provide a copy of such description to the Bondholders and notify Bondholders that if they have any objections to the hiring of such Educational Consultant they must notify the Trustee in writing within 20 Business Days or they will be deemed to have accepted the hiring of such Educational Consultant by the Academy. The Trustee shall notify the Academy whether or not the Trustee receives any objections. In the event such Educational Consultant is objected to by a Majority Bondholder, the Academy shall promptly choose another Educational Consultant and the same process shall be followed. The Trustee shall certify to the Academy the results of each Bondholder consent process.

So long as the Academy is otherwise in full compliance with its obligations under the Indenture, including following, to the fullest extent practicable, the recommendations of the Education Consultant, it shall not constitute an Event of Default under the Indenture if the Academy fails to meet the academic performance covenant set forth in

this section. If requested, the Academy shall provide the Trustee with a written certification that the Academy is, to the fullest extent practicable, in compliance with the recommendations of the Education Consultant and the Trustee shall be fully protected in relying on such written certification.

THE FINANCIAL PROJECTION. The Financial Projection included in "APPENDIX B – FIVE-YEAR FINANCIAL PROJECTION" (the "Projection") and projected enrollments are based upon assumptions made by management of the Academy. There are usually differences between the projected and actual results, because events and circumstances frequently may not occur as expected, and those differences may be material. In addition, the Projection relates only to the fiscal years of the Academy ending June 30, 2018, through June 30, 2022, and consequently does not cover the entire period that the Series 2018 Bonds may be outstanding.

The Projection is based upon various assumptions and projections with respect to the future, including without limitation economic conditions generally and in the State, State educational policies, federal and State educational funding, the performance of the Academy and competition. Actual results may vary materially from the Projection. See "APPENDIX B – FIVE-YEAR FINANCIAL PROJECTION" herein.

RISK FACTORS. The purchase of the Series 2018 Bonds involves a high degree of risk, including but not limited to the termination, revocation, nonrenewal or suspension of the Academy's Charter. See "RISK FACTORS – Limited Authorizing Body Approval of the Series 2018 Bonds" and "– Recent Actions by Charter Authorizers" herein. Prospective investors should review all of the information in this Official Statement and appendices carefully prior to purchasing any of the Series 2018 Bonds, including particularly, but without limitation, the section entitled "Risk Factors."

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OFFICIAL STATEMENT

$10,510,000*
TRILLIUM ACADEMY
Public School Academy Refunding Bonds
Series 2018

INTRODUCTION

This Official Statement (including the cover page and Appendices) is provided to furnish information in connection with the issuance and sale by Trillium Academy (the "Academy") of its Public School Academy Refunding Bonds, Series 2018 in the aggregate principal amount of $10,510,000* (the "Series 2018 Bonds"). The Series 2018 Bonds will be payable from the sources described under the caption "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2018 BONDS" herein.

The Series 2018 Bonds will be issued under a Trust Indenture dated as of May 1, 2018 (the "Indenture") between U.S. Bank National Association, St. Paul, Minnesota (the "Trustee") and the Academy. The Series 2018 Bonds are being issued to: (i) currently refund the Academy's Full Term Certificates of Participation, Series 2005, issued in the original principal amount of $7,200,000 (the "Series 2005 Prior Obligation") and the Academy's Full Term Certificates of Participation, Series 2007, issued in the original principal amount of $5,065,000 (the "Series 2007 Prior Obligation," and together with the Series 2005 Prior Obligation, the "Prior Obligations"); (ii) fund a deposit to a debt service reserve fund; and (iii) pay certain costs of issuance of the Series 2018 Bonds. The proceeds of the Prior Obligations were used by the Academy to finance the acquisition, construction and equipping of the Academy's school facilities located at 15740 Racho Road in Taylor, Michigan (the "Facilities"). See "THE FACILITIES" herein.

The Series 2018 Bonds are full faith and credit obligations of the Academy, secured by an assignment made by the Academy in the Indenture of the State School Aid Payments (the "State Aid Payments") to be received by the Academy in each fiscal year from the State of Michigan (the "State") pursuant to the operation of the State School Aid Act of 1979, Michigan Compiled Laws Section 388.1601, et seq., as amended ("State School Aid Act") and other security pledged under the Indenture. Pursuant to the State School Aid Payment Agreement dated as of May 1, 2018 (the "State Aid Agreement"), by and between the Academy and the Trustee, and acknowledged by the Central Michigan University ("CMU") Board of Trustees, fiscal agent and authorizing body for the Academy (the "Authorizing Body"), the Academy has directed that twenty percent (20%) of the State Aid Payments to be received by the Academy in each fiscal year from the State be paid directly to the Trustee. The Academy will also grant a mortgage on the Facilities to the Trustee pursuant to a Mortgage dated as of May 1, 2018 (the "Mortgage"). See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2018 BONDS" – "State School Aid Pledge" herein.

THE SERIES 2018 BONDS ARE PAYABLE SOLELY FROM THE FUNDS PLEDGED THEREFOR PURSUANT TO THE INDENTURE. ALL STATE SCHOOL AID RECEIVED BY THE ACADEMY IS SUBJECT TO ANNUAL APPROPRIATION BY THE STATE LEGISLATURE, AND THE LEGISLATURE IS NOT REQUIRED TO APPROPRIATE MONEYS FOR SUCH PURPOSE. THE SERIES 2018 BONDS DO NOT CONSTITUTE AN OBLIGATION, EITHER GENERAL, SPECIAL, OR MORAL, OF THE STATE OF MICHIGAN, THE AUTHORIZING BODY, ANY

* *Preliminary, subject to change.*

OTHER POLITICAL SUBDIVISION OF THE STATE OR THE UNITED STATES GOVERNMENT, AND NEITHER THE FULL FAITH AND CREDIT NOR ANY TAXING POWERS OF THE STATE, THE AUTHORIZING BODY, ANY OTHER POLITICAL SUBDIVISION OF THE STATE OR THE UNITED STATES ARE PLEDGED TO THE PAYMENT OF PRINCIPAL AND INTEREST WITH RESPECT TO THE SERIES 2018 BONDS. THE ACADEMY HAS NO TAXING POWER. SEE "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2018 BONDS" AND "RISK FACTORS" HEREIN.

For the definition of certain words and terms used in this Official Statement, see "APPENDIX F – FORM OF INDENTURE" herein.

THE ACADEMY

The Academy is a public school academy, operating as a Michigan non-profit corporation, and a governmental agency of the State of Michigan organized pursuant to Part 6A of Chapter 380 of the Revised School Code, Act 451, Public Acts of Michigan, 1976, as amended (the "Revised School Code"), Michigan Compiled Laws ("MCL"), Sections 380.501 *et seq*. and the Michigan Nonprofit Corporation Act, Act 162, Public Acts of Michigan, 1982, as amended, MCL Section 450.2101 *et seq*.

Charter

The Academy operates under a charter contract (the "Charter") issued by the Central Michigan University ("CMU") Board of Trustees, the Authorizing Body for the Academy. The Authorizing Body oversees and monitors the Academy's Board of Directors in their compliance with all applicable State and federal laws pertaining to public school academies. The Charter was originally issued to the Academy in August 2002 for the 2002-03 school year. The Academy's Charter was renewed in 2007, 2012 and 2015, with the current term expiring on June 30, 2020, unless sooner terminated in accordance with the terms of the Charter. See "RISK FACTORS – Termination, Revocation or Non-Renewal of Charter," "– Limited Authorizing Body Approval of the Series 2018 Bonds," "– Recent and Future Changes to Charter School Laws" and "– Recent Actions by Charter Authorizers" herein.

Students

The Academy began operations in September of 2002 offering grades K-6 to 149 students. In the 2003-2004 school year, the Academy's second year of operation, it enrolled 208 students in grades K-7. The Academy continued to add a grade each year, and, by the 2008-09 school year, the Academy enrolled 689 students in grades K-12. The Academy enrolled 626 students in the 2015-16 school year, 601 students in the 2016-17 school year, and, as of October 4, 2017 (the "2017-18 Fall Count Date"), enrolled 586 students for the 2017-18 school year. The Academy projects future enrollment of 586 students for the 2018-19 school year through the 2022-23 school year. The Academy attracts students mostly from within a five (5) mile radius of the school. On a year-to-year basis while adding new students, the Academy has historically retained approximately 77% of its students in the 2015-16 school year, 81% of its students in the 2016-17 school year, and 89% of its students in the 2017-18 school year.

School Management

The governing body for the Academy, the Board of Directors, currently consists of seven (7) members. Vacancies in office are determined and filled pursuant to the provisions set forth in the Academy's Bylaws and are subject to the approval of the Authorizing Body. The day-to day operations of the Academy are managed, in part, by its superintendent and principal. See "APPENDIX A – TRILLIUM ACADEMY – BOARD OF DIRECTORS" and "– ADMINISTRATORS."

On July 1, 2015, the Academy entered into an educational provider agreement (the "Educational Provider Agreement") with The Romine Group, Inc., a Michigan corporation, ("TRG" or the "Manager"). The term of the Educational Service Provider Agreement ends June 30, 2019. The Academy and TRG work together to develop and bring about systems of educational excellence and services to the Academy based on TRG's vision of school design, TRG's management principles and the educational program. TRG specializes in providing charter schools with a variety of educational services and products, including business management, curriculums, educational programs, teacher training and technology. TRG provides to the Academy all labor, material and supervision necessary to provide the educational services to students of the Academy, and provides for the personnel, management, operation and maintenance of the Academy. In addition to the Academy, TRG manages seven additional schools in Michigan, and one school in North Carolina. See "APPENDIX A – TRILLIUM ACADEMY – EDUCATIONAL SERVICE PROVIDER."

THE FACILITIES

The Academy serves grades K-12 at the Facilities located at 15740 Racho Road, Taylor, Michigan. Proceeds of the Series 2005 Prior Obligation were used to finance the acquisition of an approximately 9.25 acre parcel of land and a 43,300 square foot single story, school building. The proceeds of the Series 2007 Prior Obligation were used to finance the acquisition and equipping of an expansion to the Facilities, which increased capacity to 750 students. As expanded, the Facilities consist of an approximately 71,300 square-foot school facility that contains 40 classrooms, including two art rooms, two music rooms, a drama room, two resource rooms and two science labs. The Facilities also contain a tech room, a media center with a computer lab, 17 restrooms, two locker rooms with restrooms inside, two gymnasiums, a theater with a stage, a mechanical room, several offices and storage areas, a baseball diamond, play areas, and a large paved parking lot. Construction is concrete block and low maintenance siding, with a pitched asphalt shingled roof. In the Spring of 2018, the Academy intends to make updates and improvements to the Academy's athletic fields, including the installation of a drainage system, new goal posts, scoreboards, and bleachers, and field resurfacing.

THE REFUNDING

The Series 2018 Bonds are being issued to currently refund the Prior Obligations. The proceeds of the Prior Obligations were used by the Academy to finance the acquisition, construction and equipping the Facilities. See "THE FACILITIES" herein. The Series 2005 Prior Obligation will be outstanding in the principal amount of $5,995,000 as of May 1, 2018. The Series 2007 Prior Obligation will be outstanding in the principal amount of $4,410,000 as of May 1, 2018. The Prior Obligations will be called for optional redemption on May [__], 2018. See "SOURCES OF PAYMENT AND SECURITY – The Escrow Fund" herein.

THE AUTHORIZING BODY

The CMU Board of Trustees is the Authorizing Body for the Academy. CMU is located in Mt. Pleasant, Michigan. From its roots as a teachers' college, CMU has grown to offer nationally acclaimed programs in areas ranging from the health professions and engineering to business and communications. Established in 1892, CMU is among the nation's 100 largest public universities with more than 20,000 students on its Mt. Pleasant campus and another 7,000 enrolled online and at more than 40 locations across North America. CMU offers more than 200 academic programs at the undergraduate, master's, specialist and doctoral levels. CMU is Michigan's largest and one of the nation's largest university charter school authorizers and was the first authorizer to issue a charter contract in Michigan. The Charter Schools Office at CMU is responsible for the oversight of 62 public school academies, including the Academy.

SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of the proceeds of the Series 2018 Bonds:

SOURCES OF FUNDS*		
Par Amount of Series 2018 Bonds	$	10,510,000.00
Prior Obligation Reserve Funds		1,048,838.00
Prior Obligation Repair and Replacement Account		250,000.00
TOTAL SOURCES*	**$**	**11,808,838.00**
USES OF FUNDS*		
Escrow Fund to Refund the Prior Obligations	$	10,517,688.00
Debt Service Reserve Fund		825,950.00
Costs of Issuance [(1)]		385,200.00
Improvements [(2)]		80,000.00
TOTAL USES*	**$**	**11,808,838.00**

(1) Includes, without limitation, Underwriter's discount, legal and advisory fees, printing costs and other costs associated with the issuance of the Series 2018 Bonds.
(2) Funded with amounts contributed by the Academy to the Prior Obligation Repair and Replacement Account.

THE SERIES 2018 BONDS

General

The Series 2018 Bonds will be issuable as fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof (the "Authorized Denominations"). The Series 2018 Bonds will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement, subject to redemption prior to maturity, and will bear interest until paid at the rates shown on the inside cover page of this Official Statement, payable semi-annually on May 1 and November 1 of each year, commencing on November 1, 2018 (each an "Interest Payment Date").

Interest on the Series 2018 Bonds is computed on the basis of a 360-day year comprised of twelve 30-day months. Payments of principal of and premium, if any, with respect to the Series 2018 Bonds will be made upon surrender of the Series 2018 Bonds at the office of the Trustee. Payments of interest on the Series 2018 Bonds will be made by check or draft mailed on or before each Interest Payment Date to the registered owner thereof as of the Record Date at his or her address as it last appears on the registration books of the Trustee irrespective of any transfer or exchange of the Series 2018 Bonds subsequent to the Record Date and prior to such Interest Payment Date. The "Record Date" is the fifteenth day of the calendar month immediately preceding any Interest Payment Date, or as otherwise specified in the Indenture.

Redemption of Series 2018 Bonds Prior to Maturity

Optional Redemption

The Series 2018 Bonds are subject to redemption prior to maturity at the option of the Academy upon written request by the Academy to the Trustee in whole or in part on any day commencing November 1, 20[__], at a price equal to the principal amount thereof, plus accrued interest to the date

* *Preliminary, subject to change.*

fixed for redemption, and in such order of maturity as the Academy shall direct, provided that no Series 2018 Bond may be redeemed in part if the principal amount to be Outstanding (as defined in the Indenture) following such partial redemption is not an Authorized Denomination (as defined in the Indenture).

Mandatory Redemption of Term Bonds

The Series 2018 Bonds maturing on November 1, 20[__], are subject to mandatory redemption, in part, pursuant to the Trust Indenture by lot or such other method of random selection as the Trustee may determine, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date fixed for redemption, on November 1 of the years and in the principal amounts, as follows:

For the Series 2018 Bonds Maturing November 1, 20[__]

Year	Amount	Year	Amount

** final maturity

The Series 2018 Bonds maturing on November 1, 20[__] are subject to mandatory redemption, in part, pursuant to the Trust Indenture by lot or such other method of random selection as the Trustee may determine, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date fixed for redemption, on November 1 of the years and in the principal amounts, as follows:

For the Series 2018 Bonds Maturing November 1, 20[__]

Year	Amount	Year	Amount

** final maturity

Purchase in Lieu of Redemption

The Series 2018 Bonds are subject to purchase in lieu of redemption by the Academy prior to their respective maturity dates at any time, in whole or in part, if the following conditions are satisfied:

(i) The Academy and the Bondholders negotiate and agree upon a purchase price that is communicated to the Trustee in writing, provided that the purchase price so negotiated, together with the expense of such purchase, may not exceed the redemption price of the Series 2018 Bonds to be purchased;

(ii) Upon written agreement as described in (i) above, the Academy shall direct the Trustee to purchase certain Series 2018 Bonds and will provide funds to the Trustee for deposit in

the Bond Interest Fund and Bond Principal Fund in the amount necessary to pay the purchase price of the selected portion of the Series 2018 Bonds in excess of that required to fully satisfy the next scheduled interest and principal payments due on the Series 2018 Bonds, and provided there is deposited into the Expense Fund such amount as the Trustee may require to cover the accrued and anticipated fees and expenses;

(iii) The Trustee confirms that the amount provided for by the Academy pursuant to (ii) above is sufficient to warrant such purchase at the purchase price agreed to by the Academy and the Bondholders pursuant to (i) above; and

(iv) To the extent permitted by law, the Academy shall indemnify and hold harmless the Trustee, in a form and with such security as may be satisfactory to the Trustee, from and against any and all liabilities, claims, or losses arising out of, by virtue of, or in connection with, the tender of Series 2018 Bonds, up to the amount of the value of the Series 2018 Bonds tendered, except in the case of negligence, willful misconduct, or bad faith on the part of the Trustee.

As Series 2018 Bonds are purchased pursuant to the Indenture, such purchase of Series 2018 Bonds will be considered to have satisfied, in whole or in part, the redemption requirements as set forth in the Indenture. Once purchased, such Series 2018 Bonds shall be delivered to the Trustee and cancelled.

Mandatory Redemption Upon Determination of Taxability

The Series 2018 Bonds are subject to mandatory redemption prior to maturity, as a whole and not in part, on the earliest practicable date for which notice can be given following the occurrence of a Determination of Taxability (as defined in the Indenture), at a redemption price equal to 103% of the principal amount thereof plus accrued interest to the redemption date. See "APPENDIX F – FORM OF INDENTURE" herein.

Redemption of Bonds Upon Occurrence of Certain Events

Subject to provisions of the Indenture regarding damage, destruction and condemnation of the Facilities, or any law changes that would cause the Indenture to be void or unenforceable, the Series 2018 Bonds are redeemable at the option and upon the direction of the Bondholders of at least two-thirds (2/3^{rds}) of the Outstanding Series 2018 Bonds, in whole at any time or in part on any Business Day from and to the extent of funds on deposit under the Indenture and available for such purpose at a redemption price equal to the principal amount of each Series 2018 Bond redeemed plus accrued interest to the redemption date.

Partial Redemption of Bonds

If less than all the Outstanding Series 2018 Bonds are called for redemption, the Academy may designate maturities of the Bonds to be redeemed first, or if the Academy does not so designate, the Trustee shall select, or arrange for the selection of, the Series 2018 Bonds to be redeemed by lot or in such other manner as it shall in its discretion determine; provided that any such Series 2018 Bonds or portions thereof selected for redemption shall be in Authorized Denominations and no Series 2018 Bond may be redeemed in part if the principal amount to be outstanding following such partial redemption is not an Authorized Denomination. If less than the principal amount of a Series 2018 Bond is called for redemption, the Academy shall execute and the Trustee shall authenticate and deliver, upon surrender of such Series 2018 Bond, without charge to the holder thereof, Bonds in any Authorized Denominations in exchange for the unredeemed principal amount of such Series 2018 Bond, at the option of such Holder, Series 2018 Bonds in any Authorized Denominations equal to the unredeemed portion of such Series 2018 Bond.

Notice of Redemption

Notice of redemption or conditional notice of redemption shall be mailed by the Trustee by first class mail at least 30 days but not more than 45 days before any redemption date to the Registered Owner of each Series 2018 Bond to be redeemed in whole or in part at its last address appearing on the Bond Register; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2018 Bond, or portion thereof with respect to which no such failure or defect has occurred. Any notice mailed as described in this paragraph shall be conclusively presumed to have been duly given, whether or not the Bondholder receives the notice.

Each notice of redemption shall state: (i) the redemption date; (ii) the redemption price; (iii) identifying information including designation, issue date, CUSIP numbers, interest rate, maturity date and, in the case of a partial redemption, the respective principal amounts of the Bonds to be redeemed; (iv) that on the redemption date the redemption price will become due and payable upon each such Bond and that interest thereon shall cease to accrue from and after such date; and (v) the name and address of the Trustee for such Bonds and the place where such Bonds are to be surrendered for payment of the redemption price.

All Series 2018 Bonds so called for redemption will cease to bear interest on the specified date set for redemption, provided sufficient moneys for their redemption have been duly deposited with the Trustee. Thereafter, the holders of such Series 2018 Bonds called for redemption shall have no rights in respect thereof except to receive payment of the redemption price from the Trustee and a new Series 2018 Bond in an Authorized Denomination for any portion not redeemed.

In the case of a Conditional Redemption, the notice may state: (a) that it is conditioned upon the deposit of moneys, in an amount sufficient to effect the redemption, with the Trustee on or before the redemption date; or (b) that the Academy retains the right to rescind such notice on or prior to the scheduled redemption date, and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded. On or before the redemption date, funds sufficient to redeem such Bonds, including accrued interest thereon to the redemption date, shall be deposited with the Trustee. The Bonds thus called shall not, on or after the specified redemption date, bear any interest and, except for the purpose of payment, shall not be entitled to the lien of the Indenture. Any Conditional Redemption may be rescinded in whole or in part at any time on or before the redemption date if the Academy delivers a certificate of the Academy to the Trustee at least five days prior to the effective date of the rescission, which shall be no later than five days prior to the redemption date, instructing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected Bondholders. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a Conditional Redemption, the failure of the Academy to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default, and the Trustee shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding.

Book-Entry-Only System

Payments of principal of, premium, if any, and interest on the Series 2018 Bonds will be made directly to Cede & Co. by the Trustee, so long as Cede & Co. is the registered owner of the Bonds. Disbursement of such payments to the DTC Participants (as defined in APPENDIX I) is the responsibility of The Depository Trust Company, New York, New York ("DTC") and disbursement of such payments to the purchasers of beneficial ownership interests in the Series 2018 Bonds is the responsibility of DTC Participants and Indirect Participants (as defined in APPENDIX I). For further information regarding

Cede & Co., DTC and the book-entry only system, see "APPENDIX I – BOOK-ENTRY ONLY SYSTEM" herein.

SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2018 BONDS

The Series 2018 Bonds are full faith and credit obligations of the Academy secured by a pledge of the Pledged Revenues (as hereinafter defined), funds, rights and interests held by the Trustee pursuant to the Indenture. The Series 2018 Bonds will be further secured by the Mortgage on the Facilities.

THE SERIES 2018 BONDS ARE PAYABLE SOLELY FROM THE FUNDS PLEDGED THEREFOR PURSUANT TO THE INDENTURE. ALL STATE AID PAYMENTS RECEIVED BY THE ACADEMY ARE SUBJECT TO ANNUAL APPROPRIATION BY THE STATE LEGISLATURE, AND THE LEGISLATURE IS NOT REQUIRED TO APPROPRIATE MONEYS FOR SUCH PURPOSE. THE SERIES 2018 BONDS DO NOT CONSTITUTE AN OBLIGATION, EITHER GENERAL, SPECIAL, OR MORAL, OF THE STATE, THE AUTHORIZING BODY, ANY OTHER POLITICAL SUBDIVISION OF THE STATE OR THE UNITED STATES GOVERNMENT, AND NEITHER THE FULL FAITH AND CREDIT NOR ANY TAXING POWERS OF THE STATE, THE AUTHORIZING BODY, ANY OTHER POLITICAL SUBDIVISION OF THE STATE OR THE UNITED STATES ARE PLEDGED TO THE PAYMENT OF PRINCIPAL AND INTEREST WITH RESPECT TO THE SERIES 2018 BONDS. THE ACADEMY HAS NO TAXING POWER. SEE "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2018 BONDS" AND "RISK FACTORS" HEREIN.

The Indenture

The Series 2018 Bonds are to be issued pursuant to the Indenture. All Bonds issued thereunder shall be payable solely from and secured solely by the funds pledged therefor under the Indenture. As security for its obligations under the Indenture, the Academy has assigned to the Trustee all funds held by the Trustee under the Indenture and all income derived from the investment of such funds.

A Debt Service Reserve Fund is established for the Series 2018 Bonds pursuant to the Indenture and shall be maintained in an amount equal to the Debt Service Reserve Fund Requirement (as defined in the Indenture). Amounts on deposit in the Debt Service Reserve Fund shall be available for payment of principal of and interest on the Series 2018 Bonds if the payments made by the Academy pursuant to the Indenture, along with other available funds, are not sufficient therefor. See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2018 BONDS – The Debt Service Reserve Fund" below and "APPENDIX F – FORM OF INDENTURE" herein.

Pledged Revenues

Under the terms of the Indenture, the Academy has granted a security interest to the Trustee in its Pledged Revenues to secure the Bonds. "Pledged Revenues" regardless of the source, all revenues, rentals, fees, third-party payments, receipts, donations, contributions or other income of the Academy, to the extent permitted thereby and by law, including accounts receivables or other rights to receive such revenues, including, without limitation, State Aid Payments, proceeds derived from insurance, condemnation proceeds, accounts, contract rights and other rights and assets, whether now or hereafter owned, held or possessed by the Academy; and all gifts, grants, bequests and contributions (including income and profits therefrom) to the extent permitted by the terms thereof and by law.

State School Aid Pledge

The Series 2018 Bonds are payable primarily from the State Aid Payments received by the Trustee. Pursuant to the Indenture, the Academy has covenanted to irrevocably direct the Authorizing Body to pay to the Trustee twenty (20%) percent of the State School Aid it receives on behalf of the Academy so long as any obligations of the Academy under the Indenture remain outstanding. The Trustee shall apply the funds comprising such State Aid Payments according to the Indenture, and any State Aid Payments remaining on deposit with the Trustee after each payment required by the Indenture has been made shall be transferred within one Business Day by the Trustee to the general fund of the Academy. The Trustee is an authorized depository of the Academy pursuant to the Indenture and the Charter.

If for any reason the amount held by the Trustee on the due date of any payment under the Indenture is insufficient to pay the payments due under the Indenture, then in that event the Academy covenants and agrees to use any and all other available funds to satisfy such payment obligation.

State School Aid Source

The primary source of revenue received by the Academy is State School Aid, which is a per-pupil foundation allowance provided by the State for all public schools (including public school academies). The amount of State School Aid received by any individual public school (including the Academy) is based upon its per-pupil enrollment. The amount of State School Aid available in any year to pay the per-pupil allowance is subject to appropriation by the Michigan Legislature. See "RISK FACTORS – Legislative and Non-Appropriation Risk" herein.

See "APPENDIX A – TRILLIUM ACADEMY – STATE AID PAYMENTS" for the Academy's State School Aid per-pupil foundation allowance for the 2012-13 through 2017-18 fiscal years.

Pursuant to the State School Aid Act, a public school annual entitlement to State School Aid for any fiscal year shall be paid in installments equal to one-eleventh of such entitlement on the 20th (or if the 20th falls on a Saturday, Sunday or legal holiday, on the immediately succeeding regular business day) in each of the months of October through August, subject to certain statutory adjustments.

Pupil Membership Counts

State School Aid is paid to a public school on a per-pupil basis. The State School Aid Act currently provides that pupil membership is based on a blended count of 90% of the current October pupil count plus 10% of the preceding February supplemental count, all as determined by the Michigan Department of Education. The State School Aid Act contains alternative methodologies for determining pupil counts for public school academies which have been in existence less than two years or which have suspended operations for one or more semesters, neither of which is applicable to the Academy. For school districts, including public school academies, which have pupils enrolled in a grade level that was not offered the prior year, pupil membership counts for that grade level are based on an average of the current October count and the following February supplemental count, all as determined by the Michigan Department of Education.

State School Aid Entitlement

In order to receive its full per-pupil State School Aid entitlement, Section 101 of the School Aid Act (MCL §388.1701) provides that a public school must provide each pupil with a minimum number of days and a minimum number of hours of pupil instruction in each school year. For the 2017-18 school year, a public school must provide at least 180 days and at least 1,098 hours of pupil instruction. If a

public school does not provide the minimum number of days or hours of pupil instruction for a school year, its State School Aid will be prorated based on the actual number of days and hours of pupil instruction provided. A closure of a school prior to the attainment of these day and hour requirements could therefore also cause a reduction in the projected State School Aid to be received for a school year.

Legislative Changes in the State School Aid Act

The State School Aid Act may be modified by the Michigan Legislature, subject only to certain State Constitutional parameters. The amount, timing and methodology for calculation of State School Aid have changed significantly in recent years. State School Aid payments are subject to annual appropriation and future modification by the Michigan Legislature, subject only to such constitutional parameters. See "RISK FACTORS – Dependence on State School Aid Payments; State School Aid Payments Subject to Annual Appropriation," "– Delay in, Reduction or Termination of State School Aid," "– Recent and Future Changes to Charter School Laws," and "– Legislative and Non-Appropriation Risk" herein.

Changes in State School Aid Distributions

State School Aid Payments are subject to reduction, and have been reduced, in the event there are insufficient funds to support an enacted State School Aid Fund budget. Under the State's Constitution and State law, the State is required to maintain a balanced budget for any fiscal year.

See "RISK FACTORS" herein, including "Dependence on State School Aid Payments; State Aid Payments Subject to Annual Appropriation," "Delay in, Reduction or Termination of State School Aid," "Recent and Future Changes to Charter School Laws," and "Legislative and Non-appropriation Risk" herein.

The Escrow Fund

The Escrow Fund is established by the Trustee under the Indenture solely for the benefit of the holders of the Prior Obligations. There will be deposited into the Escrow Fund from the proceeds of the Series 2018 Bonds and certain other funds held by the Trustee in connection with the Prior Obligations, the amount of $[_____], which amount will be sufficient to redeem the Prior Obligations. On the Redemption Date, the Trustee will withdraw such funds from the Prior Obligations Escrow Fund and apply such funds to the redemption of the Prior Obligations.

The Debt Service Reserve Fund

A Debt Service Reserve Fund with respect to the Series 2018 Bonds is established by the Trustee under the Indenture. The Debt Service Reserve Fund is to be funded on the date of issuance of the Series 2018 Bonds in the amount of $[_____]. There shall also be deposited into the Debt Service Reserve Fund all other moneys required to be deposited therein pursuant to the Indenture, and moneys received by the Trustee when accompanied by written directions from an Authorized Officer of the Academy that such moneys are to be paid into the Debt Service Reserve Fund.

If at any time there are not sufficient funds in the Bond Interest Fund or the Bond Principal Fund established under the Indenture for the payment of principal of, premium, if any, and interest on the Series 2018 Bonds as the same become due, the Trustee shall withdraw from the Debt Service Reserve Fund and deposit in the Bond Interest Fund and Bond Principal Fund sufficient moneys which, when added to the moneys on deposit in the Bond Interest Fund and Bond Principal Fund, will be sufficient to meet the payment of principal, premium, if any, and interest then due on the Series 2018 Bonds.

Within five Business Days of any transfer of funds from the Debt Service Reserve Fund to the Bond Principal Fund or the Bond Interest Fund because of a deficiency therein, the Trustee shall give written notice to the Academy of such transfer and of the amount of the deficiency, if any, of amounts then on deposit in the Debt Service Reserve Fund as of such date and the Academy shall deposit with the Trustee an amount, subject to the limitations set forth in the Indenture, equal to such deficiency no later than six months from the date of its receipt of such notice in six equal monthly installments. Pursuant to the Indenture, the Trustee is directed to disburse amounts on deposit in the Revenue Fund into the Debt Service Reserve Fund in amounts necessary to eliminate the deficiency set forth in any such notice(s) in six equal monthly installments.

The Trustee shall value the Eligible Investments in the Debt Service Reserve Fund semiannually on April 1 and October 1 of each year, commencing October 1, 2018, at the lesser of their market value or cost. If on any valuation date the amount in the Debt Service Reserve Fund is greater than the Debt Service Reserve Fund Requirement, such excess shall be transferred by the Trustee to the Bond Interest Fund and credited in accordance with the Indenture. If on any valuation date the amount in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Trustee shall immediately notify the Academy in writing of the amount of such deficit and request that the Academy shall deposit with the Trustee such amount, subject to the limitations in the Indenture no later than six months from the date of its receipt of such notice in six equal monthly installments.

Flow of Funds

Pursuant to the Indenture, all State Aid Payments and all other amounts required to be deposited by the Academy with the Trustee into the Revenue Fund will be deposited in the Revenue Fund as and when received. All moneys held on deposit in the Revenue Fund shall be disbursed by the Trustee on the following dates in the following order of priority. A "Disbursement Date" shall occur on a date not later than one Business Day after receipt by the Trustee of State Aid Payments.

FIRST: on each Disbursement Date for State School Aid Payments received in October through August: (i) (a) commencing in [_____], 2018, and continuing through and including [_____], 20[__], for deposit in the Bond Interest Fund, an amount (after taking into consideration earnings and other moneys then on deposit in the Bond Interest Fund) equal to one-[__] (1/[__]) of interest payments due on the Bonds on [_____ 1, 2018]; and (b) commencing in [_____], 2018, for deposit in the Bond Interest Fund, an amount (after taking into consideration earnings and other moneys then on deposit in the Bond Interest Fund) equal to one-eleventh (1/11) of annual interest payments due on the Bonds; plus (ii) all amounts due as to interest on the Bonds on the Disbursement Date or any previous Disbursement Date pursuant to this paragraph which have not otherwise been credited to the Bond Interest Fund pursuant to this paragraph or transferred to the Bond Interest Fund pursuant to the Indenture;

SECOND: on each Disbursement Date for State School Aid Payments received in October through August (i)(a) commencing in [_____], 2018 and continuing through and including [_____], 2018, for deposit in the Bond Principal Fund, an amount (after taking into consideration earnings and other moneys then on deposit in the Bond Principal Fund) equal to one-[_____] (1/[__]) of the principal due on the Bonds on the next succeeding Principal Payment Date; and (b) commencing in [_____], 2018, for deposit in the Bond Principal Fund, an amount (after taking into consideration earnings and other moneys then on deposit in the Bond Principal Fund) equal to one-eleventh (1/11) of the principal

due on the Bonds on the next succeeding Principal Payment Date plus (ii) all amounts due as to principal on the Bonds on the Disbursement Date or any preceding Disbursement Date which have not otherwise been credited to the Bond Principal Fund pursuant to this paragraph or transferred to the Bond Principal Fund pursuant to the Indenture;

THIRD: on each Disbursement Date, commencing after the Issue Date, to the Debt Service Reserve Fund, an amount required, if any, under the Indenture, for amounts therein to be equal to the Debt Service Reserve Fund Requirement, subject to the limitations set forth in the Indenture;

FOURTH: on the last Disbursement Date of every Rebate Year and continuing until the full amount is so paid, to the Rebate Fund, any amount, as calculated by the Rebate Analyst, required of the Academy to be deposited in the Rebate Fund;

FIFTH: on each Disbursement Date, commencing after the Issue Date, to the Repair and Replacement Fund, the amount required under the Indenture, subject to the limitations set forth therein, and all amounts which were previously due but have not otherwise been transferred pursuant to this paragraph;

SIXTH: on each Disbursement Date for State School Aid Payments received in October through August, commencing after the Issue Date, to the Expense Fund, (i) an amount equal to one-eleventh ($1/11^{th}$) of the Trustee's Fees and Trustee's Expenses due on [_____] [___] of each year, plus (ii) any amount previously due under (i) of this paragraph but that remains unpaid because of an insufficiency in Revenues available therefore;

SEVENTH: on each Disbursement Date for State School Aid Payments received in October through August, commencing after the Issue Date to the Expense Fund, an amount equal to one-eleventh (1/11) of the estimated amount owed as payment for the services of the Rebate Analyst on the next succeeding Principal Payment Date;

EIGHTH: on each Disbursement Date, the Short-Term Indebtedness Repayment amount necessary to service Short-Term Debt, if any, pursuant to the Indenture;

NINTH: on each Disbursement Date, the Capital Lease Repayment amount necessary to service Capital Leases, if any, pursuant to the Indenture;

TENTH: on each Disbursement Date, commencing after the Issue Date, all amounts remaining on deposit in the Revenue Fund after the Trustee has made the disbursements required in FIRST through NINTH above, to the Academy at such account as may be designated in writing by the Academy to the Trustee.

In the event that frequency of State Aid Payments is changed in a calendar year such that State Aid Payments are not received in eleven substantially equal monthly installments, the fraction one-eleventh (1/11th) as used in the above provisions shall be replaced by a fraction the numerator of which is one and the denominator is the number of Disbursement Dates in a calendar year and the Trustee shall be authorized to make any further modification with respect to such fraction and the timing of transfers as the Trustee shall deem necessary or appropriate as a result of such changes in frequency of State Aid Payments in order to provide for the full funding of each fund or account as and when periodic payments

are required to be made from such fund or accounts. For a more detailed discussion of the disbursements to be made under the Indenture, see "APPENDIX F – FORM OF INDENTURE" herein.

Repair and Replacement Fund

Pursuant to the Indenture, there shall be deposited into the Repair and Replacement Fund as and when received: (a) if the amount in the Repair and Replacement Fund is less than the Repair and Replacement Requirement ($[_____]), on each Disbursement Date, the Academy will deposit the amount of $[_____] into the Repair and Replacement Fund, provided that, the maximum amount the Academy shall be required to deposit in any Fiscal Year shall not be more than $25,000 until the amount on deposit in the Repair and Replacement Fund equals the Repair and Replacement Fund Requirement; (b) all other moneys deposited into the Repair and Replacement Fund pursuant the Indenture; and (c) all other moneys received by the Trustee when accompanied by written directions not inconsistent with the Indenture that such moneys are to be paid into the Repair and Replacement Fund. There shall also be retained in the Repair and Replacement Fund, interest and other income received on investment of moneys in the Repair and Replacement Fund to the extent provided in the Indenture. Any amounts on deposit in the Repair and Replacement Fund in excess of the Repair and Replacement Fund Requirement shall be transferred by the Trustee to the Academy; provided, however, that the amount remaining in the Repair and Replacement Fund immediately after such transfer shall not be less than the Repair and Replacement Fund Requirement.

The Repair and Replacement Fund shall be in the custody of the Trustee, but in the name of the Academy. Absent an Event of Default hereunder, the Academy hereby authorizes and directs the Trustee to make each disbursement authorized or required by the provisions of the Indenture and to issue its checks therefor. The Trustee shall keep and maintain adequate records pertaining to the Repair and Replacement Fund and all disbursements therefrom and shall annually file an accounting thereof with the Academy.

Payments shall be made from the Repair and Replacement Fund upon receipt by the Trustee of a written requisition from an Authorized Officer of the Academy setting forth the amount and the payee for the purpose of paying the cost of extraordinary maintenance and replacements which may be required to keep the Facilities in sound condition, including but not limited to replacement of equipment, replacement of any roof or other structural component, exterior painting and the replacement of heating, air conditioning, plumbing and electrical equipment. Upon the receipt of prior written approval from the holders of a majority in aggregate principal amount of the Bonds then Outstanding, the Academy may requisition funds from the Repair and Replacement Fund for operating expenses. The Trustee shall rely fully on any such requisition delivered pursuant to this Section and shall not be required to make any investigation in connection therewith.

Every five years, commencing on or before April 1, 2023, the Academy, at its expense, shall retain a consultant who shall prepare a written report ascertaining current and projected capital requirements. The Academy shall provide copies of such report to the Trustee. The Repair and Replacement Fund Requirement shall be adjusted based upon the conclusions in such report.

The Mortgage and the Environmental Reports

Pursuant to the Mortgage, the Academy will grant the Trustee a first priority mortgage lien on the Facilities to secure the Series 2018 Bonds.

Under the State School Aid Act, property of a public school academy that was acquired substantially with funds appropriated under the State School Aid Act is required to be transferred to the State by the public school academy in certain events, including revocation of its charter or if its charter

has not been reissued by the applicable authorizing body. In such event, the State School Aid Act authorizes the State Treasurer to sell such property and requires the State Treasurer to apply the net proceeds from such sale first to pay any debt of the public school academy secured by such property and second, to deposit any remaining amount into the State School Aid Fund.

There are potential risks relating to environmental liability associated with ownership of or secured lending with respect to real property. The Academy has obtained environmental reports regarding the Facilities. See "RISK FACTORS – Environmental Regulation" for a description of the environmental reports.

Operating Reserve Balance Covenant

Pursuant to the terms of the Indenture, the Academy covenants and agrees to maintain an amount of unrestricted Cash on Hand in its operating fund equal to or greater than 30 Days Cash on Hand (the "Cash on Hand Requirement"). "Days Cash on Hand" means (a) Cash on Hand of the Academy, as shown on the audited financial statements, at the end of each Fiscal Year; divided by (b) the sum of Principal and Interest Requirement on Long-Term Indebtedness Operating Expenses, as shown on the audited financial statements for such Fiscal Year, divided by 365.

The Academy will provide the Trustee with a certification no later than December 31 of each year that the Cash on Hand Requirement has been met. Amounts constituting Cash on Hand may be used to pay Operating Expenses or may be used for any other lawful purpose. The foregoing is subject to the qualification that if applicable State or federal laws or regulations, or the rules and regulations of agencies having jurisdiction, shall not permit the Academy to maintain the Cash on Hand Requirement, then the Academy shall, in conformity with the then prevailing laws, rules or regulations, maintain its Cash on Hand equal to the maximum permissible level.

For purposes of the Days Cash on Hand requirement, "Cash on Hand" means the sum of cash, cash equivalents, liquid investments and unrestricted marketable securities, including the Repair and Replacement Fund, but not including the Bond Interest Fund, Bond Principal Fund, Debt Service Reserve Fund, (valued at the lower of cost or market) of the Academy less any net liability arising from a short-term borrowing in which the Academy has pledged its State School Aid. "Net liability" means the amount of the outstanding principal and interest of the short term borrowing in excess of amounts previously set aside for repayment of such borrowing, including for such purpose the amount of the revenues pledged by the Academy for such short-term borrowing, and "Operating Expenses" means fees and expenses of the Academy incurred with respect to the operation of the Academy, including interest payments, maintenance, repair expenses, utility expenses, real estate taxes, if any, insurance premiums, administrative and legal expenses, miscellaneous operating expenses, advertising and promotion costs, payroll expenses (including taxes), the cost of material and supplies used for current operations of the Academy, the cost of vehicles, equipment leases and service contracts, taxes, if any, upon the operations of the Academy not otherwise mentioned herein, charges for the accumulation of appropriate reserves (excluding deposits to the Repair and Replacement Fund) for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with generally accepted accounting principles of governmental entities in Michigan, all in such amounts as reasonably determined by the Academy; provided, however, "Operating Expenses" shall not include: (a) spending for items which could reasonably be accounted for as capital expenditures under generally accepted accounting principles of governmental entities in Michigan; (b) deposits into and expenditures from the Repair and Replacement Fund; (c) depreciation and amortization expenses; or (d) replenishments of the Debt Service Reserve Fund.

Days Cash on Hand and Debt Service Coverage Ratio Covenants

The Academy covenants and agrees to comply with either of the following covenants: (a) maintain sixty (60) Days Cash on Hand and a Debt Service Coverage Ratio that will be at least one times (1.00x) during such fiscal year, commencing with the fiscal year ending June 30, 2019; or (b) if the Academy maintains fewer than sixty (60) Days Cash on Hand, then the Academy will maintain a Debt Service Coverage Ratio that will be at least one point one times (1.10x) during such fiscal year. All determinations required pursuant to these covenants shall be made utilizing the Academy's audited financial statement for the appropriate fiscal year.

If (i) the Academy does not maintain sixty (60) Days Cash on Hand and the Debt Service Coverage Ratio for any fiscal year ending on or after June 30, 2019 is less than one point one times (1.10x) during such fiscal year, or (ii) the Academy is maintaining sixty (60) Days Cash on Hand, but the Debt Service Coverage Ratio for any fiscal year ending on or after June 30, 2019 is less than one times (1.00x) during such fiscal year; then, upon the written direction of the holders of a majority in aggregate principal amount of the Bonds then Outstanding, the Academy will promptly employ a Management Consultant to review and analyze the operations and administration of the Academy, inspect the Facilities, and submit to the Academy and Trustee written reports, and make such recommendations as to the operation and administration of the Academy as such Management Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Academy agrees to consider any recommendations by the Management Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations.

So long as the Academy is otherwise in full compliance with its obligations under the Indenture, including following, to the fullest extent practicable, the recommendations of the Management Consultant, it shall not constitute an Event of Default if Debt Service Coverage Ratio for any fiscal year is less than one point one times (1.10x) for such fiscal year (as evidenced by the Academy's audited financial statements for such fiscal year). The Trustee has no duty or obligation to monitor the Academy's compliance with any recommendations of the Management Consultant.

Notwithstanding the immediately preceding paragraph, if the Debt Service Coverage Ratio as of the end of any fiscal year commencing with the fiscal year ending June 30, 2019 is less than one times (1.00x) for such fiscal year (as evidenced by the Academy's audited financial statements for such fiscal year), then the holders of a majority in aggregate principal amount of the Bonds then Outstanding, if the Trustee is indemnified as provided in the Indenture, may: (a) direct the Trustee to declare an Event of Default; and (b) direct the Trustee to exercise one or more of the remedies permitted under the Indenture. If the Debt Service Coverage Ratio is at least one times (1.00x) for such fiscal year as of the end of the fiscal year following the fiscal year in which the Management Consultant's recommendations were implemented, then any subsequent failures to meet the requirements set forth above will give the Bondholders the option to again initiate the procedures set forth above.

Academic Performance

The Academy covenants and agrees that, beginning with the 2018-19 school year and each year thereafter, it will maintain its academic performance at a level above the lowest achieving public schools in the State as determined by the State under Section 1280c of the Revised School Code (MCL §380.1280c). In addition if Section 1280c is subsequently amended to provide a letter grade accountability system (or similar academic accountability system) the Academy further covenants and agrees to maintain a letter grade of a "C" or above (or a comparable measure to a "C"). For a further discussion of Section 1280c see "PUBLIC SCHOOL ACADEMIES IN MICHIGAN – State School/Reform Office ("SRO")" herein.

In the event the Academy is determined under Section 1280c to be among the lowest achieving public schools in the State or alternatively receives a letter grade under Section 1280c below a "C" or a comparable measure, the Academy will promptly employ, at its sole expense, an Educational Consultant to review and analyze the instructional program and curriculum of the Academy, and submit to the Academy and the Trustee a compliance plan wherein the Educational Consultant and the Academy will create benchmarks to assist the Academy so that it is not determined to be among the lowest achieving public schools in the State and receives a letter grade not below a "C" . The Academy agrees to consider all reasonable recommendations by the Educational Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations. The Trustee has no duty or obligation to monitor the Academy's compliance with any recommendations and the Trustee's sole responsibility is to forward such recommendations to the Bondholders. Prior to hiring such Educational Consultant, the Academy shall provide the Trustee with a brief written description of its proposed Educational Consultant. Within 3 Business Days of receipt, the Trustee shall provide a copy of such description to the Bondholders and notify Bondholders that if they have any objections to the hiring of such Educational Consultant they must notify the Trustee in writing within 20 Business Days or they will be deemed to have accepted the hiring of such Educational Consultant by the Academy. The Trustee shall notify the Academy whether or not the Trustee receives any objections. In the event such Educational Consultant is objected to by a Majority Bondholder, the Academy shall promptly choose another Educational Consultant and the same process shall be followed. The Trustee shall certify to the Academy the results of each Bondholder consent process.

So long as the Academy is otherwise in full compliance with its obligations under the Indenture, including following, to the fullest extent practicable, the recommendations of the Education Consultant, it shall not constitute an Event of Default under the Indenture if the Academy fails to meet the academic performance covenant set forth in this section. If requested, the Academy shall provide the Trustee with a written certification that the Academy is, to the fullest extent practicable, in compliance with the recommendations of the Education Consultant and the Trustee shall be fully protected in relying on such written certification.

Limited Obligation

Neither the State nor the Authorizing Body shall be obligated to pay the Series 2018 Bonds or the interest thereon or other costs incident thereto. See "APPENDIX F – FORM OF INDENTURE" herein. Neither the faith and credit of the Authorizing Body nor the taxing power of the State is pledged to the payment of the principal of, premium, if any, or the interest on, the Series 2018 Bonds. The Academy has no taxing power.

PUBLIC SCHOOL ACADEMIES IN MICHIGAN

General

In December of 1993, Michigan became the ninth state to pass charter school legislation. The current charter school statute is codified in Part 6A of Chapter 380 of the Revised School Code, § 380.501 – 380.507 of the Michigan Compiled Laws (M.C.L.). In Michigan, charter schools are known as public school academies, cyber schools or schools of excellence. Public school academies, cyber schools and schools of excellence are state-supported public schools that are funded through the State School Aid Act (1979 PA 94, as amended, M.C.L., 388.1601, *et seq.*) and receive funding through a per pupil base foundation allowance. See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2018 BONDS – State School Aid Source" herein.

On July 30, 1997 the Michigan Supreme Court held that Michigan's public school academy law did not violate Section 2 or 3 of Article VIII of the Michigan Constitution. Further, the 1994 PA 416

repealer is valid and enforceable, requiring remand to the trial court for vacation of the injunction and entry of an order to the Department of Treasury to disburse funds to the public school academies operating under 1993 PA 362." *Council of Organizations and Others for Educ. about Parochiaid, Inc. v. Michigan Dept. of Educ. et. al*., 455 Mich. 557, 556 N.W.2d 208 (Mich. 1997).

As of September 15, 2017, there were 295 public school academies (which include strict discipline academies, urban high schools, cyber schools and schools of excellence) operating in Michigan.[4] These public school academies are authorized as follows: 201 by public universities, 20 by intermediate school districts, 45 by community colleges and 29 by local education agencies. [5] These public school academies serve more than 150,000 students, or approximately 10% of the State's kindergarten through 12th grade population.[6] From 1996 through September 30, 2016, 122 public school academies have been closed. [7] See "RISK FACTORS – Termination, Revocation or Non-Renewal of Charter," "– Recent and Future Changes to Charter School Laws" and "– Recent Actions by Charter Authorizers" herein.

Currently, school boards, intermediate school boards, community colleges and state public universities can all be authorizers but are subject to compliance-review by the State Board of Education. The law does not restrict management contracts with Educational Service Providers (ESPs), although authorizers must review any agreements between an ESP and the public school academy, and an authorizer can disapprove of the agreement only if it is incompatible with applicable law. Additionally, there are conflict of interest restrictions intended to prevent relationships between charters, boards and providers.

Public school academies may operate the same grade configurations at multiple sites, and, effective January 1, 2015, the only remaining caps to the number of public school academies that may be operated by a given authorizer are those relating to "schools of excellence."

Traditional public school law generally governs public school academies. Waivers may be requested for sections of law or rule where the State Superintendent of Public Instruction has legal authority to grant such a waiver. Collective bargaining, however, is not governed by traditional public school law; a 2012 amendment to the law eliminated a provision, applicable to certain public school academies, requiring employees of a public school academy—employed in similar classifications as those in the school district—be covered by the respective collective bargaining agreement(s) applicable in the school district. Public school academy teachers may negotiate as a separate unit with the charter school governing body, or work independently. However, employees hired by a public school academy board are required to participate in the state retirement system; there is no such requirement for employees hired by for-profit management companies. For more information on Public School Academy laws, see "APPENDIX E – SUMMARY OF CERTAIN MICHIGAN STATUTORY PROVISIONS PERTAINING TO PUBLIC SCHOOL ACADEMIES" herein.

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[4] Legislation enacted in 2009 provides that certain public school academies may apply to operate as a cyber-school and that certain high-performing public school academies may apply to be designated as a "school of excellence."

[5] Source: http://www.michigan.gov/documents/mde/Schools_by_Authorizer_396738_7.pdf.

[6] Source: http://www.charterschools.org/facts.

[7] Source: http://www.michigan.gov/documents/mde/Closed_PSA_with_reason_2012.08_396310_7.pdf.

State School Reform Office ("SRO")

In 2009, the Michigan Legislature, in response to the Race to the Top grant incentive program created under the American Recovery and Reinvestment Act of 2009, passed legislation that specified how the State would identify its lowest performing schools and created the School Reform Office ("SRO") to supervise the identified lowest performing schools. This new law codified under Section 1280c of the Revised School Code (M.C.L. § 380.1280c) requires the State Superintendent of Public Instruction to publish annually a list identifying the lowest achieving 5% of all public schools which are designated as "Priority Schools" and to issue an order placing these schools under the supervision of the SRO. See "ACADEMIC PERFORMANCE – Academic Performance and the New Accountability System under the ESSA" and "– Academic Performance and the Prior Accountability System" herein for a summary of the accountability measures.

Under Section 1280c, a Priority School is required to submit a redesign plan to the SRO that adopts one of four federal intervention models identified by the US Department of Education. The SRO then approves, disapproves or requires changes to the redesign plan and provides technical assistance to the Priority School in implementing the redesign plan. Priority Schools are required to remain under the authority of the SRO for a total of four (4) years that includes one (1) year of planning and three years (3) of implementation.

The Legislation also created a State School Reform/Redesign School District (the "Reform District") to be controlled and operated by the SRO. Section 1280c further provides that a Priority School may be placed in the Reform District if the SRO does not approve a redesign plan proposed by a Priority School; or if the SRO determines that the redesign plan is not achieving satisfactory results. If so, the SRO shall serve as the Priority School's de facto superintendent and school board, and shall impose one of the four school intervention models which includes potential closure.

As an alternative to the Reform District, Section 1280c provides that the SRO may recommend that the State Superintendent appoint a chief executive officer ("CEO") to take control of a Priority School if the SRO determines that better educational results are likely to be achieved. If appointed, the CEO is required to impose one of the four intervention models which includes potential closure. Once appointed, the CEO has all of the same powers and duties that the SRO has for Priority Schools placed in the Reform District.

Public school academies and schools of excellence that are designated as a Priority School that do not improve or do not implement the intervention model may be targeted by the SRO for the elimination of certain grades, closure of certain sites or the closure of the entire school.

Recent Actions by the SRO

On January 20, 2017, the SRO published a list of 38 "Schools Identified for the Next Level of Accountability," which includes potential closure. Notices were sent by the SRO to each of these 38 Priority Schools, as well as to the parents of each of the students in these schools. Also, on January 20, 2017, the SRO published an additional list of 35 "Schools At-Risk for Next Level of Accountability," which includes potential closures. In a press release dated January 20, 2017, the SRO stated that the 38 schools identified in its list of "Schools Identified for the Next Level of Accountability" were "at risk of closure."

MDE Partnership Agreements

On March 1, 2017, the Michigan Department of Education ("MDE") sent out a letter to each of the 38 schools on the SRO's list offering to implement a partnership model with each of these schools in

order to avoid potential closure. Under the MDE partnership program, if a partnership agreement was entered into within a 60 day window, the school would not be subject to closure as long as it is in compliance with the terms of the partnership agreement. As of May 3, 2017, 37 of the 38 schools on the SRO's list had entered into partnership agreements with the MDE.

In the Fall of 2017, the MDE began discussions with an additional 27 schools currently designated as Priority Schools regarding partnership agreements.

Comprehensive Support and Improvement Schools ("CSI Schools")

Pursuant to a recent policy announced by the MDE, the State will utilize the definition of Comprehensive Support and Improvement Schools ("CSI Schools") under the "Every Student Succeeds Act" ("ESSA") to determine the lowest performing 5% of schools under Section 1280c of the Revised School Code (formerly identified as "Priority Schools"). Under this policy, the State will identify CSI Schools every three (3) years beginning with the 2016-17 school year. To identify CSI Schools, the State will use the index system under the State's ESSA Plan (the "Plan"). For more information on the ESSA and the Plan, see "ACADEMIC PERFORMANCE – Academic Performance and the New Accountability System under ESSA – *Every Student Succeeds Act ("ESSA")*" herein.

Proposed Amendments to Section 1280c

On February 6, 2018, House Bill 5526 (the "Bill") was introduced in the Michigan Legislature, which would create an Education Accountability Policy Commission (the "Commission"), which would be charged with developing a Statewide school grading system that assigns each public school in Michigan a letter grade between A and F based on its achievement in six specified indicators. The letter grade system would replace the index system under the Plan. On March 1, 2018, a substitute version of the Bill was introduced, which would also require MDE to assign rankings for all public schools based on how a public school relates to comparable schools and how subgroups of students at the school compare to those subgroups Statewide. Additionally, under the substitute Bill, MDE would be required to designate high and low performing public schools based on their grades and rankings.

The substitute Bill would also repeal Section 1280c of the Revised School Code (MCL §380.1280c). Section 1280c created the office of the State School Reform/Redesign Officer ("SRO") and governs the identification of the lowest achieving 5% of public schools and the implementation of a redesign plan under one of the four federal intervention models under the Race-to-the-Top federal incentive program. The substitute Bill would instead identify low-performing schools as CSI Schools, as required under the Plan, and shift the current responsibilities of the SRO to the Commission.

For a further discussion of the Bill, see "ACADEMIC PERFORMANCE – Academic Performance and the New Accountability System under ESSA – *Proposed Revisions to the Accountability System under ESSA: Letter Grade System*" herein.

State Aid Payments

Public school academies (which include cyber schools and schools of excellence[8]), which have no taxing authority, receive the majority of their funding from State Aid Payments, which are derived from a mix of funding sources, including, but not limited to, a Statewide property tax of 6 mills on all taxable property, a State sales and use tax, a real estate transfer tax and a cigarette tax. Since 1994, the

[8] Legislation enacted in 2009 provides that certain public school academies may apply to operate as a cyber-school and that certain high-performing public school academies may apply to be designated as a "school of excellence."

Legislature has historically appropriated funds to establish a per pupil foundation allowance based on projected State revenues as part of the State's budgeting process. The Academy's per-pupil allowances (actual and projected) are shown under "APPENDIX B – FIVE-YEAR FINANCIAL PROJECTION."

State Aid Payments appropriations and the payment schedule for State Aid Payments can be changed by the Legislature at any time. See "RISK FACTORS – Delay in, Reduction or Termination of State School Aid" herein**.**

ACADEMIC PERFORMANCE

Academic Performance and the New Accountability System under ESSA

The State is currently transitioning to a new accountability system to measure academic performance as mandated by ESSA. This new accountability system will replace the prior accountability system which included a Top-to-Bottom School Ranking and Accountability Scorecard. The new accountability system under the Plan will be implemented beginning with the 2017-18 school year. This section contains a discussion of the new accountability system under ESSA. For a discussion of the prior accountability system see "ACADEMIC PERFORMANCE – Academic Performance and the Prior Accountability System" herein.

Every Student Succeeds Act ("ESSA")

On December 10, 2015, President Obama signed the ESSA into law which reauthorizes the Elementary and Secondary Education Act ("ESEA") and replaces the No Child Left Behind Act ("NCLB"). Under ESSA, each state, in conjunction with its local public schools and other stakeholders, is required to develop and submit for approval to the United States Department of Education ("USDE") a statewide accountability system, which will provide statewide annual assessments that are aligned with state determined academic content and achievement standards as well as the appropriate support, improvement, and intervention for low performing schools in the state. Unlike the AYP measurement under NCLB, ESSA provides states and school districts flexibility in developing the statewide accountability system that are tailored to local needs.

On February 14, 2017, the MDE released a draft of the proposed ESSA accountability standards entitled "Michigan's Consolidated State Plan Under the Every Student Succeeds Act" (the "Plan") for public comment. Public comments on the draft Plan were accepted through March 16, 2017. MDE approved the final Plan and, on March 29, 2017, submitted it to the Governor for review. After the Governor's review and approval of the Plan on April 17, 2017, the State submitted the Plan to the United States Department of Education ("USDE"). On August 4, 2017, MDE received preliminary feedback from USDE, requesting additional details on specific sections of the submitted Plan. A revised plan was submitted to USDE on August 11, 2017, and an additional revision to a section of the Plan was submitted to USDE on August 17, 2017. On September 6, 2017, MDE submitted additional USDE-requested changes or clarifications related to the Plan. On October 24, 2017, Michigan received additional interim feedback from USDE, requesting clarification on several sections of the submitted Plan. A revised Plan, providing this information was submitted to USDE on November 1, 2017. On November 15, 2017, Michigan submitted a final plan, incorporating all previous changes to USDE for final review and approval. On November 28, 2017, U.S. Secretary of Education Betsy DeVos announced the approval of Michigan's Plan.

The approved Plan and more information on the further development and implementation of the Plan and the accountability standards under the Plan can be found at www.michigan.gov/mde/essa.

Statewide Accountability System under ESSA

Under the Plan, the State will implement a statewide accountability system that will consist of a transparency dashboard produced annually, coupled with an index-based system to identify comprehensive support, targeted support, and additional targeted support schools on a three-year identification cycle, which will be used to determine future levels of support for a school. The new accountability system under the Plan will be implemented beginning with the 2017-18 school year.

The transparency dashboard under the Plan is the State's preferred option to report a more holistic, data-driven story of what is happening in its schools. The dashboard is being developed for parents and includes many elements beyond what is required under ESSA. The dashboard will be implemented over multiple phases with the initial phase being rolled out at the same time as the State's index based identification system. Further information on the transparency dashboard and the timeline for its development and implementation can be found at: http://www.michigan.gov/documents/mde/SBE_Policy_Statement_on_Transparency_Dashboard_-_FINAL_TT_575834_7.pdf.

The index-based identification system under the Plan will unify and replace the prior Top-to-Bottom School Rankings and Accountability Scorecard. Under the index system, schools will receive an overall school index value ranging from 0-100 that indicates performance across subgroups in multiple data components. The overall school index values will be used for identifying schools for State and federal supports and interventions. Data components included in school index calculations may come from some or all of the following: proficiency growth, English learner progress, graduation rates, attendance rates, assessment participation rates, advanced coursework completion rates, postsecondary enrollment and staffing levels.

Comprehensive Support and Improvement Schools

ESSA requires the identification of CSI Schools, and under ESSA, a CSI School is defined as the lowest performing 5% of schools receiving Title I funds in the State, as well as any school with a 4-year cohort graduation rate of 67% or less. Pursuant to a recent policy announced by the MDE, the State will utilize the definition of CSI Schools under ESSA for all of its schools to determine the lowest performing 5% of schools under Section 1280c of the Revised School Code (formerly identified as "Priority Schools"). Under this policy, the State will identify CSI Schools every three (3) years beginning with the 2016-17 school year. To identify CSI Schools the State will use the index system under the Plan.

Proposed Revisions to the Accountability System under ESSA: Letter Grade System

On February 6, 2018, the Bill was introduced in the Michigan Legislature, which would create an Education Accountability Policy Commission (the "Commission"), which would be charged with developing a school grading system that assigns each public school in Michigan a letter grade between A and F based on its achievement in six specified indicators. Under the Bill, the MDE would administer the system and begin assigning school grades based on achievement by September 1, 2019, and yearly thereafter. The Bill requires the Commission to develop a statewide system of accountability measurements by September 1, 2018. Based on these measurements, beginning September 1, 2019, and yearly thereafter, MDE would assign letter grades to each public school in the State based on the following six indicators: 1) student proficiency in mathematics and English language arts; 2) percentage of all students who achieve adequate growth in mathematics and English language arts on the applicable State assessment; 3) percentage of English language learner students who achieve adequate growth toward proficiency; 4) graduation rates of high school students; 5) rate of chronically absent students; and 6) participation rate for each applicable State assessment.

On March 1, 2018, a substitute version of the Bill was introduced, which would also require MDE to assign rankings for all public schools based on how each public school relates to comparable schools and how subgroups of students at the school compare to those subgroups statewide. Additionally, under the substitute Bill, MDE would be required to designate high and low performing public schools based on their grades and rankings.

The substitute Bill would also repeal Section 1280c of the Revised School Code (MCL §380.1280c). Section 1280c created the office of the State School Reform/Redesign Officer ("SRO") and governs the identification of the lowest achieving 5% of public schools and the implementation of a redesign plan under one of the four federal intervention models under the Race to the Top federal incentive program. The substitute Bill would instead identify low-performing schools as CSI Schools as required under the Plan and shift the current responsibilities of the SRO to the Commission. See "PUBLIC SCHOOL ACADEMIES IN MICHIGAN – State School Reform Office ("SRO")" herein.

Further information on the Bill can be found on the Michigan Legislative website at http://www.legislature.mi.gov/(S(evyfqvl4vckcoqdb44vxrmus))/mileg.aspx?page=getObject&objectName=2018-HB-5526.

Academic Performance and the Prior Accountability System

The State is currently transitioning to a new accountability system to measure academic performance as mandated by the ESSA. This new accountability system will replace the prior accountability system, which included a Top-to-Bottom School Ranking and Accountability Scorecard. The new accountability system under the Plan will be implemented beginning with the 2017-18 school year. This section contains a discussion of the prior accountability system. For a discussion of the new accountability system under ESSA see "ACADEMIC PERFORMANCE – Academic Performance and the New Accountability System under ESSA" above.

ESEA Flexibility Waiver

Title I of the ESEA, as reauthorized by NCLB, required each state, as a condition of receiving funds under the Title I program, to implement a single, statewide accountability system applicable to all its public schools, including charter schools. The NCLB used Adequate Yearly Progress ("AYP") to measure and hold public schools responsible for student achievement. In Michigan, through the 2011-12 school year, AYP has been measured by year-to-year student achievement on the Michigan Education Assessment Program ("MEAP") test for elementary and middle school students, or the Michigan Merit Examination ("MME") test for high school students.

On July 19, 2012, the State of Michigan received a waiver from certain provisions of the NCLB ("ESEA Waiver") in exchange for the State's agreement to develop and implement its plans to improve educational outcomes for all students, close achievement gaps, increase equity, and improve the quality of instruction. Under the waiver, Michigan schools will no longer face sanctions or restructuring upon failure to meet AYP. On August 13, 2015, the State received a three-year extension to its approved ESEA Waiver, which extended the ESEA Waiver through the 2017-18 school year. More information on Michigan's ESEA Waiver can be found at www.mi.gov/eseaflex.

Accountability Scorecard

Beginning with the 2012-13 school year, the State replaced AYP with a Michigan School Accountability Scorecard system ("Accountability Scorecard") in fulfillment of the State's NCLB Waiver. The Accountability Scorecard used a five color coded system to indicate the performance of

schools. Under the Accountability Scorecard, schools were rated "dark green," "light green," "yellow," "orange," or "red," based on how well the school met various academic goals. The information used to rank schools was based on the development of the Top-to-Bottom list of schools and their performance. Each school's Top-to-Bottom ranking was based on student achievement, student growth over time, school improvement over time, and achievement gaps across all five tested subjects (mathematics, reading, science, social studies and writing). The colors under the Accountability Scorecard were based on the amount of possible points a school earns under the different assessment components. *Dark green* was awarded to schools attaining 85% or greater of possible points; *Light green* was awarded to schools attaining at least 70% of possible points but less than 85%; *Yellow* was awarded to schools attaining at least 60% of possible points but less than 70%; *Orange* was awarded to schools attaining at least 50% of possible points but less than 60%; and *Red* was awarded to schools attaining less than 50% of the possible points.

Based on its academic performance for the 2013-14 school year, the Academy was identified in the "yellow" category which means that they attained at least 60% but less than 70% of possible points and/or have a few individual red cells. Due to the replacement of the MEAP test with the M-STEP test, discussed below, the State did not publicly release Accountability Scorecards for the 2014-15 school year. The Academy was also identified in the "yellow" category for the 2015-16 school year.

Top-To-Bottom School Rankings

In conjunction with the Accountability Scorecard, the State also began compiling an annual Top-to-Bottom school list that ranks schools on their student performance in mathematics, reading, writing, science, social studies, and graduation-rate data. For the 2013-14 school year, the Academy was ranked in the 60th percentile in the Top-to-Bottom rankings. Due to the replacement of the MEAP test with the M-STEP test, discussed below, the State did not publicly release the Top-to-Bottom rankings for the 2014-15 school year. For the 2015-16 school year, the Academy was ranked in the 50th percentile in the Top-to-Bottom rankings.

On September 1, 2016, the State released the Priority School list and a list of the lowest achieving 5% of all public schools (discussed below) for the 2014-15 school year, and, on January 20, 2017, the State released a list of Priority Schools and the lowest achieving 5% of all public schools for the 2015-16 school year. The Academy was not identified as a Priority School, nor was it among the lowest achieving 5% of all public schools.

Reward, Focus and Priority School Designations

The Top-to-Bottom list was also used to designate schools as either a "Reward School," a "Focus School," or a "Priority School."

Reward Schools included the top five (5%) percent of schools on the annual Top-to-Bottom ranking of all Michigan schools, the top five percent of schools making the greatest academic progress over the previous four years, and "Beating the Odds" schools which were overcoming traditional barriers to student achievement and were outperforming schools with similar risk factors and demographic makeup. Reward Schools were publicly recognized for their achievements, and the State was considering providing additional flexibility to Reward Schools in the future. As of the 2013-14 school year, there were 330 Reward Schools located in different school districts across the State.

Focus Schools were the ten (10%) percent of schools with the widest gaps. Under the NCLB Waiver, an achievement gap is calculated for all Michigan schools, identifying the gap between the highest and lowest 30 percent of each school's student achievement. The list of Focus Schools includes

some otherwise high-achieving schools that normally would not be expected to have low achieving students. Focus Schools received technical assistance from the State to close the achievement gap and were required to make reports to the State outlining the steps being taken to close the gap.

Priority Schools were those in the bottom five (5%) percent of the annual Top-to-Bottom rankings, and any high school with a graduation rate of less than 60 percent for three consecutive years. As required under State law, Priority Schools are placed under the authority of the SRO and the schools will be required to submit a redesign plan to the SRO that adopts one of four federal intervention models identified by the U.S. Department of Education. The SRO then approves, disapproves or requires changes to the redesign plan and provides technical assistance to the Priority School in implementing the redesign plan. Priority Schools are required to remain under the authority of the SRO for a total of four (4) years that includes one (1) year of planning and three years (3) of implementation. If any Priority School does not implement its intervention model and make substantial growth in student learning, it may be placed in the State School Reform/Redesign School District (the "Reform District") to receive additional support. Public school academies that are designated as a Priority School that do not improve or do not implement the intervention model may be targeted by the SRO for the elimination of certain grades, closure of certain sites or the closure of the entire school.

The Academy is not designated as a Reward School, Focus School, or Priority School based on the most recent data from the 2015-16 school year.

For more information on the SRO, see "PUBLIC SCHOOL ACADEMIES IN MICHIGAN – State School Reform/Redesign Office ("SRO")" herein.

Michigan Student Test of Educational Progress ("M-STEP")

Beginning with the 2014-15 school year, the State replaced the Michigan Education Assessment Program ("MEAP") test with the Michigan Student Test of Educational Progress ("M-STEP"). The M-STEP includes summative assessments designed to measure student growth effectively for today's students. English language arts and mathematics are assessed in grades 3–8, science in grades 4 and 7, social studies in grades 5 and 8, and 11th grade students are tested in science and social studies. See "APPENDIX A – TRILLIUM ACADEMY – ACADEMIC STANDARDS AND PERFORMANCE Michigan Student Test of Educational Progress ("M-STEP")" for more information about the M-STEP.

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DEBT SERVICE REQUIREMENTS*

The table below sets forth the amounts required to be paid with respect to the Series 2018 Bonds assuming no prepayments other than from scheduled mandatory sinking fund redemptions. All amounts shown in the table below are gross debt service prior to the application of any earnings on amounts deposited in the Debt Service Reserve Fund or other funds and accounts established under the Indenture. Interest on the Series 2018 Bonds will be paid on May 1 and November 1 of each year, commencing November 1, 2018. Principal of the Series 2018 Bonds will be paid on November 1 of each year, commencing November 1, 2019.

Year Ending November 1	Principal Amount*	Interest Amount	Total Debt Service
2018			
2019	$ 95,000		
2020	295,000		
2021	305,000		
2022	320,000		
2023	335,000		
2024	350,000		
2025	370,000		
2026	385,000		
2027	405,000		
2028	425,000		
2029	445,000		
2030	470,000		
2031	490,000		
2032	520,000		
2033	545,000		
2034	575,000		
2035	605,000		
2036	635,000		
2037	670,000		
2038	705,000		
2039	1,565,000		
Total	**$ 10,510,000**		

* *Preliminary, subject to change.*

LIMITATION ON ADDITIONAL INDEBTEDNESS AND ADDITIONAL BONDS

The Academy shall be precluded from incurring Additional Bonds and other Indebtedness secured by liens on the Facilities or the Pledged Revenues that are senior to the Mortgage and the security interest in the Pledged Revenues granted by the Indenture. The Academy may incur Additional Bonds and other Indebtedness secured by the Mortgage and the security interest in the Pledged Revenues granted by the Indenture only upon providing to the Trustee a certificate of an Authorized Officer of the Academy, accompanied by a confirming certificate from the Academy's accountant, to the effect that the following requirements have been met:

(a) the Trustee has received a copy, duly certified by the Academy, of the resolution adopted by the Academy authorizing the issuance of such Additional Bonds and other Indebtedness and the execution and delivery of a supplemental indenture, supplementing and amending the Indenture, which supplemental indenture shall not require the approval of the Bondholders of the Series 2018 Bonds Outstanding, providing the date, interest rates and maturities of such Additional Bonds, options and requirements for redemption prior to maturity with respect to such Additional Bonds, deposit of proceeds to the various funds and accounts, including the Debt Service Reserve Fund, and such other terms as may be required by reason of the foregoing and which adopts the applicable provisions of the Indenture;

(b) the Trustee and the Academy have received an opinion of counsel to the Academy in form and substance acceptable to Bond Counsel the satisfaction of which shall be evidenced by the delivery of the opinion of bond counsel required under (d) below;

(c) the Trustee has received a certificate of an Authorized Officer of the Academy to the effect that the Academy is not in default under the Indenture, is not aware of any Events of Default under the Indenture and that such indebtedness may be issued under the Indenture;

(d) the Trustee and the Academy have received an opinion of nationally recognized municipal bond counsel to the effect that: (i) the issuance of such Additional Bonds will not affect adversely the exclusion from gross income for federal income tax purposes of interest on any Outstanding Series 2018 Bonds; and (ii) the Additional Bonds to be delivered will be valid and legal full faith and credit obligations of the Academy in accordance with their terms and will be secured hereunder equally and on a parity with all other Series 2018 Bonds at the time Outstanding under the Indenture as to the assignment to the Trustee of the Trust Estate;

(e) the Trustee has received original executed counterparts of the agreement supplementing and amending the Mortgage (if necessary), and the supplemental indenture supplementing and amending the Indenture;

(f) the Trustee has received a request and authorization to the Trustee on behalf of the Academy and signed by the Authorized Officer of the Academy to authenticate and deliver such Additional Bonds to the purchasers therein identified, upon payment to the Trustee, but for the account of the Academy, of a sum specified in such request and authorization, plus accrued interest thereon, if any, to the date of delivery;

(g) the Trustee will receive from the proceeds of the Additional Bonds or otherwise on the date of delivery of the Additional Bonds an amount equal to the amount by which the Debt Service Reserve Fund Requirement, as re-calculated upon the issuance of the Additional Bonds, exceeds the amount then on deposit in the Debt Service Reserve Fund for deposit into the Debt Service Reserve Fund;

(h) the Trustee and the Academy have received an executed opinion of nationally recognized municipal bond counsel to the effect that (i) the Additional Bonds have been duly authorized, executed and delivered and constitute the legal full faith and credit obligations of the Academy, enforceable in accordance with their terms, subject to normal bankruptcy exceptions, and (ii) the interest on such Additional Bonds is excluded from gross income for federal income tax purposes (unless it is intended that such interest be taxable);

(i) the proceeds of the Additional Bonds are to be used to finance the improvement of the Academy's Facilities or the acquisition or installation of equipment therein or the acquisition, construction and/or renovation of, an additional school facility of the Academy and/or the acquisition or installation of equipment thereon, and the Academy obtains a written report from an independent consultant selected by the Academy who is not within the regular employ of the Academy and has a reputation for skill and experience in such work, which report sets forth and states that: (i) the Net Income Available for Debt Service for the most recent fiscal year in for which audited financial statements are available, is not less than the maximum Principal and Interest Requirement on Long-Term Indebtedness payable in any fiscal year in which the Additional Bonds will be Outstanding (excluding the final year of maturity for the Bonds); and (ii) the estimated Net Income Available for Debt Service for each of the fiscal years following the fiscal year in which it is estimated the improvements, additions, equipment or new facilities financed by the Additional Bonds are to be placed in service, will not be less than one-hundred twenty-five percent (125%) of the estimated Principal and Interest Requirement on Long-Term Indebtedness, in any fiscal year after which such improvements, additions, equipment or new facilities are expected to be placed in service;

(j) The report of independent consultant obtained pursuant to Subsection (i) above also provides a statement of projected revenues and expenditures of the Academy for each of the three fiscal years following the fiscal year in which it is estimated the improvements, additions, equipment or new facilities financed by the Additional Bonds are to be placed in service, showing that projected revenues will exceed projected expenditures in each such fiscal year; and

(k) the rating on the Bonds, if any, will not be adversely affected.

Indebtedness subordinate to the obligations of the Academy under the Indenture and liens on the Facilities, Pledged Revenues or other assets of the Academy securing such subordinate indebtedness are permitted by the Indenture, so long as the same are in amounts not exceeding $350,000.00. Additionally, any notes issued in anticipation of State School Aid shall not exceed thirty-five percent (35%) of the Academy's previous Fiscal Year's audited State School Aid revenues unless approved in writing by the holders of a majority in aggregate principal amount of the Bonds then Outstanding. The Academy may incur Short-Term Indebtedness, provided it is in accordance with State law.

The provisions, covenants and agreements herein set forth to be performed by or on behalf of the Academy shall be for the equal benefit, protection and security of the Bondholders of any and all of the Series 2018 Bonds, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Series 2018 Bonds over any other thereof except as expressly provided in the Indenture.

Notwithstanding clauses (i) and (j) above, the Academy may issue Additional Bonds for the purpose of refunding (whether in advance of maturity or otherwise) any Outstanding Series 2018 Bonds (such Bonds being referred to as "Refunding Bonds"). The issuance of Refunding Bonds shall otherwise comply with the requirements for the issuance of Additional Bonds set forth in the Indenture, with the exception of clauses (i) and (j) above which shall not be applicable. An authorized officer of the

Academy shall provide a certification to the Trustee of compliance with the limitations of the first sentence of this paragraph as a condition to the issuance of such Refunding Bonds.

ACADEMY INFORMATION REPORTING REQUIREMENTS

In addition to providing audited financial statements (see "CONTINUING DISCLOSURE" below and "APPENDIX H – FORM OF CONTINUING DISCLOSURE AGREEMENT" herein), the Academy shall provide to any Beneficial Owner making a request as described in the Indenture, the Participating Underwriter and the Dissemination Agent: (i) simultaneously with delivery to the Authorizer, but not later than one hundred fifty (150) days after the close of each Fiscal Year, its audited financial statements for such Fiscal Year reflecting in reasonable detail the financial position and results of operation of the Academy, together with the audit report by a certified public accountant or firm of independent certified public accountants of suitable experience and responsibility, together with a copy of any management letter delivered by the auditors in connection with such financial statements. The Trustee shall have no duty to review or analyze such financial statements and shall hold such financial statements solely as a repository for the benefit of the Bondholders. The Trustee shall not be deemed to have notice of any information contained therein or deemed to have notice of an event of default which may be disclosed therein in any manner; (ii) simultaneously with delivery to the Authorizer, or if no interim reporting is required under the contract with the Authorizer, within 45 days of the end of each fiscal quarter, unaudited financial statements for such fiscal quarter reflecting revenues and expenses in comparative form with the Academy's operating budget; and (iii) promptly, upon receipt by the Academy from the Authorizer, a copy of any report or notification required under the charter contract with the Authorizer regarding a violation or possible violation of the terms of the charter contract which would give grounds for the Authorizer to begin the revocation process, as well as any response by the Academy required under the terms of the charter contract with the Authorizer.

Pursuant to the Indenture, the Academy further agrees that it will maintain and make available to the Trustee proper books and records and accounts of all of its operations with full, true and correct entries of all its dealings substantially in accordance with practices generally used for public school accounting in the State and such other data and information as may reasonably be requested from time to time by the Trustee on behalf of itself or for the benefit of or at the request of the Bondholders. The Academy also agrees that it shall comply with the disclosure requirements set forth in the Continuing Disclosure Agreement. The Academy shall also provide to the Trustee, pursuant to the Indenture, certain information relating to its audited and unaudited financial statements and notices or reports required under its Charter. Upon the request of any Bondholder, the Trustee is required to submit certain information to the Municipal Securities Rulemaking Board for posting on the EMMA website.

RISK FACTORS

This Official Statement contains summaries of pertinent portions of the Series 2018 Bonds and the Indenture. Such summaries and references are qualified in their entirety by reference to the full text of such documents. The following discussion of some of the risk factors associated with the Series 2018 Bonds is not, and is not intended to be, exhaustive, and such risks are not necessarily presented in the order of their magnitude.

This Official Statement does not describe all of the risks of an investment in the Series 2018 Bonds and the Underwriter disclaims any responsibility to advise prospective investors of such risks as they exist at the date of this Official Statement or as they change from time to time. Prospective investors should consult their own legal and tax advisors as to the risks entailed by an investment in the Series 2018 Bonds and the suitability of investing in the Series 2018 Bonds in light of their particular circumstances. Prospective investors should be able to bear the risks relating to an investment in the Series 2018 Bonds and should carefully consider, among other factors, the matters described below.

Speculative Investment

Purchase of the Series 2018 Bonds involves a high degree of risk, and the Series 2018 Bonds are a speculative investment. Any investor who, because of financial condition, is unable to bear the loss of an investment in the Series 2018 Bonds, or who, because of investment policies or otherwise, does not desire to assume, or have the ability to bear, the risks inherent with an investment in the Series 2018 Bonds, should not purchase the Series 2018 Bonds. See also "RISK FACTORS – Sufficiency of Revenues" below. The Series 2018 Bonds are not rated.

The Series 2018 Bonds may exhibit price fluctuations due to the changes in interest rate or bond yield levels. As a result, the value of the Series 2018 Bonds may fluctuate significantly in the short-term. Further, such securities have a less liquid resale market. As a result, potential investors may have difficulty selling or disposing of the Series 2018 Bonds quickly in certain markets or market conditions. There can be no assurance that there will be a secondary market for the Series 2018 Bonds.

Sufficiency of Revenues

The Series 2018 Bonds are secured by and payable solely from revenues of the Academy pledged under the terms and conditions of the Indenture and as otherwise described therein. Based on present circumstances (i.e., its Charter and operating history), the Academy believes it will generate sufficient revenues to meet its obligations under the Indenture. However, the Academy's Charter may be terminated or not renewed or the basis of the assumptions utilized by the Academy to formulate this belief may otherwise change and no representation or assurance can be made that the Academy will continue to generate sufficient revenues to meet its obligations.

If actual student enrollment is lower than projected, there will be commensurate reductions in State School Aid payable to the Academy, which will have an adverse effect on the financial condition of the Academy, including on its ability to pay debt service on the Series 2018 Bonds. See "APPENDIX A – TRILLIUM ACADEMY – Historical and Projected Revenues and Expenses" herein.

Dependence on State School Aid Payments; State School Aid Payments Subject to Annual Appropriation

The Academy may not charge tuition and has no taxing authority. The primary source of revenue received by the Academy is the per pupil foundation allowance provided by the State for all public schools (including public school academies). The amount of State School Aid received by any individual school (including the Academy) is based upon its per pupil enrollment. The amount of State School Aid available in any year to pay the per pupil allowance is subject to appropriation by the Michigan Legislature. The Legislature may not appropriate funds, or may not appropriate funds in a sufficient amount, to enable the Academy to pay debt service on the Bonds and to meet its general operating expenses. Similarly, the State allocation per student could be reduced or not keep pace with expenses such that the aggregate State School Aid payments to the Academy are inadequate to allow the Academy to pay its operating expenses and debt service on the Series 2018 Bonds. No liability shall accrue to the State in such event, and the State will not be obligated or liable for any future payments or any damages in such event. In the event the State were to withhold the payment of moneys from the Academy for any reason, even a reason that is ultimately determined to be invalid or unlawful, it is likely the Academy would be forced to cease operations.

Delay in, Reduction or Termination of State School Aid

Any event that would cause a delay, reduction or elimination of State School Aid payments would have a material adverse effect on the ability of the Academy to make debt service payments on the

Series 2018 Bonds. The Michigan legislature is required to balance the budget and if it does not, the proration provisions of the School Aid Act become effective. The proration provisions essentially roll back the per pupil allowance. Section 11 of the School Aid Act states that if appropriations exceed the amount available for expenditure from the School Aid Fund in any given year, then the State must prorate certain payments to public schools in order to eliminate the shortfall. In previous fiscal years, the State has applied across-the-board cuts to eliminate shortfalls which have resulted in a reduction of the Academy's per pupil foundation allowance. No representation can be made that future fiscal periods will not be subject to similar budget shortfalls. Any reduction in State School Aid payments could have a material adverse effect on the ability of the Academy to make payments on the Series 2018 Bonds under the Indenture.

Recent and Future Changes to Charter School Laws

The School Aid Act is subject to modification by the Michigan Legislature, subject only to certain Constitutional parameters. The amount, timing and methodology for calculation of State School Aid has changed significantly in recent years, and is subject to future legislative changes.

Further, the Michigan Legislature has amended the public school academy laws since they were first enacted in 1993 which have made significant changes to the laws governing Michigan public school academies.

In 2009, the Michigan Legislature, in response to the Race to the Top grant incentive program created under the American Recovery and Reinvestment Act of 2009, passed legislation that specified how the State would identify its lowest performing schools and created the SRO to supervise the identified lowest performing schools. This law requires the State Superintendent of Public Instruction to publish annually a list identifying the lowest achieving 5% of all public schools which are designated as "Priority Schools." A Priority School is required to submit a redesign plan to the SRO that adopts one of four federal intervention models identified by the US Department of Education. The SRO then approves, disapproves or requires changes to the redesign plan and provides technical assistance to the Priority School in implementing the redesign plan. Priority Schools are required to remain under the authority of the SRO for a total of four (4) years that includes one (1) year of planning and three years (3) of implementation. The legislation also created a State School Reform/Redesign School District (the "Reform District') to be controlled and operated by the SRO. If the SRO does not approve a Priority School's redesign plan or the Priority School cannot achieve the established goals under its redesign plan the legislation requires that the SRO place the Priority School in the Reform District.

Public school academies that are designated as a Priority Schools that do not improve or do not implement the intervention model may be targeted by the SRO for the elimination of certain grades, closure of certain sites or the closure of the entire school.

For more information on these laws, see "APPENDIX E – SUMMARY OF CERTAIN MICHIGAN STATUTORY PROVISIONS PERTAINING TO PUBLIC SCHOOL ACADEMIES" herein.

Future amendments to the law may adversely affect the Academy, for example, by reducing the maximum amount payable by the State for students enrolled by the Academy, by limiting the amount of such State School Aid payments that may be pledged to obligations such as the Series 2018 Bonds, by withholding a percentage of the State School Aid payments if a public school academy is deemed not to be in compliance with its charter or State and federal laws, by decreasing the maximum length of a charter contract's term, by requiring a State body to make an assessment of each school's effectiveness every year, by limiting the number of students for which State funds are available, by mandating new facility or program requirements which may cost more than has been projected, by revising the relative

responsibilities between public schools and the State for financing schools (including public school academies) or by eliminating the authority for public school academies.

Termination, Revocation or Non-Renewal of Charter

The Academy is authorized under its Charter, issued by the Authorizing Body. Such Charter confirms the status of the Academy as a public school academy and provides for oversight of the Academy's compliance with all applicable state and federal laws pertaining to public school academies. The current Charter is a five (5) year contract that was renewed effective June 1, 2015 and expires on June 30, 2020, and will then be subject to further renewal. The Charter provides the basis for the Academy to receive State School Aid funds.

The Charter provides for the termination, suspension and revocation thereof. The Charter provides that the Academy may terminate the Charter at any time for any reason by presenting to the Authorizing Body a certified resolution requesting termination, provided that unless otherwise agreed to by the Academy and the Authorizing Body, the Charter will terminate at the end of the school year in which such request for termination is made. Under the Indenture, the Academy covenants to maintain its existence as a public school academy under Michigan law so long as the Bonds are outstanding. The Authorizing Body has made no such covenant and could terminate the Charter at any time.

A list of grounds for the terminating, suspending or revoking the Charter under the Michigan law and the Charter are included under "APPENDIX A – TRILLIUM ACADEMY – THE CHARTER AGREEMENT."

The designation of the Academy as a "Priority School" shall constitute a material breach of the Charter. Upon such designation the Authorizing Body shall send notice to the Academy Board of the material breach of the Charter. The Academy shall develop a corrective action pursuant to the Charter, which may remedy the material breach. In addition to other matters, the corrective action plan shall include the Academy's redesign plan pursuant to State law. The development of a corrective action plan does not in any way limit the rights of the Authorizing Body to revoke, suspend, or terminate the Charter. Placement in the Reform District pursuant to State law may also result in the termination of the Charter at the end of the current fiscal year in which the Academy was placed in the Reform District.

For the 2015-16 school year Top-to-Bottom rankings, the Academy was ranked in the 50th percentile.[9] See "RISK FACTORS – Academic Performance and the Prior Accountability System," "– State School Reform/Redesign Office ("SRO") and Priority Schools" herein and "APPENDIX A – ACADEMIC STANDARDS AND PERFORMANCE – Academic Performance and the Prior Accountability System – Top-to-Bottom School Rankings" and "Reward, Focus an Priority School Designations."

As a matter of Michigan law, decisions to renew or not renew the Academy's charter are in the sole discretion of the Authorizing Body. The Academy's Charter may be terminated, suspended or revoked by the Authorizing Body at any time prior to the expiration of the Charter term. On September 23, 1997, the Attorney General of Michigan issued a formal opinion that an authorizing body's decision to revoke a charter or decline to renew a charter for the operation of a public school academy is not subject to judicial review under State law. See "APPENDIX A – TRILLIUM ACADEMY – THE CHARTER AGREEMENT."

[9] https://www.mischooldata.org/DistrictSchoolProfiles/ReportCard/AccountabilityScorecard/AccountabilityScorecard.aspx.

IN THE EVENT THAT THE AUTHORIZER TERMINATES, REVOKES, SUSPENDS OR DOES NOT RENEW THE ACADEMY'S CHARTER, OR IF THE ACADEMY IS UNABLE TO SECURE CHARTER APPROVAL BY ANOTHER AUTHORIZING BODY, THE ABILITY OF THE ACADEMY TO MAKE PAYMENTS UNDER THE INDENTURE COMING DUE THEREAFTER WOULD BE MATERIALLY ADVERSELY AFFECTED.

Pursuant to Section 18b of the State School Aid Act, in the event that the Academy (i) is ineligible to receive funding under the State School Aid Act for 18 consecutive months; (ii) the Academy's Charter is revoked; or (iii) the Academy's Charter is not reissued by the Authorizing Body, then property, including title to such property, acquired substantially with funds received from the State pursuant to the State School Aid Act is required to be transferred to the State. The State Treasurer, or his or her designee, is authorized to dispose of property transferred to the State pursuant to Section 18b of the State School Aid Act. Except as otherwise provided in Section 18b of the State School Aid Act, the State Treasurer shall deposit in the State School Aid Fund any money included in that property and the net proceeds from the sale of the property or interests in the property, after payment by the State Treasurer of a public school academy debt secured by the property or interest in the property.

See "RISK FACTORS – Limited Authorizing Body Approval of the Series 2018 Bonds," "– Recent and Future Changes to Charter School Laws" and "– Recent Actions by Charter Authorizers" herein.

Limited Authorizing Body Approval of the Series 2018 Bonds

The Purchase Agreement (as defined under the heading "UNDERWRITING") will require, as a condition to the delivery of and payment for the Series 2018 Bonds, that the Authorizing Body deliver a certificate expected to state: (a) that the Authorizing Body has issued the Academy a Charter and, (b) that, as of the date of the certificate, the Academy has not been placed on formal probationary status and the Authorizing Body has not notified the Academy of any proceeding by the Authorizing Body which the Authorizing Body is initiating to revoke, terminate or suspend the Academy's Charter.

No assurance can be given that the Authorizing Body will not revoke, suspend, terminate or fail to renew the Academy's Charter in the future, including based upon conditions existing prior to or as of the date of issuance of the Series 2018 Bonds.

Recent Actions by Charter Authorizers

As of September 15, 2017, there were 295 public school academies (which include strict discipline academies, urban high schools, cyber schools and schools of excellence) operating in Michigan. [10] These public school academies are authorized as follows: 201 by public universities, 20 by intermediate school districts, 45 by community colleges and 29 by local education agencies. [11] These public school academies serve more than 150,000 students, or approximately 10% of the State's kindergarten through 12th grade population.[12] From 1996 through September 30, 2016, 122 public school academies have been closed. [13] See "RISK FACTORS – Termination, Revocation or Non-Renewal

[10] Legislation enacted in 2009 provides that certain public school academies may apply to operate as a cyber-school and that certain high-performing public school academies may apply to be designated as a "school of excellence."

[11] Source: http://www.michigan.gov/documents/mde/Schools_by_Authorizer_396738_7.pdf.

[12] Source: http://www.charterschools.org/facts.

[13] Source: http://www.michigan.gov/documents/mde/Closed_PSA_with_reason_2012.08_396310_7.pdf.

of Charter," "Limited Authorizing Body Approval of the Series 2018 Bonds," "– Recent Actions by Charter Authorizers" and "– Recent and Future Changes to Charter School Laws" herein.

Economic and Other Factors

Future economic and other factors may adversely affect the Academy's revenues and expenses and, consequently, the Academy's ability to make debt service payments under the Indenture. Among the factors that could have such adverse effects are: decreases in the number of students seeking to attend the Academy at optimum levels for each grade level; the ability of the Academy to provide the education desired and accepted by the population served; economic developments in the affected service area; diminution of the Academy's reputation in its field; competition from other educational institutions or public school academies, private schools and public schools; lessened ability of the Academy to attract and retain qualified teachers and staff at salaries that permit payment of debt service and expenses; increased costs associated with technological advances; changes in government regulation of the education industry or in the State public school academy statutes; future claims for accidents at the Academy's sites and the extent of insurance coverage for such claims; decrease in per-student funding amounts by the State; and the occurrence of natural disasters such as floods and tornados.

Operating History; Reliance on Projections

The ability of the Academy to make debt service payments when due is dependent on State School Aid payments to be received by the Academy as payment for educating students. The Academy has conducted operations since 2002. The projections of revenues and expenses contained in "APPENDIX B – FIVE-YEAR FINANCIAL PROJECTION" were prepared by the Academy with information provided by the Manager, and has not been independently reviewed or verified by any other party. In particular, the Underwriter has not independently verified such projections, and makes no representations nor gives any assurances that such projections, nor the assumptions underlying them, are complete or correct. Further, the projections relate only to the fiscal years of the Academy ending June 30, 2018 through June 30, 2022, and consequently do not cover the entire period that the Series 2018 Bonds will be outstanding.

The projections are derived from the actual operation of the Academy and from the Academy's and the Manager's assumptions about future student enrollment and expenses. There can be no assurance that the actual enrollment revenues and expenses for the Academy will be consistent with the assumptions underlying the projections contained herein. Moreover, no guarantee can be made that the projections of revenues and expenses contained herein will correspond with the results actually achieved in the future because there is no assurance that actual events will correspond with the assumptions made by the Academy. Actual operating results may be affected by many factors, including, but not limited to, increased costs, lower than anticipated revenues (as a result of insufficient enrollment, reduced State School Aid funds, or otherwise), employee relations, changes in taxes, changes in applicable government regulation, changes in demographic trends, changes in elementary and secondary education competition and changes in local or general economic conditions. Refer to "APPENDIX B – FIVE-YEAR FINANCIAL PROJECTION" to review certain of the projections and to consider the various factors that could cause actual results to differ significantly from projected results.

NO GUARANTEE CAN BE MADE THAT THE PROJECTED INFORMATION WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE BECAUSE THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS MADE BY THE ACADEMY. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, INCREASED COSTS, LOWER THAN ANTICIPATED REVENUES (AS A RESULT OF INSUFFICIENT ENROLLMENT, REDUCED STATE SCHOOL AID FUNDS, OR OTHERWISE), EMPLOYEE

RELATIONS, CHANGES IN TAXES, CHANGES IN APPLICABLE GOVERNMENTAL REGULATION, CHANGES IN DEMOGRAPHIC TRENDS, CHANGES IN ELEMENTARY AND SECONDARY EDUCATION COMPETITION AND LOCAL OR GENERAL ECONOMIC CONDITIONS.

The Academy's Operation as a Public School Academy

The Academy is a Michigan non-profit corporation, body corporate and governmental agency formed under the laws of the State. The Academy has limited assets other than its interest in the Facilities. No assurance can be given that the Academy will be able to operate as a public school academy in a manner that will generate sufficient revenues to meet the debt service requirements of the Series 2018 Bonds. A public school academy may not charge tuition to a student attending the academy. Public school academies receive State funding on a per pupil basis to support their operations. See "PUBLIC SCHOOL ACADEMIES IN MICHIGAN" herein.

Since the Academy has limited assets other than its interest in the Facilities, its failure to derive revenues sufficient to meet its obligations under the Indenture would materially impair the Academy's ability to make the payments under the Indenture when due. If there is a shortfall in State School Aid that renders the Academy unable to pay the payments under the Indenture in full, the failure to make such payments in full would constitute an event of default under the Indenture. See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2018 BONDS – The Indenture" herein.

The Nature of the Projection

The projected enrollment and the financial projections included in "APPENDIX B – FIVE-YEAR FINANCIAL PROJECTION" (the "Projection") are based upon assumptions made by management of the Academy. There are usually differences between projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. In addition, the Projection relates only to the fiscal years of the Academy ending June 30, 2018 through June 30, 2022, and consequently does not cover the entire period that the Series 2018 Bonds may be outstanding. Prospective investors in the Series 2018 Bonds should read "APPENDIX B – FIVE-YEAR FINANCIAL PROJECTION" in its entirety.

NO GUARANTEE CAN BE MADE THAT THE PROJECTION WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE BECAUSE THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS MADE BY MANAGEMENT OF THE ACADEMY. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, INCREASED COSTS, LOWER THAN ANTICIPATED REVENUES (AS A RESULT OF INSUFFICIENT ENROLLMENT, REDUCED STATE SCHOOL AID FUNDS, CONCESSIONS OR OTHERWISE), EMPLOYEE RELATIONS, CHANGES IN TAXES, CHANGES IN APPLICABLE GOVERNMENTAL REGULATION, CHANGES IN DEMOGRAPHIC TRENDS, CHANGES IN ELEMENTARY AND SECONDARY EDUCATION GENERALLY, COMPETITION AND LOCAL OR GENERAL ECONOMIC CONDITIONS.

Assumptions Regarding Enrollment and State School Aid

The Projection contains information material to a decision to purchase the Series 2018 Bonds and should be read by potential investors in its entirety. The Projection contains: (a) projections of State School Aid and other sources of revenues, and foundation allowance; (b) projections of future student enrollment; (c) projections of expenditures; and (d) debt service requirements of the Series 2018 Bonds. The Projection sets forth a number of assumptions on which the Projection is based, including but not

limited to, the projected enrollment of the Academy and the per student amounts to be paid by the State. Such assumptions are based on present circumstances and information currently available, which was furnished by the Academy, as well as other sources. Such information may be incomplete and may not necessarily disclose all material facts that might affect the Academy and the analysis contained in the Projection. Accordingly, prospective investors should carefully evaluate the assumptions and other information in the Projection in the light of the circumstances then prevailing. The Projection has been included herein in reliance upon the knowledge and experience of the Academy in the management of public school academies. The accuracy of the Projection is dependent on the occurrence of specified assumptions and other future events, which cannot be assured, and therefore, the actual results achieved during the period will vary from those projected and those differences may be material and adverse. See "APPENDIX B – FIVE-YEAR FINANCIAL PROJECTION" herein. The Underwriter has not independently verified the statistical data included therein and makes no representations nor gives any assurances that such data are complete or correct. Further, the Underwriter makes no representations nor gives any assurances that the assumptions incorporated in the Projection are valid. The ability of the Academy to achieve and maintain on a continuing basis financially sustaining levels of enrollment at the Academy is subject to a number of factors. The ability of the Academy to attract students on a continuing basis will be dependent on many factors including, but not limited to, the physical condition of the Facilities, the programs provided for students, and the supply of other traditional public schools, private schools, schools of excellence and public school academies in the community in which the Facilities are located. In addition, the Projection is only for the fiscal years ending June 30, 2018 through June 30, 2022, and consequently does not cover the entire period during which the Series 2018 Bonds may be outstanding.

Any event that would cause a delay, reduction or elimination of the State School Aid would have a material adverse effect on the ability of the Academy to make payments due under the Indenture. See "RISK FACTORS – Dependence on State School Aid Payments; State School Aid Payments Subject to Annual Appropriation;" "– Delay in, Reduction or Termination of State School Aid;" and "– Legislative and Non-Appropriation Risk" herein.

Existing and Prospective Operations Generally

The revenues and expenses associated with the existing and prospective operations of the Academy will be affected by future events and conditions relating generally to, among other things, demand in the Academy's service area for educational services, the ability of the Academy to continue to provide the kinds of facilities and educational services desired or required by the student population, economic developments in the affected service area, competition from existing or future facilities and providers, the ability of the Academy to maintain high enrollment levels in the Facilities and the ability to continue to receive State School Aid sufficient for the payment of all related costs of operation.

The Academy is a public school academy and unlike traditional public schools, does not have an existing base of constituents from which pupils are drawn. As of the 2017-18 Fall Count Date, the number of full-time students enrolled for the 2017-18 school year was 586.

The Academy will need to attract and maintain a large student population to generate revenue to pay operating costs and debt service. State School Aid received by the Academy from the State is allocated on a per pupil basis. The Academy is subject to competition from other schools in its service area providing similar or comparable services and no assurance can be given that the Academy will be able to attract and maintain students adequate in number to provide sufficient revenues to pay amounts due under the Indenture. There are competing public schools, private schools and public school academies in the Academy's service area and there can be no assurance that additional competing facilities will not be established or constructed in the future.

No assurances can be given that the Academy will continue to have funds for the payment of amounts due under the Indenture. Accordingly, the likelihood that there will be sufficient funds to pay the principal of, premium, if any, and interest on the Series 2018 Bonds is dependent upon certain factors which include, but are not limited to, (a) the continuing need of the Academy for the Facilities, (b) the ability of the Academy to obtain funds (including State School Aid) to pay obligations associated with the Indenture, (c) the demographic conditions within the service area of the Academy, and (d) the value of the Facilities and other assets of the Academy upon foreclosure sale under the Mortgage instituted by the Trustee pursuant to the Indenture and Mortgage and upon exercise of the remedies available under the Indenture.

Competition for Students

The Academy competes for students with other public school academies, traditional public school districts, and private schools. The Academy's students may come from anywhere within the State. The intermediate school district in which the Academy is located is Wayne County Regional Educational Service Agency ("RESA"). The RESA serves approximately 290,000 students; it supports 33 public school districts and 108 public school academies.[14] There can be no assurance that the Academy will attract and retain the number of students that are needed to produce the pledged revenues that are necessary to pay the debt service on the Series 2018 Bonds. Several public school academies, public schools and private schools are located in close proximity to the Academy. Under recently-enacted legislation, public school academies may, with the concurrence of their authorizing body, replicate multiple configurations of the same grades at separate sites. Additionally, effective January 2015, there is no limit to the number of charters State universities may authorize. These provisions could create additional competition for students in the Academy service area. See "APPENDIX A – TRILLIUM ACADEMY – SERVICE AREA AND COMPETING SCHOOLS" herein for information regarding other schools in the Academy's service area and schools that compete with the Academy.

Public School Academies Generally

The operations of the Academy relate primarily to the ownership and operation of a public school academy with a campus located in the State. Such operations are dependent on sufficient demand for such Facilities, adequate revenues from enrollment at the Facilities and control of expenses. The operation of a public school academy is highly regulated through the Charter and by the Authorizing Body and the State Department of Education. A public school academy may not charge tuition to a student attending the academy. The failure of the Academy to meet the requirements of the regulations, termination, revocation or nonrenewal of the Academy's Charter by the Authorizing Body, or its designee, or the inability to secure a charter from another authorizing body would have a material adverse effect on the ability of the Academy to make payments due under the Indenture. See "RISK FACTORS – Revocation or Non-Renewal of Charter," "– Limited Authorizing Body Approval of the Series 2018 Bonds," "– Recent and Future Changes to Charter School Laws" and "– Recent Actions by Charter Authorizers" herein.

Academic Performance and the New Accountability System under ESSA

The State is currently transitioning to a new accountability system to measure academic performance as mandated by the Every Student Succeeds Act ("ESSA"). This new accountability system will replace the prior accountability system which included a Top-to-Bottom School Ranking and Accountability Scorecard. The new accountability system under the Plan will be implemented beginning with the 2017-18 school year. The failure of the Academy to meet the standards under the new

[14] Wayne RESA

accountability system could have a material adverse effect on the ability of the Academy to maintain its Charter and to make payments due under the Indenture. For a further discussion of the ESSA, the prior accountability system, and the new accountability system, see "ACADEMIC PERFORMANCE" herein.

State School Reform/Redesign Office ("SRO") and Priority Schools

Public school academies and schools of excellence that are designated as a Priority School that do not improve or do not implement the intervention model may be targeted by the State School Reform/Redesign Office for the elimination of certain grades, closure of certain sites or the closure of the entire school. The Academy is not currently designated as a Priority School, however there can be no guarantee that the Academy will not be designated as a Priority School in the future. For further discussion regarding Priority Schools and the recent actions of the State School Reform/Redesign Office in Michigan see "PUBLIC SCHOOL ACADEMIES IN MICHIGAN" herein.

No Taxing Authority

The Academy is a Michigan public school academy and has no taxing power. The Academy does not possess the ability to assess ad valorem taxes now or in the future. As such, the Academy is completely dependent upon State School Aid revenues to pay the payments due under the Indenture. Any event that would delay, reduce or eliminate State School Aid moneys from the State would have a material adverse effect on the ability of the Academy to make payments under the Indenture coming due thereafter. See the "RISK FACTORS" section, including "Revocation or Non-Renewal of Charter" and "Delay in, Reduction or Termination of State School Aid" herein.

Current Economic Conditions

Michigan has been impacted by economic conditions over the last decade more seriously than many other states, and the effects of the economic crisis are likely to continue. The unemployment rate in Michigan peaked at 14.2% in August 2009, but dropped to 8.9% by December 2012. As of October 2017, the Michigan unemployment rate of 4.5% compared with the national unemployment rate of 4.1%. Michigan has also lost population, with the 2010 U.S. Census showing that the population dropped by 0.6% from 2000 to 2010, while the population of the United States as a whole increased by 9.7%. The Academy is located in and draws almost all of its students from Wayne County. According to the 2016 census estimates, the County's population was 1,749,366, a 3.91% decline from the 2010 census. The County's unemployment rate peaked at 18.7% in June of 2009, but was 4.5% as of November 2017.

Such economic and demographic conditions could have an adverse effect on funding available for kindergarten through 12th grade education in the State and on student enrollment.

Legislative and Non-appropriation Risk

Even though the State is obligated under the Michigan Constitution to support public education in the State, the State is not obligated to continue to finance public education through State School Aid or continue to support public education via public school academies. Any change in the Michigan Constitution of 1963, the enabling legislation that created public school academies or failure by the legislature of the State of Michigan to appropriate funds sufficient to fund the operation of public school academies could have a material adverse effect on the ability of the Academy to make payments under the Indenture coming due thereafter.

Any event that would cause a delay, reduction or elimination of the State School Aid would have a material adverse effect on the ability of the Academy to make any payments due under the Indenture

coming due thereafter. See "RISK FACTORS – Delay in, Reduction or Termination of State School Aid" herein.

Limitation of Pledged Revenues

Not more than twenty percent (20%) of the State School Aid funds to be received by the Academy for a given fiscal year may be legally available to pay scheduled installment payments and other payments due with respect to the Series 2018 Bonds and other long-term debt of the Academy. Upon the issuance of the Series 2018 Bonds, the portion of the Academy's State School Aid funds to be received for a given year to be used to pay scheduled installment payments and other payments on the Series 2018 Bonds and other long-term debt of the Academy is projected for the next five (5) school years to be less than 20% of these State School Aid Funds for a given year. See "APPENDIX B – FIVE-YEAR FINANCIAL PROJECTION" herein.

Performance of Academy Management

The Academy has contracted with the Manager for certain business and educational services. No assurances can be made that the Manager will continue to operate school facilities or remain financially able to perform its obligations under the management agreement, and public school academy authorizing bodies have on occasion required the removal of management companies. If the Manager ceases to serve in its capacity for the Academy, the Academy's ability to continue the operation of the School would in a large part be dependent upon the Academy's ability to operate, manage and maintain the School itself or to contract with another company competent to operate, manage and maintain the School. Its failure to do either would materially adversely affect the Academy's ability to make the payments due under the Indenture. For additional information regarding the Manager, see "APPENDIX A – TRILLIUM ACADEMY – EDUCATIONAL SERVICE PROVIDER" herein.

Inability to Perfect Security Interest in Academy Personal Property Under Article 9 of Michigan Uniform Commercial Code

Under the terms of the Indenture, the Academy has granted a security interest to the Trustee in its Pledged Revenues to secure the Bonds. "Pledged Revenues" means, regardless of the source, all revenues, rentals, fees, third-party payments, receipts, donations, contributions or other income of the Academy, to the extent permitted thereby and by law, including accounts receivables or other rights to receive such revenues, including, without limitation, State Aid Payments, proceeds derived from insurance, condemnation proceeds, accounts, contract rights and other rights and assets, whether now or hereafter owned, held or possessed by the Academy; and all gifts, grants, bequests and contributions (including income and profits therefrom) to the extent permitted by the terms thereof and by law.

Under the terms of the Mortgage, the Academy has granted a security interest to the Trustee in certain personal property to secure the Bonds, including without limitation:

(a) all present and future "equipment" (as defined in Article 9 of the Uniform Commercial Code of the State of Michigan, as in effect from time to time (the "Michigan UCC")), machinery, apparatus, fittings, fixtures, and articles of personal property of every kind and nature whatsoever, other than consumable goods, now or hereafter located in or upon the mortgaged property or any part thereof and used or useable in connection with any present or future operation of the mortgaged property or any building or buildings now or hereafter on the mortgaged property and now owned or hereafter acquired by the Academy; and

(b) all accounts, general intangibles and contract rights (including any right to payment thereunder, whether or not earned by performance) of any nature relating to the foregoing or the use,

occupancy, maintenance, construction, repair or operation thereof; all management agreements, franchise agreements, utility agreements and deposits, building service contracts, maintenance contracts, construction contracts and architect's agreements; all maps, plans, surveys and specifications; all warranties and guaranties; all permits, licenses and approvals; and all insurance policies, books of account and other documents relating to the use, construction upon, occupancy, leasing, sale or operation of the mortgaged property, the improvements thereon, or all or any other portion of the mortgaged property.

Under the terms of the Michigan UCC, a security interest granted by the Academy cannot be perfected under Article 9 of the Michigan UCC, because the Academy is a "governmental unit" as such term is defined in Section 9-102(rr) of the Michigan UCC (MCL 440.9102). Section 9-109(4)(m) of the Michigan UCC (MCL 440.9109) excludes from Article 9 of the Michigan UCC any transfer by a governmental unit. As a result, the Trustee's security interest in the Pledged Revenues and any personal property collateral described in the Mortgage and Indenture cannot be perfected under Article 9 of the Michigan UCC so long as the Academy qualifies as a "governmental unit" under the Michigan UCC. It is expected that the Academy will continue to qualify as a governmental unit for purposes of Article 9 of the Michigan UCC so long as the Academy's Charter to operate as a public school academy remains in effect.

In the absence of a perfected security interest under Article 9 of the Michigan UCC in the personal property collateral pledged by the Academy to secure the Bonds, the Trustee will not have the protections of the Michigan UCC with respect to such personal property collateral, which could impair the Trustee's ability to protect the priority of its lien and/or enforce its security interest in such personal property collateral.

Remedies May be Unenforceable

Remedies provided for in the Mortgage and the Indenture may be unenforceable as a result of the application of principles of equity or of state and federal laws relating to bankruptcy, other forms of debtor relief, and creditors' rights generally. Furthermore, it is not certain whether a court would permit the exercise of the remedies of repossession and sale or leasing with respect thereto. The enforcement of any remedies provided in the Mortgage and the Indenture could prove both expensive and time consuming.

Collateral Insufficiency

In the event of a default under the Indenture, the indebtedness thereunder may be accelerated and the Mortgage foreclosed by the Trustee.

A potential purchaser of the Series 2018 Bonds should not assume that it will be possible to obtain proceeds from the foreclosure of the Mortgage and the sale of the Facilities or from the sale of personal property secured by the Mortgage after a foreclosure of the Mortgage, for an amount equal to the aggregate principal amount of the Series 2018 Bonds then outstanding plus accrued interest thereon. Such risks include environmental matters, fire and other casualty, condemnation, increased taxes, changes in demand for the Facilities, decline in local and general economic conditions and changing governmental regulations. If the Facilities are sold pursuant to a foreclosure sale under the Mortgage (and there is no assurance that there would be any purchaser upon a foreclosure sale) for an amount less than the aggregate principal amount of and accrued interest on the Series 2018 Bonds, such partial payment may be the only payment to the Bondholders; upon such partial payment, no holder of any Series 2018 Bond shall have any further claim for payment from the Trustee, other than claims arising from the Academy's general obligation pledge.

Inability to Liquidate or Delay in Liquidating the Facilities

An event of default that has occurred and is continuing gives the Trustee the right of possession of, and the right to sell, the Facilities pursuant to a foreclosure sale under the Mortgage. The Facilities are intended to be used for the public school purposes of the Academy and may not be readily adaptable to other uses. As a result, in the event of a sale of the Facilities, the number of uses that could be made of the property, and the number of entities that would be interested in purchasing the Facilities, could be limited, and the sale price would be thus affected. The location of the Facilities may also limit the number of potential purchasers. A potential purchaser of the Series 2018 Bonds should not anticipate that a sale of the Facilities could be accomplished rapidly, or at all, and no assurance can be made that the amount realized upon any sale of the Facilities would be fully sufficient to pay and discharge the Series 2018 Bonds. In particular, there can be no representation that the cost of the property included in the Facilities constitutes a realizable amount upon any forced sale thereof. Any sale of the Facility would require compliance with the laws of the State of Michigan. Such compliance may be difficult, time-consuming and/or expensive. In the event the Trustee took possession of a Facilities, the Facilities might be subject to real estate taxation. Any delays in the ability of the Trustee to foreclose on the Mortgage would result in delays in the payment of the Series 2018 Bonds.

Future Financings

In past years, the Academy has issued State School Aid Notes payable from State Aid received by the Academy. For the 2017-18 school year, the Academy will not issue a State School Aid Note. However, the Academy may issue State School Aid Notes in future years, which notes would be issued on a subordinate basis to the Series 2018 Bonds or any outstanding bonds of the Academy. See "LIMITATION ON ADDITIONAL INDEBTEDNESS AND ADDITIONAL BONDS."

Damage or Destruction of the Facilities

The Indenture requires that the Academy's property be insured against certain risks in certain amounts. There can be no assurance that the amount of insurance required to be obtained will be adequate or that the cause of any damage or destruction will be as a result of an insured risk. Further, there can be no assurance of the creditworthiness of the insurance companies from which the Academy will obtain the required insurance policies.

Future Need for the Facilities

Changes in economic, social or other conditions could affect demographics of the Academy and reduce the Academy's ability, need or willingness to utilize the Facilities. Although the Academy must satisfy an additional bonds test should it seek to finance additional facilities, the Academy is not legally prohibited from construction or purchase of additional facilities at any time. Changes in future needs may have an adverse effect upon the willingness and ability of Academy to budget money to pay its obligations under the Indenture.

Determination of Taxability

If a Determination of Taxability were to occur, the Series 2018 Bonds would be subject to mandatory redemption, as a whole and not in part, at a redemption price equal to 103% of the principal amount thereof plus accrued interest to the date fixed for redemption, on the earliest practicable date for which notice can be given following such determination. Although the Academy would be required to prepay the Series 2018 Bonds as set forth in the Indenture, there can be no assurance that the Academy would possess the ability to make the required payment.

Prepayment Risk

Under the Indenture, on any Business Day on or after November 1, 20**[__]**, the Academy has the option to prepay the Bonds at the prices described in "THE SERIES 2018 BONDS – Redemption of the Series 2018 Bonds Prior to Maturity." In addition, the Series 2018 Bonds are subject to mandatory and extraordinary redemption as described in "THE SERIES 2018 BONDS – Redemption of the Series 2018 Bonds Prior to Maturity" herein. Any such prepayment will be used to call Series 2018 Bonds ratably without preference among all Series 2018 Bonds then outstanding at a price equal to the amount of the principal of the Series 2018 Bonds to be redeemed plus accrued interest to the date of prepayment.

Factors Associated with the Academy's Operations

There are a number of factors affecting schools in general that could have an adverse effect on the Academy's financial position and ability to make the payments required under the Indenture. These factors include, but are not limited to, increasing costs of compliance with federal or State regulatory laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodation of persons with disabilities; any unionization of the Academy's workforce with consequent impact on wage scales and operating costs of the Academy; the ability to attract a sufficient number of students; the availability of student transportation; the ability of the Academy to secure Authorizing Body approval to offer additional grades; and changes in existing statutes pertaining to the powers of the Academy and disruption of the Academy's operations by real or perceived threats against the school, its employees or students. The Academy cannot assess or predict the ultimate effect of these factors on its operations or financial results of its operations or on its ability to make payments required under the Indenture with respect to the Series 2018 Bonds.

No Appraisal

The Academy has not engaged an appraiser in connection with the issuance of the Series 2018 Bonds. In the event of a foreclosure, there can be no assurance that the value of the Facilities or the amount received for the Facilities will be sufficient to pay the principal of and interest due on the Series 2018 Bonds.

No Credit Enhancement

There is no letter of credit, bond insurance policy, or other credit enhancement securing the Series 2018 Bonds, nor is there any provision for a credit enhancement to be provided to secure any of the Series 2018 Bonds.

Maintenance of Credit Rating

S&P Global Ratings (the "Rating Agency") has assigned the Series 2018 Bonds a Rating of "BB" with a stable outlook. Certain information was supplied by the Borrower to the Rating Agency to be considered in evaluating the Borrower, including information regarding State and federal funding sources and the operations of the Borrower, which are subject to change. Such rating expresses only the views of the Rating Agency. There is no assurance that such rating will continue for any given period of time or will not be revised or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant; for example, if the Borrower is unable to meet its enrollment projections, the rating could be negatively impacted. Any such downward revision in or withdrawal of such rating may have an adverse effect on the market price of the Series 2018 Bonds. See "RATING" herein.

Private School Vouchers

Various proposals offering private school vouchers to families to assist with the cost of private schools have been considered across the country and in the State, and enacted in several locations. No such voucher program is currently in place in the State. However, if similar private school voucher programs are enacted in the future, private schools may become more desirable, due to the availability of financial assistance. If private school vouchers are provided for in the State, this may lead to the organization of more private schools and increased competition for the Academy.

Unionization of Academy Workforce

As of the date of this Official Statement, the workforce of the Academy is not unionized and neither the Academy nor the Manager is aware of any active unionization efforts with respect to its employees, all of whom are employed by the Manager. In the event that the labor relations of the Academy and the Manager and its employees change in the future and, if the workforce of the Academy were to vote to unionize; then the operational costs of the Academy would likely rise, and such increase could be significant. If the Academy's workforce were to unionize, no assurance could be given that such change would not adversely affect the amount of State Aid available for the payment of principal and interest on the Series 2018 Bonds.

Value of Facilities May Fluctuate

The value of the Facilities at any given time will be directly affected by market and financial conditions which are not in the control of the parties involved in the transaction. Real property values can fluctuate substantially depending in large part on the state of the economy. There is nothing associated with the Academy's property which would suggest that its value would remain stable or would increase if the general values of property in the community were to decline. Furthermore, because the Facilities consist of a limited use building, any remedy exercised by the Trustee under the Mortgage could be expensive and time consuming. See "Inability to Liquidate or Delay in Liquidating the Facilities" herein.

Key Management

The creation of, and the philosophy of teaching in, public school academies such as the Academy initially may reflect the vision and commitment of a few key persons who are on the Board of Directors and/or who make up the upper management of the Academy ("Key Directors/Managers"). Loss of such Key Directors/Managers could adversely affect the Academy's operations or financial results. It is anticipated that over time that public school academies will become less dependent upon the Key Directors/Managers. However, there can be no assurance that this will occur.

Less Than Unanimous Consent Required to Amend Certain Provisions of the Indenture

The Indenture provides that with the consent of at least a majority of the principal amount of Bonds then outstanding, the Indenture may be modified, altered, or amended, and provisions may be amended or rescinded; provided, however, that without the consent of 100% of the Holders of the aggregate principal amount of the Bonds then outstanding (or if certain Events of Default have occurred under the Indenture, 70% in aggregate principal amount of the Bonds then outstanding), the Indenture may not be amended to: (i) extend the maturity of the principal of, or the mandatory redemption date of, or interest on, any Bond; (ii) reduce the principal amount of or the rate of interest on any Bond; (iii) extend the time or reduce the amount of any payment required by any sinking fund that may be applicable to any Bond; (iv) create a privilege or priority of any Bond or Bonds over any other Bond or Bonds; (v) reduce the aggregate principal amount of Bonds required for consent to any supplemental indenture; or (vi) change the optional redemption date or price set forth in the Indenture.

Environmental Regulation

There are potential risks relating to environmental liability associated with ownership of or secured lending with respect to real property. When hazardous substances are found on real property, owners or secured lenders may be held liable for costs and other damages relating to such hazardous substances unless they comply with provisions of law designed to provide them with liability protection. The Trustee as mortgagee on behalf of the Bondholders may avoid such liability with respect to the Facilities if it does not directly participate in the ownership or management of the Facilities. Moreover, as a general matter, when hazardous substances are found on real property, a secured lender may avoid potential liability under Part 201 of the Michigan Natural Resources Environmental Response Act, M.C.L. 324.20101-.20142 if a baseline environmental assessment ("BEA") is timely conducted and the results of the BEA are timely disclosed to the Michigan Department of Environmental Quality and any subsequent purchaser or transferee.

Rose & Westra, a Division of GZA GeoEnvironmental, Inc., performed a Phase I Environmental Site Assessment, dated February 16, 2018 (the "ESA") following the guidance of the ASTM E1527-13 Phase I Standard Practice for Environmental Site Assessments with respect to the Project. The ESA did not identify any recognized environmental conditions and did not recommend further investigation or testing. The report prepared in connection with the Phase I speaks only as of its date, and no additional assessments have been requested or performed. Potential purchasers should refer to a complete copy of the report for additional information.

Conclusion

AN INVESTMENT IN THE SERIES 2018 BONDS INVOLVES A HIGH DECREE OF RISK AND IS SPECULATIVE IN NATURE. The relatively high interest rate borne by these Series 2018 Bonds (as compared to prevailing interest rates on more secure bonds such as those that constitute general obligations of fiscally sound municipalities or states or creditworthy borrowers) is intended to compensate the investor for assuming this element of risk. Each prospective investor should carefully examine this Official Statement, and the Appendices hereto, and such investor's own financial condition in order to make a judgment as to whether the Series 2018 Bonds are an appropriate investment for such investor.

TAX MATTERS

General

In the opinion of Miller, Canfield, Paddock & Stone, P.L.C., Bond Counsel, under existing law, the interest on the Series 2018 Bonds: (a) is excluded from gross income for federal income tax purposes; and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed. It should be noted, however, that with respect to corporations (as defined for federal income tax purposes), the interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations for taxable years beginning prior to January 1, 2018. The opinion set forth in clause (a) above is subject to the condition that the Academy comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Series 2018 Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Series 2018 Bonds to be included in gross income retroactive to the date of issuance of the Series 2018 Bonds. The Academy has covenanted to comply with all such requirements. Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the Series 2018 Bonds and the interest thereon.

Prospective purchasers of the Series 2018 Bonds should be aware that (i) interest on the Series 2018 Bonds is included in the effectively connected earnings and profits of certain foreign corporations for purposes of calculating the branch profits tax imposed by Section 884 of the Code, (ii) interest on the Series 2018 Bonds may be subject to a tax on excess net passive income of certain S corporations imposed by Section 1375 of the Code, (iii) interest on the Series 2018 Bonds is included in the calculation of modified adjusted gross income for purposes of determining taxability of social security or railroad retirement benefits, (iv) the receipt of interest on the Series 2018 Bonds by life insurance companies may affect the federal tax liability of such companies, (v) in the case of property and casualty insurance companies, the amount of certain loss deductions otherwise allowed is reduced by a specific percentage of, among other things, interest on the Series 2018 Bonds, (vi) registered owners acquiring the Series 2018 Bonds subsequent to initial issuance will generally be required to treat market discount recognized under Section 1276 of the Code as ordinary taxable income, (vii) the receipt or accrual of interest on the Series 2018 Bonds may cause disallowance of the earned income credit under Section 32 of the Code, (viii) interest on the Series 2018 Bonds is subject to backup withholding, and (ix) registered owners of the Series 2018 Bonds may not deduct interest on indebtedness incurred or continued to purchased or carry the Series 2018 Bonds, and financial institutions may not deduct that portion of their interest expense allocated to interest on the Series 2018 Bonds.

In the opinion of Miller, Canfield, Paddock & Stone, P.L.C., Bond Counsel, under existing law, the Series 2018 Bonds and the interest thereon are exempt from all taxation of the State of Michigan or a subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

Tax Treatment of Accruals on Original Issue Discount Series 2018 Bonds

For federal income tax purposes, the difference between the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Series 2018 Bonds, initially sold at a discount as shown on the inside front cover hereof (the "OID Bonds"), is sold and the amount payable at the stated redemption price at maturity thereof constitutes "original issue discount." Such discount is treated as interest excluded from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) with straight line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such Series OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of registered owners of the OID Bonds who purchase such OID Bonds after the initial offering of a substantial amount thereof. Registered owners who do not purchase such OID Bonds in the initial offering at the initial offering and purchase prices should consult their own tax advisors with respect to the tax consequences of ownership of OID Bonds.

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS THAT COULD CAUSE THE INTEREST ON THE SERIES 2018 BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL OR STATE INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE SERIES 2018 BONDS, OR OTHERWISE PREVENT THE REGISTERED OWNERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON. FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY SUCH FUTURES LEGISLATION, OR ANY ACTIONS

OF THE INTERNAL REVENUE SERVICE INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE SERIES 2018 BONDS FOR AUDIT EXAMINATION, OR THE AUDIT PROCESS OR RESULT OF ANY EXAMINATION OF THE SERIES 2018 BONDS OR THE BONDS THAT PRESENT SIMILAR TAX ISSUES, WILL NOT ADVERSELY AFFECT THE MARKET PRICE OF THE SERIES 2018 BONDS.

RATING

S&P Global Ratings has assigned the Series 2018 Bonds a Rating of "BB" with a stable outlook. An explanation of the significance of any ratings may be obtained only from the rating agency furnishing the same. Generally, a rating agency bases its rating and outlook (if any) on the information and materials furnished to it and on investigations, studies and assumptions of its own. Such rating reflects only the views of such rating agencies and are not recommendations to buy, sell or hold the Series 2018 Bonds. There is no assurance that such ratings will be in effect for any given period of time or that they will not be revised upward or downward or withdrawn entirely by such rating agencies if, in the judgment of such agencies, circumstances so warrant. Any such downward revision or withdrawal of any ratings may have an adverse effect on the market price of the Series 2018 Bonds. See "RISK FACTORS – Maintenance of Credit Rating" herein.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance and sale by the Academy of the Series 2018 Bonds will be passed upon by Miller, Canfield, Paddock & Stone, P.L.C., Detroit, Michigan, as Bond Counsel and in its capacity as counsel to the Academy. The proposed form of opinion of Bond Counsel is attached hereto as "APPENDIX G – FORM OF OPINION OF BOND COUNSEL." Certain legal matters will be passed upon by Dorsey & Whitney LLP, Minneapolis, Minnesota, in its capacity as counsel to the Underwriter.

UNDERWRITING

Subject to the terms and conditions of a Bond Purchase Agreement (the "Purchase Agreement") entered into by and between the Academy and Herbert J. Sims & Co., Inc. (the "Underwriter"), the Underwriter has agreed to purchase the Series 2018 Bonds at an aggregate purchase price of $[_____] (representing the original principal amount of the Series 2018 Bonds, less Underwriter's compensation of $[_____]). Expenses associated with the issuance of the Series 2018 Bonds are being paid from proceeds of the Series 2018 Bonds. The Purchase Agreement provides that the Underwriter will purchase all of the Series 2018 Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the Purchase Agreement. The Underwriter may offer and sell the Series 2018 Bonds at prices different from the prices stated on the inside cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter. The Underwriter is not obligated to create a secondary market for the purchase or sale of the Series 2018 Bonds and there may, in fact, be no market for the Series 2018 Bonds depending upon prevailing market conditions, the financial condition or market position of firms who make up the secondary market and the financial position and results of operations of the Academy.

FINANCIAL ADVISOR'S OBLIGATION

Clear Scope Advisors, Inc. (the "Financial Advisor") has been retained by the Academy to provide certain financial advisory services. The information contained in the Official Statement was prepared in part by the Financial Advisor and is based on information supplied by various officials from records, statements and reports required by various local, county or state agencies of the State in accordance with constitutional or statutory requirements.

RELATIONSHIPS AMONG THE PARTIES

In connection with the issuance of the Series 2018 Bonds, the Academy and the Underwriter are being represented by the attorneys for law firms identified above under the heading "APPROVAL OF LEGAL PROCEEDINGS." In other transactions not related to the Series 2018 Bonds, each of these attorneys or law firms may have acted as bond counsel or represented the Academy, the Underwriter, or their affiliates, in capacities different from those described under "APPROVAL OF LEGAL PROCEEDINGS," and there will be no limitations imposed as a result of the issuance of the Series 2018 Bonds on the ability of any of these firms or attorneys to act as bond counsel or represent any of these parties in any future transactions. Potential purchases of the Series 2018 Bonds should not assume that the Academy, the Underwriter, or Bond Counsel have not previously engaged in or will not after the issuance of the Series 2018 Bonds engage in, other transactions with each other or with any affiliates of any of them, and no assurances can be given that there are or will be no past or future relationship or transactions between or among any of these parties or these attorneys or law firms.

NO LITIGATION

There is no litigation of any nature pending or threatened against the Academy to restrain or enjoin the issuance, sale, execution, or delivery of the Series 2018 Bonds or the application of the proceeds thereof toward the costs of refunding of the Prior Obligations, or in any way contesting or affecting the validity of the Series 2018 Bonds or any proceedings of the Academy taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security for the Series 2018 Bonds or the existence or powers of the Academy.

There is no litigation pending or, to the knowledge of the Academy, threatened against the Academy, wherein an unfavorable decision would adversely affect the ability of the Academy to carry out its obligations under the Indenture or would have a material adverse impact on the financial position of the Academy.

CONTINUING DISCLOSURE

The Academy will execute and deliver a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), with respect to the Series 2018 Bonds. The Continuing Disclosure Agreement is made for the benefit of the registered and Beneficial Owners (as defined in the Continuing Disclosure Agreement) of the Series 2018 Bonds and in order to assist the Underwriter in complying with its obligations pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Continuing Disclosure Rule"). See "APPENDIX H – FORM OF CONTINUING DISCLOSURE AGREEMENT" herein.

Pursuant to the Continuing Disclosure Agreement, the Academy will agree to provide, or cause to be provided, annually to the Municipal Securities Rulemaking Board (the "MSRB") certain quantitative financial information and operating data of the type specified in the Continuing Disclosure Agreement (the "Annual Report"); and to provide in a timely manner to the MSRB notice of the occurrence of certain events, if material (within the meaning of the Continuing Disclosure Rule), and of any failure to provide the Annual Report when due. The Continuing Disclosure Agreement does not require that information be provided to all registered owners or Beneficial Owners of the Series 2018 Bonds, but rather requires only that such information be provided to the MSRB.

The Continuing Disclosure Agreement provides that failure of the Academy or the Dissemination Agent to comply with any of its provisions shall constitute a default thereunder and any party aggrieved thereby, including the owners of the Series 2018 Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observation of any agreement or covenant

contained therein. Direct, indirect, consequential and punitive damages shall not be recoverable for any such default and no event of default under the Continuing Disclosure Agreement constitutes a default or an Event of Default under the Indenture.

In connection with the Prior Obligations, the Academy entered into continuing disclosure undertakings (the "Prior Undertakings"). From 2005 until 2015, the Academy failed to meet its obligations with respect to continuing disclosure under the Prior Undertakings within the periods specified in the applicable agreements. The Academy filed the required Annual Reports for the 2004-05 through 2014-15 school years with the MSRB on or about August 17, 2016.

A failure by the Academy to comply with the undertaking must be reported by the Academy, in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2018 Bonds in the secondary market. Consequently, such failure may adversely affect the marketability and liquidity of the Series 2018 Bonds and the market price thereof.

Pursuant to the Continuing Disclosure Agreement, the Academy has engaged U.S. Bank National Association as dissemination agent (the "Dissemination Agent"). Going forward, the Dissemination Agent will assist the Academy in meeting its continuing disclosure obligations as set forth in the Continuing Disclosure Agreement. See "APPENDIX H – FORM OF CONTINUING DISCLOSURE AGREEMENT" herein.

SERIES 2018 BONDS NOT A DEBT OF STATE

The Series 2018 Bonds will not constitute or create any debt or debts, or liability or liabilities on behalf of the State or any political subdivision thereof, other than the Academy, nor a loan of the credit of the State or a pledge of the faith and credit of the State or of any such political subdivision, but will be payable solely from the funds provided therefor. The issuance of Series 2018 Bonds under the Indenture will not directly, indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor, or to make any appropriation for their payment. The Academy has no taxing power.

FINANCIAL STATEMENTS

The financial statements of the Academy, as of and for the years ended June 30, 2017, June 30, 2016, and June 30, 2015, included herein as "APPENDIX C – AUDITED FINANCIAL INFORMATION OF THE ACADEMY FOR THE FISCAL YEARS ENDED JUNE 30, 2017, 2016, AND 2015" have been audited by Wilkerson & Associate P.C., certified public accountants (the "Auditor"), to the extent and for the periods indicated in their report thereon. The Academy is not aware of any facts that would make the audited financial statements misleading.

The financial statements of the Academy for the seven-month period ended January 31, 2018, included herein as "APPENDIX D – UNAUDITED FINANCIAL INFORMATION OF THE ACADEMY FOR THE SEVEN-MONTH PERIOD ENDED JANUARY 31, 2018" have not been audited or reviewed by the Auditor or any other firm of certified public accountants.

MISCELLANEOUS

The Series 2018 Bonds are intended to be exempt securities under the Securities Act of 1933, as amended (the "1933 Act"), and the offer, sale and delivery of the Series 2018 Bonds does not require registration under the 1933 Act or qualification of the Indenture under the Trust Indenture Act of 1939. The Academy has agreed that, during the course of the transaction and prior to the sale of the Series 2018

Bonds, potential investors may ask questions of and receive answers from its representatives concerning the terms and conditions of the offering and that potential investors may obtain from it any additional information necessary to verify the accuracy of the information furnished, in each case to the extent it possesses such information or can acquire it without unreasonable effort or expense. Any request for information may be directed to the Underwriter.

The Academy has furnished the information herein. The Underwriter has furnished the information herein with respect to the offering prices of the Series 2018 Bonds and the information under the caption "UNDERWRITING."

All quotations from, and summaries and explanations of, the Indenture and other documents referred to herein do not purport to be complete, and reference is made to said documents for full and complete statements of their provisions. All references herein to the Series 2018 Bonds are qualified by the definitive forms thereof and the information with respect thereto contained in the Indenture. This Official Statement shall not be construed as constituting an agreement with purchasers of the Series 2018 Bonds. The cover page, introductory statement and the attached appendices are part of this Official Statement. All information contained in this Official Statement, including the appendices, is subject to change and/or correction without notice and neither the delivery of this Official Statement nor any sale made hereunder creates any implication that the information contained herein is complete or accurate in its entirety as of any date after the date hereof.

ANY STATEMENTS MADE IN THIS OFFICIAL STATEMENT INVOLVING MATTERS OF OPINION OR ASSUMPTIONS OR ESTIMATES, WHETHER OR NOT SO EXPRESSLY STATED, ARE SET FORTH AS SUCH AND NOT AS REPRESENTATIONS OF FACT AND NO REPRESENTATION IS MADE THAT ANY OF THE ESTIMATES OR ASSUMPTIONS WILL BE REALIZED.

TRILLIUM ACADEMY

By: /s/_____

Its: _____

APPENDIX A

TRILLIUM ACADEMY

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APPENDIX A[1]

TRILLIUM ACADEMY

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[1] Information included in this Appendix A was obtained from the Academy unless otherwise noted.

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APPENDIX A

TRILLIUM ACADEMY

GENERAL

Trillium Academy (the "Academy") is a public school academy operating as a Michigan non-profit corporation and governmental agency of the State of Michigan, organized pursuant to Part 6A of Chapter 380 of the Revised School Code, Act No. 451, Public Acts of Michigan, 1976, as amended, Michigan Complied Laws ("MCL") Section 380.501 *et. seq*. (the "Revised School Code") and the Michigan Nonprofit Corporation Act, Act No. 162, Public Acts of Michigan 1982, as amended MCL Section 450.2101 *et. seq*.

The Academy is governed by a volunteer Board of Directors and operates under a charter contract (the "Charter") with the Board of Trustees of Central Michigan University, its authorizing body ("CMU" or the "Authorizing Body"). The Charter was originally issued to the Academy in August 2002 for the 2002-2003 school year. The Academy's Charter was renewed in 2007, 2012, and 2015, with the current term expiring on June 30, 2020, unless sooner terminated in accordance with the terms of the Charter (see discussion below under the caption "THE CHARTER AGREEMENT").

Certain of the Academy's operations are managed by The Romine Group, Inc. ("TRG") pursuant to an Educational Service Provider Agreement dated July 1, 2017, which expires on June 30, 2019. See "EDUCATIONAL SERVICE PROVIDER" herein.

The Academy began operations in September of 2002 offering grades K-6 to 149 students. In the 2003-04 school year, the Academy's second year of operation, it enrolled 208 students in grades K-7. The Academy continued to add a grade each year and offered grades K-12 to 689 students by the 2008-09 school year. The Academy enrolled 626 students in the 2015-16 school year, 601 students in the 2016-17 school year, and, as of October 4, 2017 (the "2017-18 Fall Count Date"), enrolled 586 students for the 2017-18 school year. The Academy projects future enrollment of 586 students for the 2018-19 school year through the 2022-23 school year. The Academy attracts students mostly from within a five (5) mile radius of the school. On a year-to-year basis while adding new students, the Academy retained approximately 77% of its students in the 2015-16 school year, 81% of its students in the 2016-17 school year, and 89% of its students in the 2017-18 school year.

MISSION STATEMENT

The mission of the Academy is to cultivate college and career-focused learners by embracing academic excellence, strong character values, disciplined artistry, and individual student passions.

VISION STATEMENT

The Academy is dedicated to enriching the mind, body, and spirit of every child with principles of excellence and self-worth. The Academy's vision is that each student will leave the Academy prepared to be:

- Life long learners in pursuit of college and career
- Critical, innovative thinkers and problem solvers
- Responsible and productive citizens who display good character values
- Professionals with the means to communicate in a global society
- Appreciation for culture and the arts

Through the collaboration of school, home and community, every graduate of the Academy is anticipated to be well prepared for the demands of the 21st Century.

CURRICULUM AND PROGRAMMING

Curriculum

The Academy's educational program assists students in the attainment of the Common Core State Standards and the Michigan Curriculum Framework. All courses have been designed to align with Common Core Standards in Math, English Language Arts ("ELA"), and Science. The curriculum is horizontally and vertically aligned to ensure a common pacing and implementation across grade levels and spans. The curriculum pacing-guide includes standards, essential questions, strategies, vocabulary, a board objective for student connections, resources, and assessments. This guide serves as the starting point and the check and balance system to ensure that all learning standards have been taught and in a sequence that is fluent. In addition, the Academy has developed 30-Day Assessments, which align with the Academy's Math, ELA, and Science pacing guides to provide data to help drive mastery towards teaching and learning.

Assessments

A lesson plan template and process has been provided for teachers, which begins with the standard. Teachers are taught a thorough thinking process to use when lesson planning to ensure that the standard is taught to the level of thinking required and assessed on the State and national assessments. Teachers submit lesson plans on a weekly basis to monitor the implementation of curriculum. Additionally, goals are set for teachers and students to work towards a target level of attainment as measured by designated assessments. These targets are set at levels that move students toward national proficiency and ultimately college readiness levels. Student achievement scores on the Measure of Academic Progress and college readiness assessments are the main measure for the assessment of the attainment of the Common Core State Standards and Michigan Curriculum Framework. When students show levels of progress below the proficiency targets, interventions are put in place. In the 2017-2018 school year, the Academy made the decision to transition to the Measure of Academic Progress ("MAP") growth assessment which is a product of Northwest Evaluation Association ("NWEA"). It will be administered three times a year: once in the fall, winter, and again the spring. Students as well as teachers are given yearly goals to attain. Student goals are dependent on their initial fall score and scaled against norm data. Teachers are given the expectation that 80% of their students will reach their projected targets in the spring. All growth data prior to 2017-18 was done with Performance Series assessments.

The Academy utilizes multiple assessment measures through formative and summative assessment to ensure that progress is being made toward its educational goals. In addition to using assessments to drive instruction, the Academy utilizes placement testing measures to place new students into grade levels and/or classrooms based on results as well as utilizing assessment protocols to determine grade promotion and retention for second, fifth, and eighth grades.

Educational Program Implementation

The implementation of the Academy's educational program is based on developing college and career readiness in all students in the 21st Century. The Academy implements Academic Excellence, Disciplined Artistry, and Strong Character Values through research-based best practices as designed by Doug Lemov's "Teach Like a Champion" program, coupled with integration of arts and academics. The achievement of this educational program will be measured by the attainment of the Academy's mission-specific goals.

The Academy's educational programs, instructional strategies, and methodology are founded on current research of best practices in education. Staff members and administration conducts research continuously. When top research is found the entire teaching staff conducts action research through book studies and collaborative discussions, which are continuous throughout each school year. Additionally, the Academy's entire teaching staff is exposed to the top educational practices and methodology through professional development, which takes place annually and throughout each school year. The professional development experiences extend into professional learning communities where teams of teachers work together continuously on book studies, online sessions, workshops, and weekly house meetings. During house meetings, activities include assessing student work, data exploration, content coaching, and lesson planning.

Student Engagement

The Academy engages students in the learning process to prepare them academically for success in college, work and life. The Academy accomplishes this through a multitude of methods including the research-based teaching techniques found in "Teach Like a Champion." The Academy utilizes a system for ensuring that each student has an individual student plan. Students and teachers are responsible for working together to include assessment scores, basic educational knowledge of students, and goals for attaining academic standards to develop a plan. Standards are based on preparing students to achieve target scores, which have been researched to prove a proficiency level of standard college entry.

In order to work towards attainment of these goals, the Academy recognizes the need for "Learning Connections" so that students understand what the goal of the lesson is, in addition to why it is important to them and how it applies to their life. It is a requirement of the Academy's teachers to ensure that students are aware of this and can directly relate this to the lesson and task they are assigned. Seeing this objective written on the board is one way to achieve this engagement. Teachers write the objectives in student-level language and include what they are learning and why or how it applies to them.

Fine and Performing Arts programming is a focus component of the Academy's program for preparing students for college, work, and life. Students are exposed to visual arts, vocal and instrumental music, theater arts, and some dance opportunities. At the Academy, string instruments have become paramount. Classes range from orchestra instruments to the guitar serving elementary, middle and high school. Students can begin participating in orchestra in the third grade as long as academic progress is not hindered. Additionally, integration of the arts and academics takes place both in the art courses as well as in the academic courses. Elementary school integration will provide opportunities to display through 1-2 integration assemblies per year. Middle school integration focuses on a culminating wax museum project which incorporates arts and academics. The Symposium project is the high school integration project, which incorporates a cross-curricular study and presentation of material by each individual student. All of these components help to build not only the creative and academic elements of the Academy's students' education, but also professional skills such as public speaking, polished articulation, active listening and viewing, and creative problem solving. The Fine and Performing Arts programming offers a dynamic edge to the full educational program.

The Academy's high school utilizes multiple programs to prepare students for college, work, and life. Some activities are job placements throughout the school that students can apply for such as teacher assistants. Additional activities are college prep courses and others are mentoring relationships and support services.

After School Programs are an important component to preparing students for college work and life. Students need to learn how to manage time between school-work and other activities as well as learn to work with others and better themselves. The Academy offers a wide variety of after-school opportunities. The after-school program also known as Kids College is mainly run and directed by the Academy's full time teaching staff. Full time teaching staff members are required to participate in this program for a minimum of the equivalent to one hour per week for the duration of the school year. When the staff members or the student body cannot support certain extra-curricular programs, the Academy explores cooperative agreements with similar culture schools or organizations to increase the program benefits of its students. The offerings range from academics, to arts, to athletics to service learning.

The Academy offers a summer program that consists of a targeted tutoring plan with 16 contact hours scheduled in a small group setting over the course of the summer. Assigned students meet with staff members at the school during hours based around an agreed upon individual schedule. Students with the greatest needs are offered the first round opportunity. The summer program is also available to other students, if openings are available.

Real world exploration and application is an essential component to learning at the Academy. All classrooms K-8th grade are required to participate in a field study trip each year. Teachers are responsible for planning and arranging of the trip. In addition to regular field trips, 4th through 8th grade students have designated field study trips, which are aligned with the curriculum and character education components. The 5th and 6th grade students participate in an overnight camp experience, which includes instructional lessons and character building. Middle school rotates every other year traveling and staying overnight in Chicago and Washington, D.C. Finally,

the senior class participates in a character and independence building trip at the culmination of their Academy experience. The senior trip must be to a place where the students have the opportunity to exhibit the three R's of the Academy's foundation—respect, responsibility, and resourcefulness—while being in a safe and fun atmosphere to celebrate their accomplishments.

The Alumni Success Program is another resource offered to students in preparing them for college, work and life. Under the program, the Academy employs an Alumni Success Coach with the responsibility of building and maintaining relationships with the Academy's Juniors, Seniors, and Post-Graduates. During their time at the Academy, this coach meets with them to assist in college planning in addition to scheduling college visits both on and off campus. For the Academy's alumni, the coach continues to track their success and serves as a support system to them to help them connect with the appropriate resources for success in college.

The Academy's students have the opportunity to participate in Dual Enrollment based on the achievement of specific scores outlined by MDE. The Academy offers dual enrollment with Wayne County Community College where students with qualifying test scores can take college courses and receive high school and college credits. The Academy also offer the opportunity for all students to take a course in Exploring College and Careers, where they develop a detailed portfolio to utilize for college applications, scholarship and job applications. Dual Enrollment students may take up to two academic college courses during a semester as eligible. Students participating in dual enrollment may graduate from the Academy with up to 24 credits on their college transcripts.

THE CHARTER AGREEMENT

The Academy received its original Charter agreement with Central Michigan University for the 2002-03 school year. The Academy's Charter was renewed in 2007, 2012, and 2015. The current Charter is for a five (5) year term, expiring on June 30, 2020, unless terminated earlier in accordance with the terms of the Charter as described below. Under the Charter, CMU is responsible for the oversight of the Academy in ensuring compliance with the Charter and other applicable State and federal laws. As a result, CMU receives 3% of the Academy's per pupil foundation allowance from the Academy's State School Aid payments for the provision of this oversight. A copy of the Academy's Charter can be obtained at CMU's Center for Charter Schools' website *http://thecenterforcharters.org*.

Under the terms and conditions of the Charter, the Charter may be revoked by the Authorizing Body upon a determination by the Authorizing Body that one or more of the following statutory grounds for revocation has occurred:

a) Failure of the Academy to demonstrate improved pupil academic achievement for all groups of pupils or abide by and meet the educational goals and related measures set forth in the Charter;

b) Failure of the Academy to comply with all State and federal law applicable to public school academies ("Applicable Law");

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

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

In addition to the statutory grounds for revocation set forth above, the Authorizing Body may also revoke the Charter, pursuant to procedures set forth in the Charter, upon a determination by the Authorizing Body that one or more of the following has occurred:

a) The Academy fails to achieve or demonstrate measurable progress toward achieving the educational goals and related measures identified in the Charter;

b) The Academy fails to properly implement, consistently deliver, and support the educational programs or curriculum identified in the Charter;

c) The Academy is insolvent, has been adjudged bankrupt, or has operated for two or more school fiscal years with a fund balance deficit;

d) The Academy has insufficient enrollment to successfully operate a public school academy, or the Academy has lost more than (50%) of its student enrollment from the previous school year;

e) The Academy fails to fulfill the compliance and reporting requirements or defaults in any of the terms, conditions, promises or representations contained in or incorporated into the contract or; during the term of the Charter, it is discovered by the Center for Charter Schools at CMU that the Academy failed to fulfill the compliance and reporting requirements or there was a violation of a prior Charter issued by the University Board;

f) The Academy files amendments to its Articles of Incorporation with the Michigan Department of Licensing and Regulatory Affairs, Bureau of Commercial Services without first obtaining CMU's approval;

g) The Director of the Center for Charter Schools at CMU discovers grossly negligent, fraudulent or criminal conduct by the Academy's applicant(s), directors, officers, employees or agents in relation to their performance under the Charter; or

h) The Academy's applicant(s), directors, officers, employees or agents have provided false or misleading information or documentation to the Center for Charter Schools at CMU in connection with the Authorizing Body's approval of the Charter application, the issuance of the Charter, or the Academy's reporting requirements under the Charter or applicable law.

The Charter also provides that CMU may immediately suspend the Charter, pending completion of procedures set forth in the Charter pertaining to revocation of the Charter, if the Director of the Center for Charter Schools at CMU determines, at his or her sole discretion, that the Academy:

a) Has placed staff or students at risk;

b) Is not properly exercising its fiduciary obligations to protect and preserve the Academy's public funds and property;

c) Has lost its right to occupancy of the physical facility for the Academy and cannot find another suitable physical facility for the Academy prior to the expiration or termination of its right to occupy its existing physical facilities;

d) Has failed to secure or has lost the necessary fire, health and safety approvals as required by the Charter;

e) Has willfully or intentionally violated the Charter or Applicable Law; or

f) Has violated the requirements described in (g) and (h) of the section immediately above (regarding revocation).

The Charter provides procedures pursuant to which the Charter may be revoked by the Authorizing Body. Those procedures require, unless CMU has concluded that immediate suspension is appropriate, the Center for Charter Schools at CMU to issue a "Notice of Intent to Revoke" notifying the Academy of the Center for Charter Schools' reasonable belief of grounds for revocation. The Academy Board has 30 days to respond in writing, and must include a plan for correcting any admitted non-compliance. Within 15 days of receipt of the Academy's response, the Center for Charter Schools at CMU formulates its own plan of correction, and in so doing may adopt, modify or reject some or the entire plan proposed in the Academy's response. The revocation proceedings are closed if: (i) the Academy Board's denial of non-compliance is persuasive; (ii) the non-compliance has been corrected by the Academy Board; or (iii) the Academy has successfully completed the plan of correction. The

Director of the Center for Charter Schools at CMU may initiate a revocation hearing before the Center for Charter Schools Hearing Panel ("Hearing Panel") if:

a) The Academy Board has failed to respond to the Notice of Intent to Revoke;

b) The Academy Board's response to the Notice of Intent to Revoke is non-responsive;

c) The Academy Board's response admits violations of the Charter or Applicable Law which the Director of the Center for Charter Schools at CMU deems cannot be remedied or cannot be remedied in an appropriate period of time, or for which the Director of the Center for Charter Schools at CMU determines that a "Plan of Correction" cannot be formulated;

d) The Academy Board's response contains denials that are not supported by sufficient documentation or other evidence showing compliance with the Charter or Applicable Law;

e) The Academy Board has not complied with part or all of a Plan of Correction;

f) The Academy Board has engaged in actions that jeopardize the financial or educational integrity of the Academy; or

g) The Academy Board has been issued multiple or repeated Notices of Intent to Revoke.

The Director of the Center for Charter Schools at CMU shall send a copy of the request for revocation hearing to the Academy Board at the same time the request is sent to the Hearing Panel. The request for revocation shall identify the reasons for revoking the Charter. The Hearing Panel convenes within 30 days after receipt for a request for revocation and within 30 days after the hearing makes a recommendation concerning revocation which is submitted to the Authorizing Body. The Authorizing Body may approve, reject or modify all or any part of the Hearing Panel's recommendation. If the Authorizing Body votes to revoke the Charter, the revocation may be immediately effective, and there is no appeal process provided. The Director of the Center for Charter Schools at CMU may also immediately suspend the Charter (upon a determination that one of the grounds set forth above exists) pending completion of the revocation procedures described above.

See "RISK FACTORS – Termination, Revocation or Non-Renewal of Charter" in the forepart of this Official Statement.

BOARD OF DIRECTORS

The governing body for the Academy, the Board of Directors (the "Board") currently consists of seven (7) members. Vacancies in office are determined and filled pursuant to the provisions set forth in the Academy's Bylaws and are subject to the approval of the Authorizing Body. The current Academy Board members are as follows:

Name	Position	Term Expires
Heather Gardner	President	April 25, 2020
Tobi Walker	Vice President	April 25, 2019
Steve Wisinski	Treasurer	April 25, 2018
Lisa Green	Secretary	April 25, 2021
Rob Bovitz	Member	April 25, 2019
Greg Handel	Member	April 25, 2019
Steve Schwartz	Member	April 25, 2021

Heather Gardner – President

Ms. Gardner currently serves as President of the Board and has served on the Board since 2014. Ms. Gardner, founder of 21st Vision, works with organizations to solve their culture and operational challenges. Ms. Gardner also volunteers her time as a partner in Cornerstone Charter Schools Partner Program and as the PTA President-elect for her son's school. Ms. Gardner graduated from Michigan State University with a bachelor of arts degree in operations supply chain management.

Tobi Walker – Vice President

Ms. Walker currently serves as Vice President of the Board and has served on the Board since 2015. Ms. Walker has been a parent of a student attending the Academy for the past 6 years. Ms. Walker has been an employee of Comerica Inc. for the past 16 years and was instrumental in partnering with Comerica to bring Comerica's Youth Savings Plan to the Academy.

Steve Wisinski – Treasurer

Mr. Wisinski currently serves as a Treasurer of the Board and has served on the Board since 2014. Mr. Wisinski, CPA, CFE, and CFFA is a partner at ShindelRock and is responsible for client administration and firm development. Mr. Wisinski specializes in matters concerning medical practice consulting, information technology, franchising and other service-based industries. Mr. Wisinski is a Master Analyst in Financial Forensics, a Certified Fraud Examiner, a member of the American Institute of Certified Public Accountants, the Michigan Association of Certified Public Accountants, the National Association of Certified Valuators and Analysts and the Association of Certified Fraud Examiners. In addition to serving on the Academy's Board, he serves as a mentor for TechTown and Practice Space, both of which are business incubators in the City of Detroit. Mr. Wisinski is an Alma College graduate.

Lisa Green – Secretary

Ms. Green currently serves a Secretary of the Board and has served on the Board since 2005. Ms. Green currently serves as a Founding Member of Ambassador Counseling & Resource Group. Ms. Green is a licensed professional counselor and college professor at Baker College of Allen Park. Ms. Green has been an educator for over 20 years, teaching kindergarten through college students in Michigan and Indiana. Ms. Green has served on the Board of the Academy and The Downriver YMCA. Ms. Green is a program facilitator and researcher for the The Safer Tomorrows: Injury Prevention and Violence Reduction Project and has been recognized and published internationally. Ms. Green received her bachelor's degree in psychology from Western Michigan University and a master of arts degree in counseling from Spring Arbor University. She is in the process of pursuing her doctoral degree in counseling psychology.

Rob Bovitz – Member

Mr. Bovitz currently serves a Member of the Board and has served on the Board since 2001. Mr. Bovitz brings a combination of financial expertise, community relations, and a background in performing arts to the Academy. A native of Trenton, Michigan, Mr. Bovitz has been involved with many art related organizations such as Downriver Council for the Arts, Wyandotte, Southgate, Trenton and Huron Theatre groups, Taylor Ballet Americana and the Southern Great Lakes Symphony.

Greg Handel – Member

Mr. Handel currently serves a Member of the Board and has served on the Board since 2001. Mr. Handel is vice president of education and talent for the Detroit Regional Chamber. Mr. Handel oversees the development and advocacy of the Chamber's public education policy and is also responsible for the Detroit Promise, which guarantees a tuition-free path to an associate's degree for every graduate attending a Detroit high school. Mr. Handel also directs other Chamber initiatives designed to increase education attainment throughout the region and recruits candidates to serve on charter school boards. Mr. Handel serves on the boards of the Michigan College Access Network, Michigan Association of Public School Academies and the Academy. Mr. Handel also partners

with numerous other initiatives and organizations focused on educational improvement such as Excellent School Detroit. Mr. Handel earned a bachelor of science degree from the University of Detroit. Mr. Handel is a graduate of the U.S. Chamber of Commerce Institute for Organizational Management and the Center for Creative Leadership and Leadership Detroit Class XXII.

Steve Schwartz – Member

Mr. Schwartz currently serves a Member of the Board and has served on the Board since 2015. Mr. Schwartz, CPA, is the Chief Financial Officer for the HighScope Educational Research Foundation. HighScope is an independent nonprofit research foundation whose research, curriculum, assessment tools and training are internationally known in the early childhood education field. Prior to joining HighScope, Mr. Schwartz's began his accounting career with Deloitte & Touche and has since held roles as the CFO of the Michigan Credit Union League and Vice President of Finance at the Detroit Regional Chamber. Mr. Schwartz graduated magna cum laude with a bachelor of business administration degree in accounting from Eastern Michigan University. Mr. Schwartz is also a graduate of the Center for Creative Leadership and Leadership Detroit.

ADMINISTRATORS

Listed below are summary biographies of the principal administrators of the Academy.

Angela Romanowski – Superintendent

Ms. Romanowski had been the principal at the Academy since 2004, which prepared her for her current role as Superintendent and Director of School Development. In her role as Director of School Development, Ms. Romanowski has mentored and lead the development of new school leaders within The Romine Group's organization as well as assisted in the startup and development of their most recent new school programs including leading the school development for The Capitol Encore Academy located in North Carolina. Ms. Romanowski has presented at several state and national conferences. In addition, Ms. Romanowski was a finalist for Michigan Charter School Administrator of the Year in 2006 and 2007 and received The Romine Group Administrator of the Year award in 2011. Ms. Romanowski holds a bachelor of science degree in elementary education from Eastern Michigan University and a master of arts degree in education with a dual concentration in K-12 school leadership and special education from Michigan State University.

R.J. Suemnick – Principal

Mr. Suemnick worked in the private sector for many years prior to changing careers to become a teacher. Mr. Suemnick began his career as a high school and middle school co-teacher in math and English classes for three years, before moving into the position of Dean of Students. In his role as Dean of Students, he had many leadership responsibilities that included facilitating collaborative planning with teachers, supporting the school student behavior plan, organizing and facilitating school-wide professional development, and conferencing with parents. During this time, Mr. Suemnick also earned his master's degree in educational leadership from Wayne State University and was soon offered the Principal position at the Academy. Mr. Suemnick's accomplishments during his career include winning The Romine Group Administrator of the Year. Mr. Suemnick also holds a master of education degree from Wayne State University in special education, and a bachelor of science degree from the Central Michigan University in history and business. Mr. Suemnick also holds professional educator certifications in educational leadership (All Levels), special education learning disabilities (All Levels), and history and business education (6-12).

EDUCATIONAL SERVICE PROVIDER

The Academy has entered into an Educational Service Provider Agreement with The Romine Group, Inc. ("TRG"), pursuant to which TRG is responsible for the management, operations and performance of the Academy. TRG has served as the educational service provider to the Academy since July 1, 2004. The current Educational Service Provider Agreement is effective as of July 1, 2017, for a term of two (2) years, ending June 30, 2019, unless terminated earlier pursuant to the terms of the Agreement.

TRG has supported the startup and operation of more than two dozen charter public schools since 1996. TRG specializes in providing public school academies with a variety of educational services and products, including business management, curriculums, educational programs, teacher training, operations and technology. TRG is currently supporting a half dozen schools in development across the nation, as well as managing the following nine existing schools.

Name	Location	Year Opened	Grades Offered	2017-18 Enrollment*
Capitol Encore Academy	Fayetteville, NC	2014	K-8	443
Hanley International Academy	Hamtramck, MI	1998	K-8	663
Intervention Academy	Port Huron, MI	2009	Varies	61
Madison Academy	Flint, MI	2002	K-12	824
Merritt Academy	New Haven, MI	2002	K-12	643
Momentum Academy	Hazel Park, MI	2012	K-8	128
New Standard Academy	Flint, MI	2012	K-8	513
Tipton Academy	Garden City, MI	2012	K-8	514
Trillium Academy	Taylor, MI	2002	K-12	586

**Enrollment for Michigan schools based on data collected on the first Wednesday of October (the "Fall Count Date").*

Source: Michigan Department of Education and Capital Encore Academy.

SUMMARY OF THE EDUCATIONAL SERVICE PROVIDER AGREEMENT

The following is a brief summary of certain provisions of the Educational Service Provider Agreement between the Academy and TRG (the "Agreement"). The following summary is not intended to be definitive, and it is not a complete explanation of all provisions of the Agreement. Reference should be made to the Agreement, for a complete recital of the terms of the Agreement, which is available from the Underwriter upon request.

Agreement to Operate: Terms of the Agreement

Pursuant to the terms of the Agreement, TRG has agreed to operate, maintain and manage the Academy and to provide all materials and personnel necessary for operation, maintenance and management of the Academy, and to provide educational services for the students enrolled at the Academy. Under the terms of the Agreement, TGR is paid an annual management fee equal to 9% of the State Aid funds that the State of Michigan determines the Academy is entitled to receive. Such fee shall not be less than $400,000 nor exceed $800,000 in any one academic year.

Service Provided by TRG

Under the terms of the Agreement, TRG is responsible for all of the management, operation, administration, and performance at the Academy, subject to the Charter and the discretion and approval of the Board. Such duties include, but are not limited to: (a) implementation and administration of the Educational Program (as defined in the Agreement); (b) strategic planning; (c) public relations; (d) special functions that include maintaining the Academy books and records, performing purchasing, professional development and administrative functions; (e) subcontracting of services (excluding the subcontracting of the management and the oversight of

Instructional services); (f) enrolling students in accordance with the Academy's policies; (g) providing due process for students and (h) providing an Educational Program that complies with all federal, State and local requirements.

THE ACADEMY'S FACILITY

The Academy serves grades K through 12, and operates from one school building. The building is a 71,300 square-foot school facility located at 15740 Racho Rd, Taylor, Michigan (the "Facility"). The Facility contains 40 classrooms, including two art rooms, two music rooms, a drama room, two resource rooms and two science labs. The Facility also contains a tech room, a media center with a computer lab, 17 restrooms, two locker rooms with restrooms inside, two gymnasiums, a theater with a stage, a mechanical room and several offices and storage areas. The Academy's site also includes a baseball diamond, play areas and a large paved parking lot. In the Spring of 2018, the Academy intends to make updates and improvements to the Academy's athletic fields, including the installation of a drainage system, new goal posts, scoreboards, and bleachers, and field resurfacing.

ENROLLMENT

The Academy began operations in September of 2002 offering grades K-6 to 149 students. In the 2003-04 school year, the Academy's second year of operation, it enrolled 208 students in grades K-7. The Academy continued to add a grade each year and offered grades K-12th by the 2008-09 school year and enrolled 689 students. The Academy enrolled 626 students in the 2015-16 school year, 601 students in the 2016-17 school year, and as of the 2017-18 Fall Count Date, enrolled 586 students for the 2017-18 school year. The Academy attributes the enrollment decline to an increase in charter school competition as well as a decrease in the student population in the communities from which the Academy draws its students.

Table 1
Historical and Projected Enrollment*

	Historical							Projected				
Grade	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**		**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**
K	68	70	63	48	56	40		42	42	42	42	42
1	64	66	64	62	51	47		40	42	42	42	40
2	55	61	66	61	54	46		46	40	42	42	46
3	50	47	53	52	55	51		46	46	40	42	46
4	53	52	50	53	53	57		50	46	46	40	50
5	60	53	52	48	56	45		56	51	47	47	56
6	52	53	51	49	45	60		45	53	51	47	45
7	53	56	55	51	46	44		59	45	53	51	59
8	51	51	55	49	49	46		43	59	45	55	43
9	61	49	42	37	45	54		47	43	59	45	47
10	48	43	49	40	31	39		49	43	39	57	49
11	42	47	41	37	30	25		38	41	41	37	38
12	36	44	44	39	30	32		25	35	39	39	25
TOTAL	**693**	**692**	**685**	**626**	**601**	**586**		**586**	**586**	**586**	**586**	**586**

** The historical Academy data presented for 2012-13 through 2017-18 is actual data as of the Fall Count Date of each school year.*

Source: The Academy and the Michigan Department of Education.

Trillium Enrollment Initiatives

In the 2015-16 school year, several marketing development sessions were held to create a new dynamic marketing plan to recruit and retain students, families and staff. Concurrently, the Academy's Board and leadership moved forward with a strategic planning process to define the future goals and objectives of the Academy. The below summary of the Academy marketing plan includes the new strategic planning goals and objectives. Much of the new enrollment initiatives are in the development stages but the foundations have been laid. The implementation of the initiatives will be swift on the part of the Academy's team to improve its program, its message and the manner in which they target the student base. The Academy plans to market the school year round.

1. **Print Materials:** The Academy has developed a new marketing brochure designed to provide an overview highlighting the Academy's programs and successes. The Academy has identified new advertising opportunities for print materials and has created several ads reinforcing the message from its marketing brochure.

2. **Digital Materials:** The Academy recently overhauled its website to align its message with the new print materials. In addition to providing information for its students, the new website design focuses on targeting new students by promoting the Academy's programs and successes. The Academy is working on developing its social media plan for digital recruitment.

3. **Verbal Messages:** The Academy will ensure that staff, students, families, board and partners understand the Academy's program and messages and communicate the right message to others. This will help us to both recruit and retain students and families.

4. **Student Targets:** The Academy will create committees of staff to help identify student community programs including community theater, dance and music programs in which the Academy may market and recruit. Those programs will also be identified for partnership opportunities.

5. **School Program:** The Academy is working on several initiatives to improve the quality of the arts program both during and after-school to attract new students. In addition to the arts program, the Academy restructured classroom sizes to improve programming and ensure a strong program is delivered.

6. **Enrollment Events**: The Academy has implemented several initiatives focused around promoting the school and driving enrollment including:

    - Advertising in local and Academy publications
    - Posting advertisements and Academy events on Facebook and other digital media
    - Using positive behavior tracking tools to reward good behavior and communicate with families
    - Conducting open houses for parents to come tour the Academy and meet administrators
    - Leading "Kindergarten Round Up"—a chance for incoming kindergarten students to see their classroom and meet their teachers
    - Providing focus groups which work with transition grades 5th, 8th, and high school students to improve school climate and offerings
    - Attending open houses and enrollment drives for local parochial schools
    - Sharing print materials with local businesses and community centers
    - Developing referral programs for teachers and families
    - Creating partnerships with local preschool programs, theater groups, and church groups to use the Academy's facilities and help promote students to attend the Academy

Matriculation Agreement

In addition to the Academy's enrollment initiatives, the Academy has entered into a matriculation agreement (the "Matriculation Agreement") dated July 1, 2017, with Tipton Academy, a public school academy offering pre-K through 8th grades, located in Garden City, Michigan, approximately 13 miles from the Academy. Tipton Academy offers pre-K through 8th grades, but does not offer a high school component. The Matriculation Agreement allows students from Tipton Academy to continue their 9th through 12th grade education at a charter school with a complementary educational program.

According to the Matriculation Agreement, the Academy must, subject to certain limitations, give enrollment preference to "Eligible Students" from Tipton Academy over non-Tipton Academy students. Eligible Students are defined in the Matriculation Agreement as those that: (a) enrolled in and attended Tipton Academy at any time during elementary school; (b) were not expelled from Tipton Academy; (c) did not withdraw from Tipton Academy in lieu of expulsion; (d) completed 8th grade from any school, including Tipton Academy; (e) are eligible to enroll in a public school in Michigan and meet any additional applicable residency requirements, and (f) are otherwise eligible for enrollment in the Academy.

The initial term of the Matriculation Agreement expires June 30, 2018, but automatically renews for up to five successive one-year periods, except that it expires on the earliest charter expiration date of either of the Academies, at which time the Matriculation agreement may be extended or renewed by further agreement of the academies with approval of the authorizing bodies of the academies.

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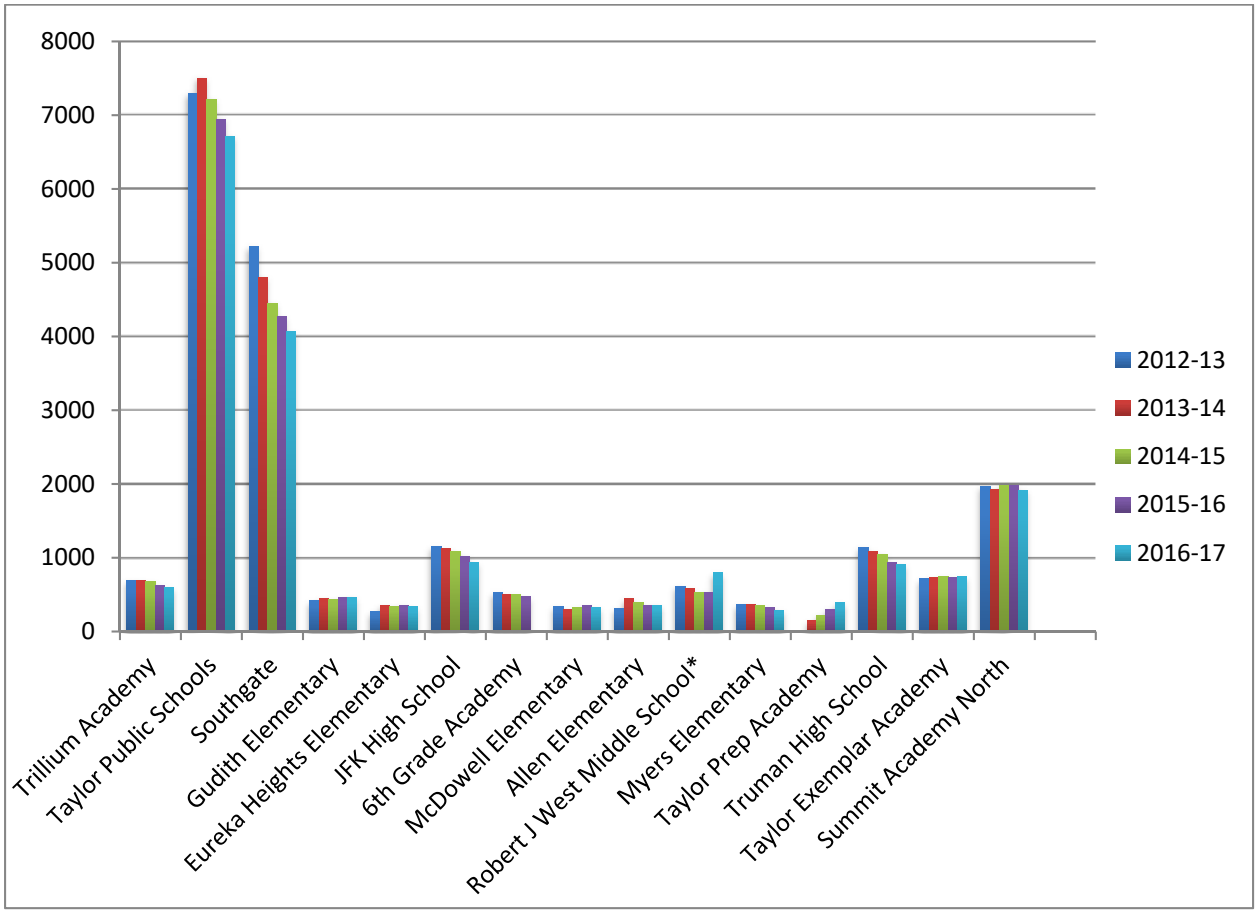
Enrollment Trends

The following table compares the Academy's enrollment trend to other area schools from the 2012-13 school year to the 2016-17 school year.

Table 2
Comparative Enrollment Trends



**In the 2016-17 school year, Robert J. West Elementary School received students from "6th Grade Academy," which closed prior to the 2016-17 school year.*

Source: The Academy

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Students and Faculty

For the 2017-18 school year, the TRG employed 33 full-time teachers on behalf of the Academy. All teachers employed by the TRG are credentialed or approved for credentialing and meet State requirements for public education instructors. In the 2017-18 school year, the ratio of general education teachers to students is 24 to 1. The following table sets forth the number of Academy staff from the 2012-13 school year through the 2017-18 school year.

Table 3
Faculty

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Classroom Teachers	36	40	38	38	35	33
Administrators	8	7	9	8	7	7
Other Instructional Staff	14	19	17	15	15	13
Other Staff Members	8	7	7	6	5	5
Total Employees	**66**	**73**	**71**	**67**	**62**	**58**

Source: The Academy

The following table sets forth the Academy's student and faculty retention percentages for the 2013-14 through 2017-18 school years.

Table 4
Student and Faculty Retention

	2013-14	2014-15	2015-16	2016-17	2017-18
Student Retention	76%	78%	77%	81%	89%
Faculty Retention	84%	78%	81%	75%	87%

Source: The Academy

The following table sets forth student-faculty ratios at the Academy on a grade-by-grade level for the 2013-2014 through 2017-18 school years.

Table 5
Student / Faculty Ratios

Grade	2013-14	2014-15	2015-16	2016-17	2017-18
K	25:1	28:1	28:1	28:1	19:1
1	28:1	28:1	28:1	26:1	24:1
2	28:1	28:1	28:1	27:1	23:1
3	27:1	26:1	26:1	27:1	26:1
4	26:1	26:1	28:1	27:1	28:1
5	25:1	26:2	28:1	28:1	23:1
6	25:1	26:3	28:1	23:1	28:1
7	25:1	28:1	28:1	23:1	22:1
8	26:1	28:1	28:1	25:1	23:1
9	20:1	22:1	26:1	22:1	27:1
10	20:1	24:1	23:1	24:1	20:1
11	19:1	20:1	24:1	23:1	25:1
12	20:1	22:1	23:1	23:1	22:1

Source: The Academy

WAIT LIST

The following table sets forth the Academy's wait list for the 2014-15 through 2017-18 school years. The Academy enrolls students from the waiting list year-round as space becomes available.

Table 6
Historical Waiting Lists

Grade	2014-15	2015-16	2016-17	2017-18
K	0	0	0	0
1	2	0	11	0
2	0	0	9	0
3	5	0	10	0
4	0	0	5	0
5	2	0	4	0
6	0	0	0	0
7	3	0	0	0
8	2	0	2	0
9	0	0	4	0
10	0	0	5	0
11	0	0	7	0
12	0	0	4	0
Totals:	**14**	**0**	**61**	**0**

Source: The Academy, as of September of each school year.

SERVICE AREA AND COMPETING SCHOOLS

Table 7
The Academy's Student Resident Districts*

Student's Resident District	Number of Students from Resident District	Percent of Students from Resident District
Taylor School District	335	57%
School District of the City of Lincoln Park	53	9
Southgate Community School District	31	5
Romulus Community Schools	27	5
Woodhaven-Brownstown School District	24	4
Detroit Public Schools Community District	21	4
Dearborn Heights School District	14	2
Melvindale-North Allen Park Schools	14	2
Wayne-Westland Community School District	11	2
School District of the City of River Rouge	10	2
Garden City Public Schools	7	1
Allen Park Public Schools	6	1
Ecorse Public Schools	6	1
Trenton Public Schools	5	1
Dearborn City School District	4	1
Other	18	3
Total	**586**	**100%**

*Data as of October, 2017.
Source: The Academy

Table 8
College Enrollment Plans

	% of High School Graduates Enrolled within 6 Months of Graduation				
	2012-13	2013-14	2014-15	2015-16	2016-17
4-Year Colleges and Universities	28.6%	41.5%	26.2%	N/A	53.6%
Community Colleges	17.1	26.8	26.2	N/A	25.0

Source: The Michigan Department of Education. 2015-16 Data not available.

The majority of the Academy's students reside in the City of Taylor (the "City"). The Academy competes for students primarily with traditional and charter schools in the area.

Table 9

Local Area School Comparison

Academy	District Type	Distance from Trillium	Grades Offered	2016-17 Enrollment	Enrollment Change from Prior Year	2015-16 Top to Bottom % Ranking	2015-16 Accountability Score Card
Trillium Academy	Charter	0 miles	K-12	601	-3.99%	50	Yellow
Taylor Public Schools	Public	n/a	K-12	6,716	-3.33%	n/a	Lime
Southgate Community	Public	n/a	K-12	4,067	-4.78%	n/a	Orange
Gudith Elementary	Public	1.9 miles	K-5	468	2.41%	58	Lime
Eureka Heights Elementary	Public	2.0 miles	K-5	333	-6.98%	13	Orange
JFK High School	Public	2.3 miles	9-12	939	-8.21%	31	Yellow
McDowell Elementary	Public	2.5 miles	K-5	330	-5.71%	9	Yellow
Allen Elementary	Public	2.8 miles	K-5	359	2.57%	66	Lime
Robert J West Middle School	Public	3.5 miles	7-8	795	49.44%*	66 - Reward	Yellow
Myers Elementary	Public	3.8 miles	K-5	290	-10.77%	9	Yellow
Taylor Prep High School	Charter	4.4 miles	9-12	390	27.45%	n/a	Yellow
Truman High School	Public	4.6 miles	9-12	911	-2.25%	23	Yellow
Taylor Exemplar Academy	Charter	5.1 miles	K-8	742	0.41%	59	Yellow
Summit Academy North	Charter	5.3 miles	K-12	1,916	-3.52%	60, 29, 54	Lime

**In the 2016-17 school year, Robert J. West Elementary School received students from "6th Grade Academy," which closed prior to the 2016-17 school year.*

Source: The Michigan Department of Education.

Table 10

Comparative Enrollment Trends
Academy and Local School District

	The Academy		Taylor School District		School District of the City of Lincoln Park		Woodhaven-Brownstone School District		Southgate Community School District	
	Enrollment	% Change	Enrollment	% Change	Enrollment	% Change	Enrollment	% Change	Enrollment	% Change
2011-12	713	n/a	7,492	-4.92%	4,845	2.58%	4,957	-1.96%	5,463	-3.24%
2012-13	693	-2.81%	7,293	-2.66%	4,846	0.02%	5,088	2.64%	5,221	-4.43%
2013-14	692	-0.14%	7,503	2.88%	4,859	0.27%	5,141	1.04%	4,802	-8.03%
2014-15	685	-1.01%	7,209	-3.92%	4,895	0.74%	5,124	-0.33%	4,451	-7.31%
2015-16	626	-8.61%	6,947	-3.63%	4,877	-0.37%	5,216	1.80%	4,271	-4.04%
2016-17	601	-3.99%	6,716	-3.33%	4,896	0.39%	5,344	2.45%	4,067	-4.78%

Source: The Academy, from data made available by the Michigan Department of Education.

DEMOGRAPHIC INFORMATION

The Academy is located in the City of Taylor, on the southeast side of Wayne County. The City is approximately 23.64 square miles. The City is bordered on the west by the City of Romulus, on the north by the City of Dearborn Heights, on the east by the City of Southgate, and on the south by Brownstown Township.

Table 11
City, County, and State Demographic Comparison

	City of Taylor	Wayne County	Michigan
Population, 2010	63,131	1,820,584	9,883,640
Population, percent change, 2000 to 2010	4.20%	-11.70%	-0.60%
Population, 2000	65,868	2,061,162	9,938,444
Persons under 5 years, percent, 2010	7.10%	6.50%	6.00%
Persons under 18 years, percent, 2010	24.70%	25.40%	23.70%
Persons 65 years and over, percent, 2010	12.80%	12.70%	13.80%
White persons, percent, 2010	78.00%	52.30%	78.90%
Black persons, percent, 2010	15.80%	40.50%	14.20%
Asian persons, percent, 2010	1.80%	2.50%	2.40%
Multi-Racial, percent, 2010	2.60%	2.40%	2.30%
Hispanic or Latino, percent, 2010	5.10%	5.20%	4.40%
Living in same house 1 year & over, 2010-2014	83.40%	85.60%	85.30%
High school graduates, percent of persons age 25+, 2006-2010	83.10%	84.40%	89.30%
Bachelor's degree or higher, pct. of persons age 25+, 2010-2014	9.60%	21.6%	26.04%
Median household income 2010-2014	$41,742	$22,643	$48,432
Persons below poverty level, percent, 2010-2014	20.7%	24.1%	16.20%

Source: http://quickfacts.census.gov/qfd/states/26/2622000.html.

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Table 12
Academy, Area School District, Intermediate School District, and State Demographic Comparison*

	Academy	Taylor School District	Wayne Regional Educational Service Agency	State
Race/Ethnicity				
American Indian or Alaska Native	.17%	.42%	.24%	.65%
Asian	1.83%	1.24%	3.74%	3.25%
African American	34.11%	28.81%	40.71%	18.02%
Hispanic/Latino	11.65%	8.65%	8.21%	7.68%
Native Hawaiian or Other Pacific Islander	.33%	0.00%	.05%	.09%
Two or More Races	2.16%	5.93%	2.10%	3.7%
White	49.75%	54.96%	44.94%	66.62%
Free or Reduced Lunch				
Free Lunch Eligible	58.07%	64.50%	40.42%	39.94%
Reduced Lunch Eligible	2.83%	7.49%	10.64%	5.92%
Not Eligible	39.10%	28.00%	48.94%	54.14%
Economically Disadvantaged	60.90%	71.86%	59.64%	45.86%
English Language Learners	4.82%	4.05%	12.57%	6.20%

**Based on 2016-17 data. Percentages may not total 100% due to rounding.*

Source: Michigan Department of Education.

Table 13
Top Ten Taxpayers in the City of Taylor *

Taxpayer	Product or Service	2016 Ad Valorem Taxable Valuation	% of 2016 Ad Valorem Taxable Valuation
General Growth Properties	Retail	$33,551,541	2.65%
Detroit Edison	Utility	32,569,351	2.57
Rea Construction	Industrial Development	18,654,967	1.47
Masco Corporation	Manufacturing	16,034,940	1.26
Princeton Management	Apartment Complex	9,434,734	.74
Persicone	Real Estate	8,669,155	0.68
Westminster/Pickwick Harvest	Apartment Complex	8,316,000	0.66
Comcast	Cable	7,834,500	0.62
Meijer, Inc.	Retail	6,962,300	0.55
Wal-Mart	Retail	6,665,500	0.53
Total		**$148,692,988**	**11.73%**

*As of November 2016

Source: City of Taylor

Table 14
Ten Largest Employers in the City of Taylor *

Company	Product or Service	Approximate Number of Employees
Oakwood/Heritage Hospital	Hospital	1,100
Taylor Public School	Education	1,070
Wal-Mart	Retail	387
Arrow Uniform	Industrial	420
City of Taylor	Municipal Government	292
Meijer, Inc.	Retail	280
Macy's	Retail	280
Arrow Uniform	Industrial	250
Home Depot (2 Location)	Retail	233
J.C. Penney Company	Retail	198
Voss Steel	Steel	97
Total		**4,187**

*As of November 2016

Source: City of Taylor

Table 15
City of Taylor Population Forecast

Age Group	2010	2015	2020	2025	2030	2035	2040	Change 2010 - 2040
Under 5	4,469	3,261	3,196	3,166	3,191	3,155	3,029	-1,440
5-17	11,147	9,718	8,375	7,526	7,283	7,398	7,430	-3,717
18-23	6,303	6,184	5,497	5,089	4,525	4,037	4,000	-2,303
25-34	8,216	7,464	7,848	8,031	7,864	7,660	7,038	-1,178
35-59	21,642	20,231	18,145	16,755	16,488	16,438	16,871	-4,471
60-64	3,300	3,665	3,910	3,598	3,172	2,972	2,697	-603
65-74	4,352	5,615	6,748	7,397	7,590	7,166	6,710	2,358
75+	3,702	3,847	4,261	5,116	6,199	7,189	7,928	4,226
Total	63,131	59,985	57,980	56,678	56,312	56,015	55,703	-7,428

Source: U.S. Census Bureau and Southeast Michigan Council of Governments

Table 16
Wayne County (Excluding Detroit) Population Forecast

Age Group	2010	2015	2020	2025	2030	2035	2040	Change 2010 - 2040
Under 5	68,304	58,754	56,589	56,604	57,006	55,640	53,023	-15,281
5-17	203,144	187,812	167,788	153,436	149,866	149,866	151,029	-52,115
18-23	95,019	99,635	94,564	87,858	77,215	69,787	70,458	-24,561
25-34	132,403	125,286	131,474	138,113	136,496	130,612	119,347	-13,056
35-59	398,062	382,449	352,725	329,348	325,321	327,432	337,398	-60,664
60-64	61,097	72,009	80,116	76,525	68,949	64,770	59,030	-2,067
65-74	74,274	93,417	113,655	128,349	131,001	123,011	114,712	40,438
75+	74,504	74,597	79,195	92,769	109,685	126,849	136,965	62,461
Total	1,106,807	1,093,959	1,076,106	1,063,002	1,054,988	1,047,967	1,041,962	-64,845

Source: U.S. Census Bureau and Southeast Michigan Council of Governments

ACADEMIC STANDARDS AND PERFORMANCE

Academic Performance and the New Accountability System under ESSA

The State is currently transitioning to a new accountability system to measure academic performance as mandated by the Every Student Succeeds Act ("ESSA"). This new accountability system will replace the prior accountability system which included a Top-to-Bottom School Ranking and Accountability Scorecard. The new accountability system under the Plan will be implemented beginning with the 2017-18 school year. This section contains a discussion of the new accountability system under ESSA. For a discussion of the prior accountability system see "ACADEMIC STANDARDS AND PERFORMANCE – Academic Performance and the Prior Accountability System" herein.

Every Student Succeeds Act ("ESSA")

On December 10, 2015, President Obama signed the ESSA into law which reauthorizes the Elementary and Secondary Education Act ("ESEA") and replaces the No Child Left Behind Act ("NCLB"). Under ESSA, each state, in conjunction with its local public schools and other stakeholders, is required to develop and submit for approval to the United States Department of Education ("USDE") a statewide accountability system, which will provide statewide annual assessments that are aligned with state determined academic content and achievement standards as well as the appropriate support, improvement, and intervention for low performing schools in the state. Unlike the AYP measurement under NCLB, ESSA provides states and school districts flexibility in developing the statewide accountability system that are tailored to local needs.

On February 14, 2017, the Michigan Department of Education ("MDE") released a draft of the proposed ESSA accountability standards entitled "Michigan's Consolidated State Plan Under the Every Student Succeeds Act" (the "Plan") for public comment. Public comments on the draft Plan were accepted through March 16, 2017. MDE approved the final Plan and, on March 29, 2017, submitted it to the Governor for review. After the Governor's review and approval of the Plan on April 17, 2017, the State submitted the Plan to the United States Department of Education ("USDE"). On August 4, 2017, MDE received preliminary feedback from USDE, requesting additional details on specific sections of the submitted Plan. A revised plan was submitted to USDE on August 11, 2017, and an additional revision to a section of the Plan was submitted to USDE on August 17, 2017. On September 6, 2017, MDE submitted additional USDE-requested changes or clarifications related to the Plan. On October 24, 2017,

Michigan received additional interim feedback from USDE, requesting clarification on several sections of the submitted Plan. A revised Plan, providing this information, was submitted to USDE on November 1, 2017. On November 15, 2017, Michigan submitted a final plan, incorporating all previous changes to USDE for final review and approval. On November 28, 2017, U.S. Secretary of Education Betsy DeVos announced the approval of Michigan's Plan.

The approved Plan and more information on the further development and implementation of the Plan and the accountability standards under the Plan can be found at www.michigan.gov/mde/essa.

Statewide Accountability System under ESSA

Under the Plan, the State will implement a statewide accountability system that will consist of a transparency dashboard produced annually, coupled with an index-based system to identify comprehensive support, targeted support, and additional targeted support schools on a three-year identification cycle which will be used to determine future levels of support for a school. The new accountability system under the Plan will be implemented beginning with the 2017-18 school year.

The transparency dashboard under the Plan is the State's preferred option to report a more holistic, data-driven story of what is happening in its schools. The dashboard is being developed for parents and includes many elements beyond what is required under ESSA. The dashboard will be implemented over multiple phases with the initial phase being rolled out at the same time as the State's index-based identification system. Further information on the transparency dashboard and the timeline for its development and implementation can be found at: http://www.michigan.gov/documents/mde/SBE_Policy_Statement_on_Transparency_Dashboard_-_FINAL_TT_575834_7.pdf.

The index-based identification system under the Plan will unify and replace the prior Top-to-Bottom School Rankings and Accountability Scorecard. Under the index system, schools will receive an overall school index value ranging from 0-100 that indicates performance across subgroups in multiple data components. The overall school index values will be used for identifying schools for State and federal supports and interventions. Data components included in school index calculations may come from some or all of the following: proficiency growth, English learner progress, graduation rates, attendance rates, assessment participation rates, advanced coursework completion rates, postsecondary enrollment and staffing levels.

Comprehensive Support and Improvement Schools

ESSA requires the identification of Comprehensive Support and Improvement Schools ("CSI School"), and under ESSA, a CSI School is defined as the lowest performing 5% of schools receiving Title I funds in the State, as well as any school with a 4-year cohort graduation rate of 67% or less. Pursuant to a recent policy announced by the MDE, the State will utilize the definition of CSI Schools under ESSA for all of its schools to determine the lowest performing 5% of schools under Section 1280c of the Revised School Code (formerly identified as "Priority Schools"). Under this policy, the State will identify CSI Schools every three (3) years beginning with the 2016-17 school year. To identify CSI Schools the State will use the index system under the Plan.

Proposed Revisions to the Accountability System under ESSA: Letter Grade System

On February 6, 2018, House Bill 5526 (the "Bill") was introduced in the Michigan Legislature, which would create an Education Accountability Policy Commission (the "Commission"), which would be charged with developing a school grading system that assigns each public school in Michigan a letter grade between A and F based on its achievement in six specified indicators. The letter grade system would replace the index system under the Plan. Under the Bill, the MDE would administer the system and begin assigning school grades based on achievement by September 1, 2019, and yearly thereafter. The Bill requires the Commission to develop a statewide system of accountability measurements by September 1, 2018. Based on these measurements, beginning September 1, 2019, and yearly thereafter, MDE would assign letter grades to each public school in the State based on the following six indicators: 1) student proficiency in mathematics and English language arts; 2) percentage of all students who achieve adequate growth in mathematics and English language arts on the applicable State assessment;

3) percentage of English language learner students who achieve adequate growth toward proficiency; 4) graduation rates of high school students; 5) rate of chronically absent students; and 6) participation rate for each applicable State assessment.

Under the Bill, the Commission would also be required to develop standards for identifying public schools as falling into categories of performance and adequate achievement. These standards would identify the lowest 5% achieving schools as required under ESSA as comprehensive support and improvement schools, consistently underperforming schools as described in ESSA as targeted support and improvement schools and the highest achieving schools as reward schools.

Proposed Amendments to Section 1280c

On March 1, 2018, a substitute version of the Bill was introduced, which would also require MDE to assign rankings for all public schools based on how a public school relates to comparable schools and how subgroups of students at the school compare to those subgroups Statewide. Additionally, under the substitute Bill, MDE would be required to designate high and low performing public schools based on their grades and rankings.

The substitute Bill would also repeal Section 1280c of the Revised School Code (MCL §380.1280c). Section 1280c created the office of the State School Reform/Redesign Officer ("SRO") and governs the identification of the lowest achieving 5% of public schools and the implementation of a redesign plan under one of the four federal intervention models under the Race-to-the-Top federal incentive program. The substitute Bill would instead identify low-performing schools as CSI Schools, as required under the Plan, and shift the current responsibilities of the SRO to the Commission. For a further discussion of Section 1280c, see "ACADEMIC STANDARDS AND PERFORMANCE – State School Reform Office ("SRO")" herein.

Further information on the Bill can be found on the Michigan Legislative website at http://www.legislature.mi.gov/(S(evyfqvl4vckcoqdb44vxrmus))/mileg.aspx?page=getObject&objectName=2018-HB-5526.

Academic Performance and the Prior Accountability System

The State is currently transitioning to a new accountability system to measure academic performance as mandated by the ESSA. This new accountability system will replace the prior accountability system which included a Top-to-Bottom School Ranking and Accountability Scorecard. The new accountability system under the Plan will be implemented beginning with the 2017-18 school year. This section contains a discussion of the prior accountability system. For a discussion of the new accountability system under ESSA, see "ACADEMIC STANDARDS AND PERFORMANCE – Academic Performance and the New Accountability System under ESSA" herein.

ESEA Flexibility Waiver

Title I of the ESEA, as reauthorized by the NCLB, required each state, as a condition of receiving funds under the Title I program, to implement a single, statewide accountability system applicable to all its public schools, including charter schools. The NCLB used Adequate Yearly Progress ("AYP") to measure and hold public schools responsible for student achievement. In Michigan, through the 2011-12 school year, AYP has been measured by year-to-year student achievement on the Michigan Education Assessment Program ("MEAP") test for elementary and middle school students, or the Michigan Merit Examination ("MME") test for high school students.

On July 19, 2012, the State of Michigan received a waiver from certain provisions of the NCLB ("ESEA Waiver") in exchange for the State's agreement to develop and implement its plans to improve educational outcomes for all students, close achievement gaps, increase equity and improve the quality of instruction. Under the waiver, Michigan schools will no longer face sanctions or restructuring upon failure to meet AYP. On August 13, 2015, the State received a three-year extension to its approved ESEA Waiver which extended the ESEA Waiver through the 2017-18 school year. More information on Michigan's ESEA Waiver can be found at www.mi.gov/eseaflex.

Accountability Scorecard

Beginning with the 2012-13 school year, the State replaced AYP with a Michigan School Accountability Scorecard system ("Accountability Scorecard") in fulfillment of the State's NCLB Waiver. The Accountability Scorecard used a five color coded system to indicate the performance of schools. Under the Accountability Scorecard, schools were rated "dark green," "light green," "yellow," "orange," or "red" based on how well the school met various academic goals. The information used to rank schools was based on the development of the Top-to-Bottom list of schools and their performance. Each school's Top-to-Bottom ranking was based on student achievement, student growth over time, school improvement over time and achievement gaps across all five tested subjects (mathematics, reading, science, social studies and writing). The colors under the Accountability Scorecard were based on the amount of possible points a school earns under the different assessment components. *Dark green* was awarded to schools attaining 85% or greater of possible points; *Light green* was awarded to schools attaining at least 70% of possible points but less than 85%; *Yellow* was awarded to schools attaining at least 60% of possible points but less than 70%; *Orange* was awarded to schools attaining at least 50% of possible points but less than 60%; and *Red* was awarded to schools attaining less than 50% of the possible points.

Based on its academic performance for the 2013-14 school year, the Academy was identified in the "yellow" category, which means that they attained at least 60% but less than 70% of possible points and/or have a few individual red cells. Due to the replacement of the MEAP test with the M-STEP test, discussed below, the State did not publicly release Accountability Scorecards for the 2014-15 school year. The Academy was also identified in the "yellow" category for the 2015-16 school year.

Top-To-Bottom School Rankings

In conjunction with the Accountability Scorecard, the State also began compiling an annual Top-to Bottom school list that ranks schools on their student performance in mathematics, reading, writing, science and social studies and graduation rate data. For the 2013-14 school year, the Academy was ranked in the 60th percentile in the Top-to-Bottom ranking. Due to the replacement of the MEAP test with the M-STEP test, discussed below, the State did not publicly release the Top-to Bottom rankings for the 2014-15 school year. For the 2015-16 school year the Academy was ranked in the 50th percentile in the Top-to-Bottom ranking.

On September 1, 2016, the State released the Priority School list and a list of the lowest achieving 5% of all public schools (discussed below) for the 2014-15 school year, and, on January 20, 2017, the State released a list of Priority Schools and the lowest achieving 5% of all public schools for the 2015-16 school year. The Academy was not identified as a Priority School, nor was it among the lowest achieving 5% of all public schools.

Reward, Focus and Priority School Designations

The Top-to-Bottom list was also used to designate schools as either a "Reward School," a "Focus School," or a "Priority School."

Reward Schools included the top five (5%) percent of schools on the annual Top-to-Bottom ranking of all Michigan schools, the top five percent of schools making the greatest academic progress over the previous four years, and "Beating the Odds" schools which were overcoming traditional barriers to student achievement and were outperforming schools with similar risk factors and demographic makeup. Reward Schools were publicly recognized for their achievements, and the State was considering providing additional flexibility to Reward Schools in the future. As of the 2013-14 school year, there were 330 Reward Schools located in different school districts across the State.

Focus Schools were the ten (10%) percent of schools with the widest gaps. Under the NCLB Waiver, an achievement gap is calculated for all Michigan schools, identifying the gap between the highest and lowest 30 percent of each school's student achievement. The list of Focus Schools includes some otherwise high-achieving schools that normally would not be expected to have low achieving students. Focus Schools received technical assistance from the State to close the achievement gap and were required to make reports to the State outlining the steps being taken to close the gap.

Priority Schools were those in the bottom five (5%) percent of the annual Top-to-Bottom ranking, and any high school with a graduation rate of less than 60 percent for three consecutive years. As required under State law, Priority Schools are placed under the authority of the SRO and the schools will be required to submit a redesign plan to the SRO that adopts one of four federal intervention models identified by the U.S. Department of Education. The SRO then approves, disapproves, or requires changes to the redesign plan and provides technical assistance to the Priority School in implementing the redesign plan. Priority Schools are required to remain under the authority of the SRO for a total of four (4) years that includes one (1) year of planning and three years (3) of implementation. If any Priority School does not implement its intervention model and make substantial growth in student learning, it may be placed in the State School Reform/Redesign School District (the "Reform District") to receive additional support. Public school academies that are designated as a Priority School that do not improve or do not implement the intervention model may be targeted by the SRO for the elimination of certain grades, closure of certain sites or the closure of the entire school.

The Academy is not designated as a Reward School, Focus School, or Priority School based on the most recent data from the 2015-16 school year. For more information on the SRO and Priority Schools see "ACADEMIC STANDARDS AND PERFORMANCE – State School Reform Office ("SRO")" herein.

State School Reform Office ("SRO")

In 2009, the Michigan Legislature, in response to the Race to the Top grant incentive program created under the American Recovery and Reinvestment Act of 2009, passed legislation that specified how the State would identify its lowest performing schools and created the School Reform Office ("SRO") to supervise the identified lowest performing schools. This law, codified under Section 1280c of the Revised School Code (M.C.L. § 380.1280c), requires the State Superintendent of Public Instruction to publish annually a list identifying the lowest achieving 5% of all public schools which are designated as "Priority Schools" and to issue an order placing these schools under the supervision of the SRO. See "ACADEMIC STANDARDS AND PERFORMANCE – Academic Performance and the New Accountability System under the ESSA" and "– Academic Performance and the Prior Accountability System" herein for a summary of the accountability measures.

Under Section 1280c, a Priority School is required to submit a redesign plan to the SRO that adopts one of four federal intervention models identified by the US Department of Education. The SRO then approves, disapproves or requires changes to the redesign plan and provides technical assistance to the Priority School in implementing the redesign plan. Priority Schools are required to remain under the authority of the SRO for a total of four (4) years that includes one (1) year of planning and three years (3) of implementation.

The legislation also created the Reform District to be controlled and operated by the SRO. Section 1280c further provides that a Priority School may be placed in the Reform District if the SRO does not approve a redesign plan proposed by a Priority School; or if the SRO determines that the redesign plan is not achieving satisfactory results. If so, the SRO serves as the Priority School's de facto superintendent and school board, and imposes one of the four school intervention models which includes potential closure.

As an alternative to the Reform District, Section 1280c provides that the SRO may recommend that the State Superintendent appoint a chief executive officer ("CEO") to take control of a Priority School if the SRO determines that better educational results are likely to be achieved. If appointed, the CEO is required to impose one of the four intervention models which includes potential closure. Once appointed, the CEO has all of the same powers and duties that the SRO has for Priority Schools placed in the Reform District.

Public school academies and schools of excellence that are designated as a Priority School that do not improve or do not implement the intervention model may be targeted by the SRO for the elimination of certain grades, closure of certain sites or the closure of the entire school.

Recent Actions by the SRO

On January 20, 2017, the SRO published a list of 38 "Schools Identified for the Next Level of Accountability," which includes potential closure. Notices were sent by the SRO to each of these 38 Priority Schools, as well as to the parents of each of the students in these schools. Also, on January 20, 2017, the SRO

published an additional list of 35 "Schools At-Risk for Next Level of Accountability," which includes potential closures. In a press release dated January 20, 2017, the SRO stated that the 38 schools identified in its list of "Schools Identified for the Next Level of Accountability" were "at risk of closure."

MDE Partnership Agreements

On March 1, 2017, the MDE sent out a letter to each of the 38 schools on the SRO's list offering to implement a partnership model with each of these schools in order to avoid potential closure. Under the MDE partnership program, if a partnership agreement was entered into within a 60 day window, the school would not be subject to closure as long as it is in compliance with the terms of the partnership agreement. As of May 3, 2017, 37 of the 38 schools on the SRO's list had entered into partnership agreements with the MDE.

In the fall of 2017, the MDE began discussions with an additional 27 schools currently designated as Priority Schools regarding partnership agreements. The Academy is currently not designated as a Priority School.

Michigan Student Test of Educational Progress ("M-STEP")

Beginning with the 2014-15 school year the State replaced the Michigan Education Assessment Program ("MEAP") test with the Michigan Student Test of Educational Progress ("M-STEP"). The M-STEP includes summative assessments designed to measure student growth effectively for today's students. English language arts and mathematics are assessed in grades 3–8, science in grades 4 and 7, social studies in grades 5 and 8, and 11th grade students are tested in science and social studies.

Table 17
M-Step, Michigan's State Assessment
Spring of 2015, 2016, and 2017
Percent of Students at or Above Proficiency

Grade	Year	Math	ELA	Science	Social Studies
3rd	2015	36	42	-	-
	2016	40	32	-	-
	2017	51	51	-	-
4th	2015	29	45	10	-
	2016	29	37	6	-
	2017	25	43	8	-
5th	2015	19	37	-	6
	2016	22	53	-	-
	2017	11	36	-	-
6th	2015	14	32	-	-
	2016	20	47	-	-
	2017	37	42	-	-
7th	2015	24	44	14	-
	2016	26	47	19	-
	2017	21	45	18	-
8th	2015	6	38	-	21
	2016	10	47	-	16
	2017	8	45	-	21
11th	2015	-	-	16	33
	2016	-	-	28	41
	2017	-	-	32	58

Source: The Academy and the Michigan Department of Education

Prior to the 2016-17 school year, the Academy utilized the Performance Series Assessment, which evaluated students enrolled for three or more years as compared to the achievement targets, in grades 2-8 in both Reading and Math. In 2015-16, 56% of the Academy's students met the target, 52% of students met the target in 2014-15, and 50% of students met the target in 2013-14.

Table 18
Performance Series - Spring 2016

Grade	Percent Met Annual Target Math	Percent Met Annual Target Reading
K	67%	-
1st	54%	-
2nd	67%	74%
3rd	86%	73%
4th	38%	67%
5th	29%	71%
6th	54%	65%
7th	69%	60%
8th	42%	52%

Source: The Academy

Scholastic Aptitude Test ("SAT")

The following table shows the average SAT score for Academy students as compared to the area school district, intermediate school district, and the State for the 2015-16 and 2016-17 school years.

Table 19
SAT Scores

	2015-16	2016-17
The Academy	961.5	998.7
Taylor School District	921.1	918.8
Wayne Regional Educational Service Agency	965.9	974.4
State	764.2	780.2

Source: Michigan Department of Education

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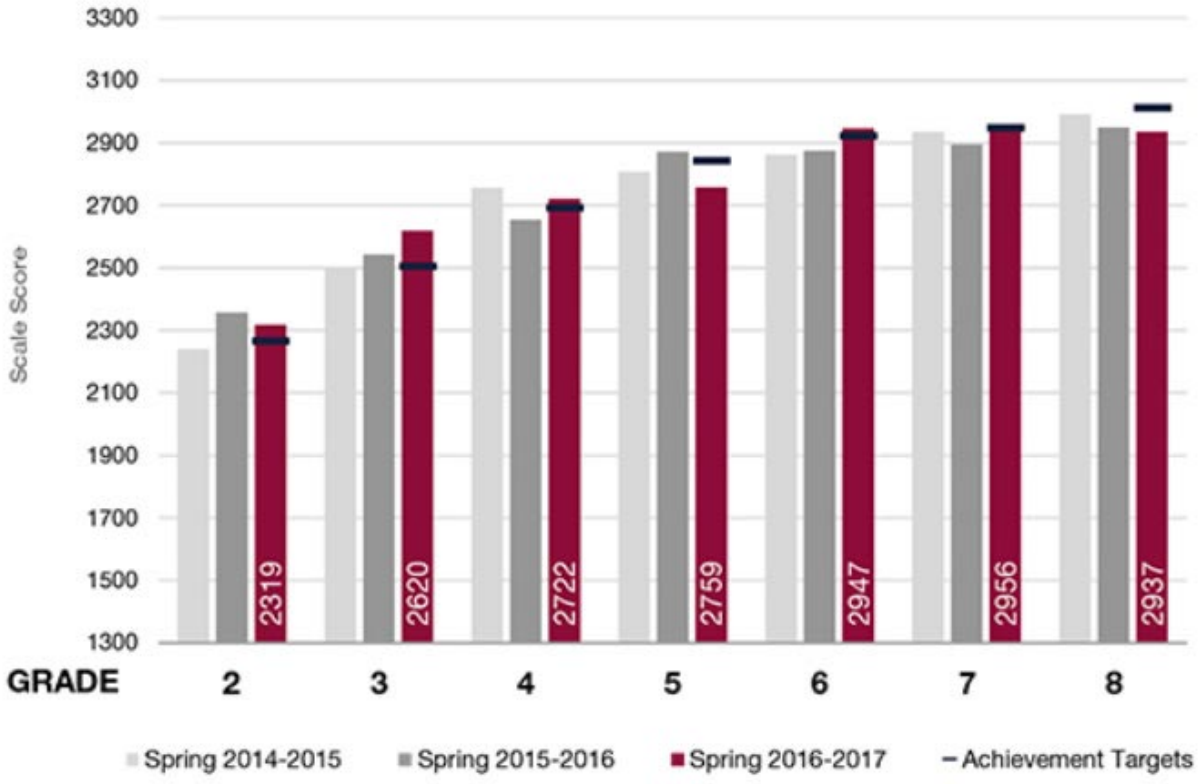
In the 2016-17 school year, the Academy began using the NWEA Measure of Academic Performance ("MAP"). The tables below depict the average scaled score by grade and the overall percent of students meeting targets as measured on the MAP or Performance Series Assessment by Scantron reading and math tests administered each spring.

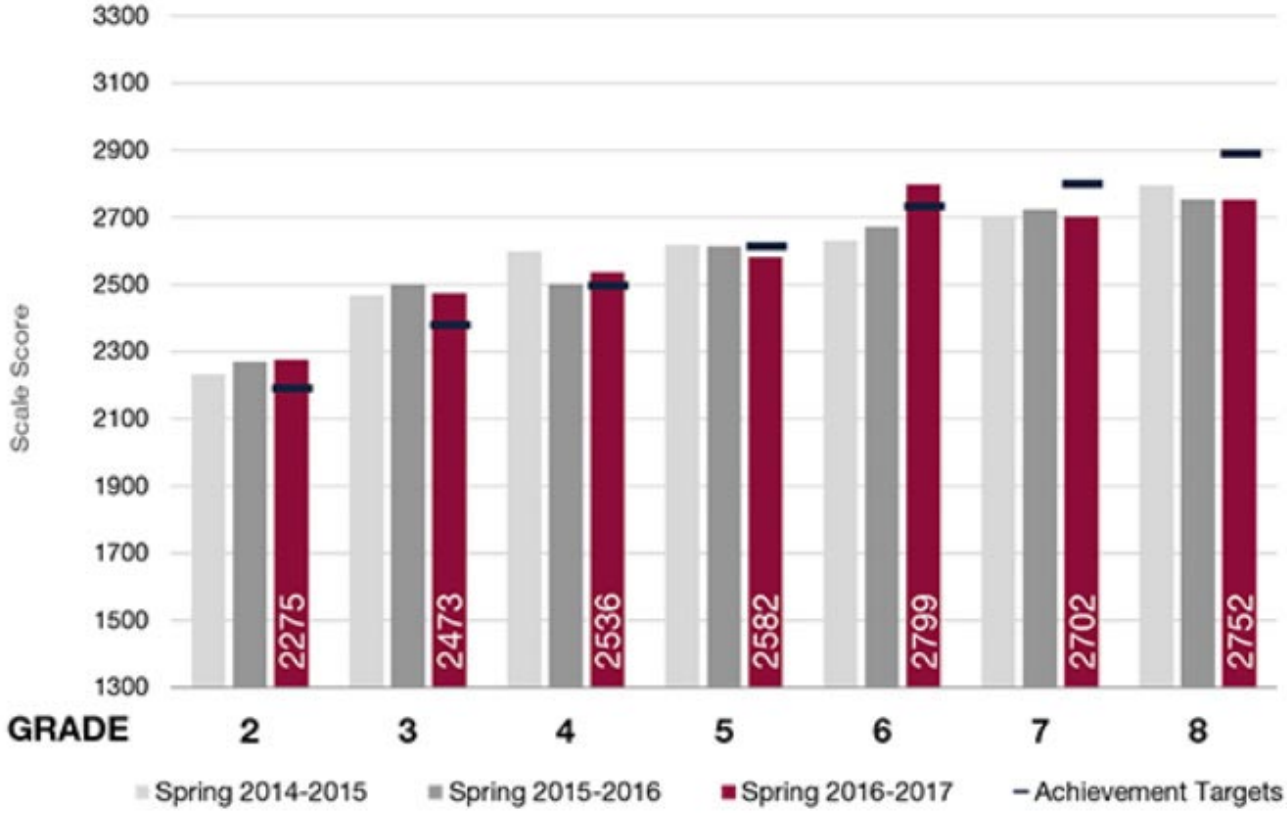
Table 20
Performance Series Spring Results - Reading*



**Students Enrolled for Three or More Years as Compared to Achievement Targets. If the cohort of students enrolled for three or more years is not sufficient in size to conduct a valid analysis, the cohort of students enrolled for two or more years is used.*

Source: CMU Center for Charter Schools. Available at http://www.thecenterforcharters.org/schools/choice/our-schools/trillium-academy/

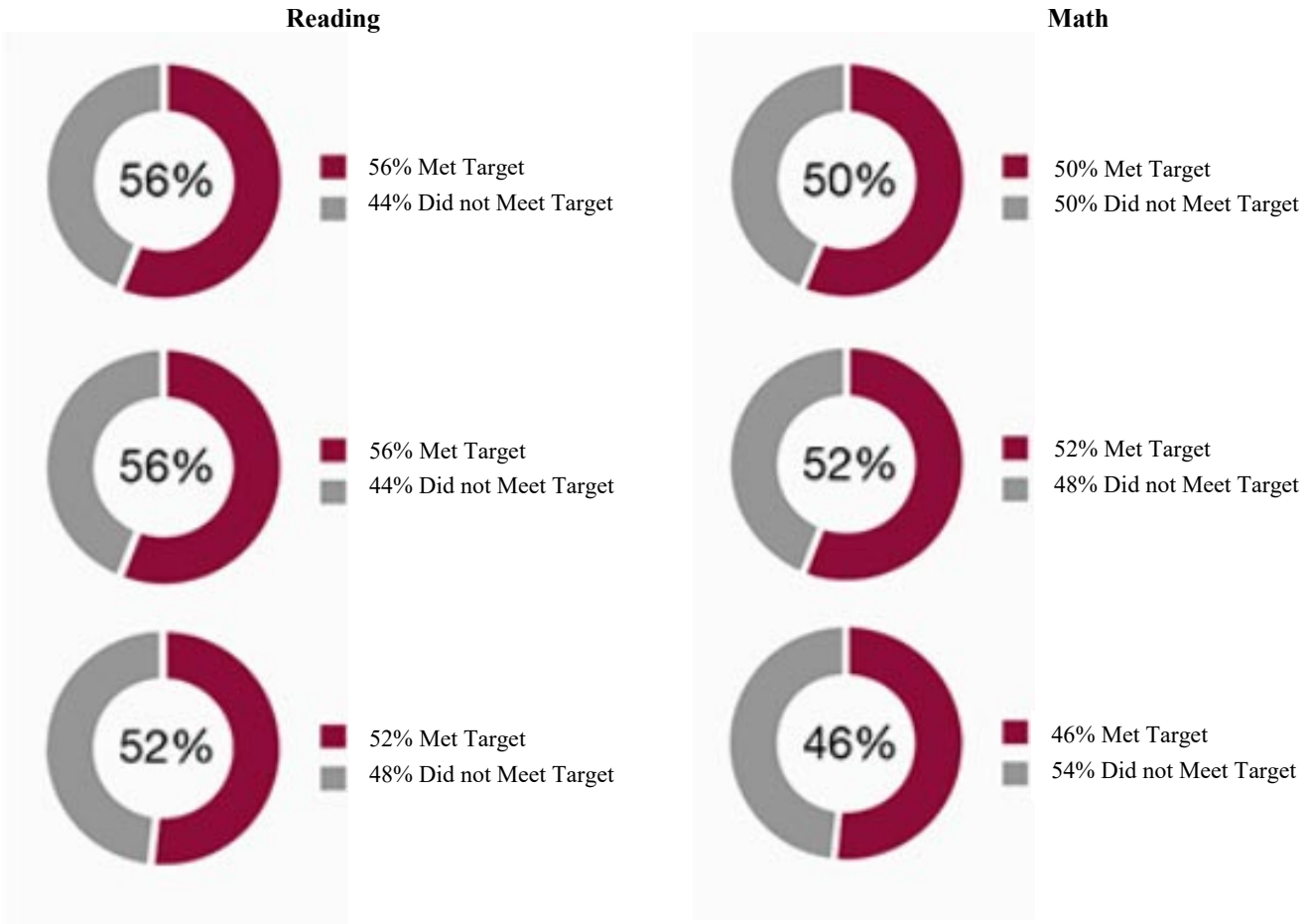
Table 21
Performance Series Spring Results - Math*



**Students Enrolled for Three or More Years as Compared to Achievement Targets. If the cohort of students enrolled for three or more years is not sufficient in size to conduct a valid analysis, the cohort of students enrolled for two or more years is used.*

Source: CMU Center for Charter Schools. Available at http://www.thecenterforcharters.org/schools/choice/our-schools/trillium-academy/

Table 22
Performance Series Spring Results*
Percent of Students Meeting the Targets



**Students Enrolled for Three* or More Years as Compared to Achievement Targets. If the cohort of students enrolled for three or more years is not sufficient in size to conduct a valid analysis, the cohort of students enrolled for two or more years is used.*

Source: CMU Center for Charter Schools. Available at http://www.thecenterforcharters.org/schools/choice/our-schools/trillium-academy/

STATE AID PAYMENTS

The Academy's principal source of revenue is a per-pupil foundation allowance received from the State pursuant to the State School Aid Act of 1979, MCL Section 388.1601 et seq., as amended (the "State School Aid Act"). The table 11 below shows the per-pupil foundation allowance the Academy actually received during fiscal years 2012-13 through 2016-17.

The appropriation of funds by the State to establish the per-pupil foundation allowance under the School Aid Act may be adjusted annually as part of the State's budgeting process. For the 2015-16 school year the amended School Aid Act increased the Academy's per pupil foundation allowance to $7,391, for the 2016-17 school year it increased to $7,511, and for the 2017-18 school year it increased to $7,631. State aid appropriations and the payment schedule for State school aid may be changed by the State at any time.

The Academy may also receive various categorical grants for specific expenditures such as special education, "at-risk" students, meal programs, early education, vocational-technical programs, bilingual programs and other instructional and non-instructional programs. The type and amount of these categorical grants are determined by the State pursuant to the annual amendments to School Aid Act. For further information regarding the type and amount of categorical grants received by the Academy see "APPENDIX C – AUDITED FINANCIAL INFORMATION OF THE ACADEMY FOR THE FISCAL YEARS ENDED JUNE 30, 2017, 2016, AND 2015."

See "RISK FACTORS" in the forepart of this Official Statement for additional information, including "Delay in, Reduction or Termination of State School Aid." In addition, the Academy receives certain federal funding.

Table 23
Per Pupil Foundation Allowance

Fiscal Year	Foundation Allowance Received by the Academy
2012-2013	$7,110
2013-2014	7,168
2014-2015	7,218
2015-2016	7,391
2016-2017	7,511
2017-2018	7,631

Source: The Academy, from information published in the Michigan School Aid Act and published by the Michigan Department of Education.

OTHER BORROWINGS AND FUTURE FINANCINGS

The Academy does not have any State School Aid note or other loan obligations for the 2017-18 school year. At this time, the Academy has no plans for future long-term financing, other than the Series 2018 Bonds. The Academy expects to continue short-term borrowings as needed for working capital purposes through the issuance of State School Aid notes secured by a pledge of the Academy's State School Aid on a subordinate basis to the Series 2018 Bonds.

DEBT HISTORY

The Academy has no record of default on prior debt financings.

FEDERAL/STATE FUNDING

Public school academy students are similar to traditional public school students with respect to eligibility for federal entitlement programs. A public school academy may receive federal grant funds directly from the Michigan Department of Education by following the same procedures that local school districts are required to follow.

BUDGET PROCESS AND INFORMATION

The Academy's Board of Directors is responsible for establishing, approving and amending an annual budget in accordance with the Uniform Budgeting and Accounting Act, MCL 141.421, et. seq. By June 30th of each year, the Academy Board must submit to the Center for Charter Schools at CMU a copy of its annual budget for the upcoming fiscal year. The budget must detail budgeted expenditures at the object level as described in the Michigan Department of Education's Michigan Public School Accounting Manual. The Academy's Board of Directors is also responsible for approving all revisions and amendments to the annual budget.

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HISTORICAL AND PROJECTED REVENUES AND EXPENSES

The Academy's internal unaudited financial statements for the Seven-month period ended January 31, 2018, can be found in APPENDIX D. Historical audited financial statements for fiscal year 2017, 2016, and 2015 can be found in APPENDIX C. The Academy's five-year financial forecast is included in APPENDIX B. The projections in the financial forecast are based on historical operating data of the Academy and the Academy's assumptions about student enrollment and expenses.

NO GUARANTEE CAN BE MADE THAT THE PROJECTED INFORMATION WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE BECAUSE THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS MADE BY THE ACADEMY.

Table 24
Trillium Academy
Historical Financial Information

	Fiscal Year Ended June 30,				
	2013	**2014**	**2015**	**2016**	**2017**
Revenues	$ 6,201,050	$ 6,001,006	$6,080,482	$ 5,702,088	$ 5,578,122
Expenditures	$ 6,239,805	$ 5,918,206	$5,953,229	$ 5,666,091	$ 5,298,033
Other Financng Sources and Uses	$ -	$ 29,246	$ -	$ -	$ -
Surplus(Deficit)	$ (38,755)	$ 112,046	$ 127,253	$ 35,997	$ 280,089
Fund Balance	$ 2,382,727	$ 2,494,773	$2,622,026	$ 2,658,023	$ 2,938,112
Days Cash on Hand					
Total Expenditures	$ 6,239,805	$ 5,918,206	$5,953,229	$ 5,666,091	$ 5,298,033
Average Daily Expenditures	$ 17,095	$ 16,214.26	$ 16,310	$ 15,524	$ 14,515
Cash and Investments	$ 233,384	$ 388,341	$ 417,545	$ 510,414	$ 486,692
Cash for Capital Projects	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000
Total Cash	$ 483,384	$ 638,341	$ 667,545	$ 760,414	$ 736,692
Days Cash on Hand	28	39	41	49	51
Historical Debt Service Coverage-Cash Basis					
Debt Service Principal and Interest	$ 941,843	$ 939,077	$ 945,352	$ 945,507	$ 944,712
+Net Income (Fund Balance)	$ (38,755)	$ 112,046	$ 127,253	$ 35,997	$ 280,089
+Capital Outlay	$ 92,443	$ 51,985	$ 93,380	$ 10,644	$ 30,340
Net Income Available for Debt Service	$ 995,531	$ 1,103,108	$1,165,985	$ 992,148	$ 1,255,141
Debt Service Coverage - Cash Basis	1.06	1.17	1.23	1.05	1.33
Historical Debt Service Coverage- Accrual Basis					
Change in Net Position	$ (59,822)	$ 29,406	$ 139,058	$ (11,307)	$ 291,163
+Depreciation and Amortization	$ 312,659	$ 314,740	$ 320,374	$ 312,783	$ 290,199
+Unallocated Interest	$ 742,694	$ 729,716	$ 715,563	$ 700,404	$ 684,286
EBITDA	$ 995,531	$ 1,073,862	$1,174,995	$ 1,001,880	$ 1,265,648
Debt Service Coverage - Accrual Basis	1.34	1.47	1.64	1.43	1.85

Source: The Academy

APPENDIX B

FIVE-YEAR FINANCIAL PROJECTION

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Trillium Academy

HISTORICAL AND PROJECTED REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEARS ENDING JUNE 30

	2015-2016 Actual	2016-2017 Actual	2017-2018 Budget	2018-2019 Projected	2019-2020 Projected	2020-2021 Projected	2021-2022 Projected		
Blended Count Foundation Allowance	630	604	586	585	585	585	585	(3)	
Per Pupil Foundation Allowance	$ 7,391	$ 7,511	$ 7,631	$ 7,707	$ 7,784	$ 7,862	$ 7,941	(2)	
REVENUES									
Local	$ 153,937	$ 142,923	$ 128,650	$ 128,700	$ 129,100	$ 129,700	$ 130,300		
State	4,926,458	4,832,810	4,791,338	4,813,837	4,858,882	4,904,512	4,950,727	(3)	(4)
Federal	380,580	349,721	413,058	408,898	408,898	408,898	408,898		
Intermediate	67,864	65,102	60,280	61,014	61,014	61,014	61,014		
TOTAL REVENUES	**$ 5,528,839**	**$ 5,390,556**	**$ 5,393,326**	**$ 5,412,449**	**$ 5,457,894**	**$ 5,504,124**	**$ 5,550,939**		
EXPENDITURES									
Instruction:									
Basic Programs	$ 1,883,342	$ 1,750,901	$ 1,827,201	$ 1,843,807	$ 1,883,885	$ 1,930,291	$ 1,977,810	(5)	
Added Needs	831,102	614,061	755,122	740,933	753,981	767,287	779,530		
Support Services:									
Pupil	180,804	301,323	170,850	172,131	175,643	179,249	182,855		
Instructional Staff	15,849	15,746	22,064	21,994	21,991	21,991	21,880		
Board of Education	653,177	577,973	570,895	572,504	577,911	583,385	588,932	(6)	
School Administration	442,837	404,419	540,094	540,235	550,535	561,044	570,722		
Business	67,272	30,431	7,700	7,500	7,500	7,500	7,500	(7)	
Operating & Maintenance	371,898	345,717	357,700	373,900	377,136	380,404	383,708		
Transportation	-	1,130	25,000	25,000	25,000	25,000	25,000		
Central Administration	36,613	60,240	57,000	37,000	37,000	37,000	37,000		
Athletics	38,838	42,366	46,500	43,632	44,062	44,495	44,915		
Debt Service	9,729	10,507	-	-	-	-	-	(8)	
Capital Outlay	-	-	-	80,000	-	-	-		
Transfers Out - Food Service	25,855	-	-	-	-	-	-		
TOTAL EXPENDITURES	**$ 4,557,316**	**$ 4,154,814**	**$ 4,380,126**	**$ 4,458,636**	**$ 4,454,644**	**$ 4,537,646**	**$ 4,619,852**		

Trillium Academy

HISTORICAL AND PROJECTED REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDING JUNE 30

	2015-2016 Actual	2016-2017 Actual	2017-2018 Budget	2018-2019 Projected	2019-2020 Projected	2020-2021 Projected	2021-2022 Projected (1)
NET REVENUES AVAILABLE FOR DEBT SERVICE	971,523	1,235,742	1,013,200	953,813	1,003,250	966,478	931,087
Estimated Debt Service	945,507	944,280	945,000	535,350	628,500	819,000	815,000
Estimated Debt Service Coverage			1.07	1.78	1.60	1.18	1.14
Estimated Remaining Revenues	$ 26,016	$ 291,462	$ 68,200	$ 418,463	$ 374,750	$ 147,478	$ 116,087
Debt Service as % of State Aid			19.72%	11.12%	12.94%	16.70%	16.46%
Transfers Out - Prior Repair and Replacement			(170,000)				
Beginning Fund Balance	1,622,565	1,648,581	1,940,043	1,770,043	2,188,506	2,563,256	2,710,734
Ending Fund Balance	1,648,581	1,940,043	1,770,043	2,188,506	2,563,256	2,710,734	2,826,821
Fund balance as a % of total revenue	**29.8%**	**36.0%**	**32.8%**	**40.4%**	**47.0%**	**49.2%**	**50.9%**
Estimated Cash Balance		674,773	644,732	950,596	1,212,988	1,271,541	1,297,303

(1) The 2017-18 budget is as approved by the board of directors. (With the exception of the Estimated Debt Service).

(2) Per Pupil foundation allowance anticipated to increase at 1.0% annually starting in FY19.

(3) The 2017-18 board approved budget estimated a count of 585 full time equivalent students. The current enrollment for 2017-18 is 583.25 students and the per pupil foundation allowance is $7,631.

(4) The foundation allowance is based on 90/10 blended count. 90% of fall, 10% of the previous spring.

(5) Staffing level has remained constant in Basic Programs.

(6) Beginning in 2016-17 the management fee was reduced by 1%.

(7) Beginning in 2016-17 the management company took over the financial reporting, relieving the school of the accounting cost.

(8) The capital lease matured in 2016-17.

APPENDIX C

AUDITED FINANCIAL INFORMATION OF THE ACADEMY FOR THE FISCAL YEARS ENDED JUNE 30, 2017, 2016, AND 2015

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TRILLIUM ACADEMY

REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional supplementary information)

YEAR ENDED JUNE 30, 2017

Maner Costerisan
Certified Public Accountants
Business & Technology Advisors

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Trillium Academy

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Trillium Academy, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Trillium Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Trillium Academy as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Trillium Academy's basic financial statements. The additional supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 18, 2017 on our consideration of Trillium Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Trillium Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Trillium Academy's internal control over financial reporting and compliance.

Maner Costerisan PC

October 18, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Trillium Academy's (Academy) annual financial report presents our discussion and analysis of the public school Academy's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the Academy's financial statements, which immediately follow this section.

Financial Highlights

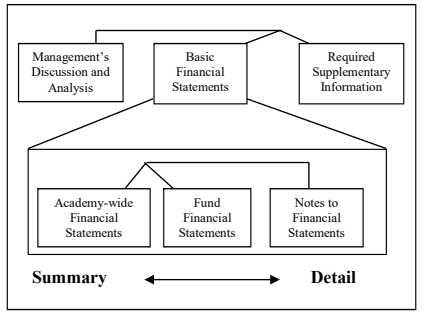
- The Academy's net position increased by $291,163 during the year.
- The Academy retired $265,507 in debt during the year.
- The Academy invested $30,340 in capital assets during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Academy:

- The first two statements are Academy-wide *financial statements* that provide both short-term and long-term information about the Academy's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Academy, reporting the Academy's operations in more detail than the Academy-wide statements.
- The *governmental funds* statements tell how basic services like regular and special education were financed in the short-term as well as what remains for future spending.

Figure A-1
Organization of Trillium Academy's Financial Report



The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Academy's budget for the year. Figure A-1 shows how the various parts of the annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the Academy's financial statements, including the portion of the Academy's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 Major Features of the Academy-wide and Fund Financial Statements

Scope	Academy-wide statements	Governmental funds
	Entire Academy (except fiduciary funds)	All activities of the Academy that are not fiduciary
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

Academy-wide statements

The Academy-wide statements report information about the Academy as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Academy's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Academy-wide statements report the Academy's net position and how they have changed. Net position - the difference between the Academy's assets and liabilities, is one way to measure the Academy's financial health or position.

- Over time, increases or decreases in the Academy's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the Academy, you need to consider additional non-financial factors such as changes in the Academy's enrollment, the condition of school buildings and other facilities, and the Academy's ability to be competitive with other public school academies and area school districts.

Governmental activities - The Academy's basic services are included here, such as regular and special education and administration. State foundation aid finances most of these activities.

Fund financial statements

The fund financial statements provide more detailed information about the Academy's funds, focusing on its more significant or "major" funds - not the Academy as a whole. Funds are accounting devices the Academy uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.
- The Academy establishes other funds to control and manage money for particular purposes and to show that it is properly using certain revenues (like school lunch).

All of the Academy's basic services are included in governmental funds which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Academy's programs. Because this information does not encompass the additional long-term focus of the Academy-wide statements, we provide additional information with the governmental funds statement that explains the relationship (or differences) between them.

Financial analysis of the Academy as a whole

Net position - the Academy's combined net position increased by $291,163 in 2017 decreasing the deficit to ($1,064,516). See Figures A - 3 and A - 4.

The total revenues decreased by 2.17% to $5,564,494. State aid foundation allowance included in revenue from state sources accounts for 80% of the Academy's revenue.

The total cost of instruction decreased by 12.87% to $2,364,962. Total support service expenses decreased 2.65% to $1,749,009. Both changes were due to the decrease in enrollment from the prior year.

Academy governmental activities

Figure A-3
Trillium Academy's Net Position

	2017	2016
Current and other assets	$ 3,492,034	$ 3,296,069
Capital assets	6,899,563	7,159,422
Total assets	10,391,597	10,455,491
Other liabilities	781,113	870,663
Long-term liabilities outstanding	10,675,000	10,940,507
Total liabilities	11,456,113	11,811,170
Net position:		
Net investment in capital assets	(3,775,437)	(3,781,085)
Restricted for debt service	1,438,887	1,431,748
Restricted for food service	23,703	35,072
Restricted for repair and replacement	250,112	250,001
Unrestricted	998,219	708,585
Total net position	$ (1,064,516)	$ (1,355,679)

Figure A-4
Change in Trillium Academy's Net Position

	2017	2016
Revenues:		
Program revenues:		
Federal and state categorical grants	$ 876,811	$ 862,323
Charges for service	111,472	148,666
General revenues:		
State aid - unrestricted	4,479,410	4,600,927
Investment income	1,629	778
ISD sources	63,047	67,864
Other	45,753	21,530
Total general revenues	4,589,839	4,691,099
Total revenues	5,578,122	5,702,088
Expenses:		
Instruction	2,364,962	2,714,444
Support services	1,749,009	1,796,644
Food services	198,503	189,120
Interest and fees	684,286	700,404
Unallocated depreciation	290,199	312,783
Total expenses	5,286,959	5,713,395
Change in net position	$ 291,163	$ (11,307)

Financial analysis of the Academy's funds

The Academy increased its fund balance in the general fund by $291,458 to $1,940,039. General fund revenues decreased 2.5% in 2017. Revenues decreased due to the blended enrollment used for state aid purposes decreasing to 604 in 2017 compared to 631 in 2016.

The school lunch fund had an excess of expenditures over revenues of $11,369. The general fund transferred no money to the school lunch fund.

General fund budgetary highlights

Over the course of the year, the Academy revised the general fund annual operating budget multiple times. Significant changes were made to various revenues and expenditures to adjust for changes in pupil counts, grants awarded and the related expenditures.

The Academy's final budget for the general fund anticipated revenues would exceed expenditures and other financing sources or uses by $125,228. The actual results for the year showed revenues over expenditures of $291,458.

The actual expenditures were under budget by $158,684. This is approximately 3.8% of total expenditures.

Capital asset and debt administration

Capital assets

As of the year ended June 30, 2017, the Academy had invested $6,899,563 in capital assets net of accumulated depreciation as summarized in Figure A-5. This amount represents a net decrease of $259,859 from the beginning of the year. Total depreciation expense for the year was $290,199. More detailed information about capital assets can be found in Note 5 to the financial statements.

The Academy's capital assets are as follows:

Figure A-5
Trillium Academy's Capital Assets

	2017			2016
	Cost	Accumulated depreciation	Net book value	Net book value
Building and improvements	$ 8,561,753	$ 2,443,624	$ 6,118,129	$ 6,342,438
Land	565,000	-	565,000	565,000
Computer and peripherals	518,885	448,109	70,776	76,716
Furniture and equipment	689,394	553,638	135,756	160,964
Office equipment	102,070	92,168	9,902	14,304
Total	$ 10,437,102	$ 3,537,539	$ 6,899,563	$ 7,159,422

Long-term debt

The Academy repaid $265,507 of long-term debt during 2017. Long-term debt at June 30, 2017 consists of $10,675,000 of certificates of participation and a capital lease obligation. More detailed information about long-term debt can be found in Note 7 to the financial statements.

Factors bearing on the Academy's future

At the time these financial statements were prepared and audited, the Academy was aware of existing circumstances that could significantly affect its financial health in the future.

- The Academy has adopted a general fund budget for 2017/2018 in which revenues exceed expenditures by approximately $50,071.

Contacting the Academy's financial management

This financial report is designed to provide our students, parents and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report or need additional information, contact the Academy's office at 15740 Racho Road, Taylor, Michigan, 48180, phone (734) 374-8222.

BASIC FINANCIAL STATEMENTS

TRILLIUM ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental activities
ASSETS:	
Cash and cash equivalents	$ 486,692
Intergovernmental receivable	1,265,727
Investments - restricted for debt service	1,485,823
Investments - restricted for repair and replacement	250,112
Capital assets not being depreciated	565,000
Capital assets, net of accumulated depreciation	6,334,563
TOTAL ASSETS	10,391,597
LIABILITIES:	
Accounts payable	104,765
Accrued salaries and related items	302,357
Accrued oversight and management fees	101,021
Accrued interest payable - certificates of participation	227,191
State aid anticipation note payable	45,779
Noncurrent liabilities:	
Due within one year	270,000
Due in more than one year	10,405,000
TOTAL LIABILITIES	11,456,113
NET POSITION:	
Net investment in capital assets	(3,775,437)
Restricted for:	
Debt service	1,438,887
Food service	23,703
Repair and replacement	250,112
Unrestricted	998,219
TOTAL NET POSITION	$ (1,064,516)

See notes to financial statements.

TRILLIUM ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Functions/programs	Expenses	Program revenues: Charges for services	Program revenues: Operating grants	Governmental activities: Net (expense) revenue and changes in net position
Governmental activities:				
Instruction	$ 2,364,962	$ 84,401	$ 661,817	$ (1,618,744)
Support services	1,749,009	13,628	41,303	(1,694,078)
Food services	198,503	13,443	173,691	(11,369)
Interest and fees	684,286	-	-	(684,286)
Unallocated depreciation	290,199	-	-	(290,199)
Total governmental activities	$ 5,286,959	$ 111,472	$ 876,811	(4,298,676)
General revenues:				
Investment earnings				1,629
State sources - unrestricted				4,479,410
ISD sources				63,047
Other				45,753
Total general revenues				4,589,839
CHANGE IN NET POSITION				291,163
NET POSITION, beginning of year				(1,355,679)
NET POSITION, end of year				$ (1,064,516)

See notes to financial statements.

TRILLIUM ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General fund	Debt service fund	Total nonmajor (special revenue) fund	Total governmental funds
ASSETS				
ASSETS:				
Cash and cash equivalents	$ 424,860	$ -	$ 61,832	$ 486,692
Receivables:				
Intergovernmental	1,256,624	-	9,103	1,265,727
Due from other funds	40,983	5,000	-	45,983
Prepaids	3,680	-	-	3,680
Investments - restricted	766,565	969,370	-	1,735,935
TOTAL ASSETS	$ 2,492,712	$ 974,370	$ 70,935	$ 3,538,017
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 98,516	$ -	$ 6,249	$ 104,765
Accrued salaries and related items	302,357	-	-	302,357
Accrued oversight and management fees	101,021	-	-	101,021
State aid anticipation note payable	45,779	-	-	45,779
Due to other funds	5,000	-	40,983	45,983
TOTAL LIABILITIES	552,673	-	47,232	599,905

See notes to financial statements.

	General fund	Debt service fund	Total nonmajor (special revenue) fund	Total governmental funds
FUND BALANCES:				
Nonspendable:				
Prepaids	$ 3,680	$ -	$ -	$ 3,680
Restricted:				
Debt service	691,708	974,370	-	1,666,078
Food service	-	-	23,703	23,703
Repair and replacement	250,112	-	-	250,112
Unassigned	994,539	-	-	994,539
TOTAL FUND BALANCES	1,940,039	974,370	23,703	2,938,112
TOTAL LIABILITIES AND FUND BALANCES	$ 2,492,712	$ 974,370	$ 70,935	$ 3,538,017
Total governmental fund balance				$ 2,938,112
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and are not reported in the funds:				
The cost of the capital assets is			$ 10,437,102	
Accumulated depreciation is			(3,537,539)	
				6,899,563
Long-term liabilities are not due and payable in the current period and are not reported in the funds:				
Certificates of participation				(10,675,000)
Accrued interest is not included as a liability in government funds, it is recorded when paid				(227,191)
Net position of governmental activities				$ (1,064,516)

See notes to financial statements.

TRILLIUM ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	General fund	Debt service fund	Total nonmajor (special revenue) fund	Total governmental funds
REVENUES:				
Local sources	$ 144,979	$ 432	$ 13,443	$ 158,854
State sources	4,832,809	-	4,240	4,837,049
Federal sources	349,721	-	169,451	519,172
Intermediate sources	63,047	-	-	63,047
Total revenues	5,390,556	432	187,134	5,578,122
EXPENDITURES:				
Current:				
Instruction:				
Basic programs	1,750,902	-	-	1,750,902
Added needs	614,060	-	-	614,060
Total instruction	2,364,962	-	-	2,364,962
Support services:				
Pupil	301,325	-	-	301,325
Instructional staff	15,746	-	-	15,746
General administration	577,973	-	-	577,973
School administration	404,420	-	-	404,420
Business	30,431	-	-	30,431
Operation and maintenance	345,716	-	-	345,716

See notes to financial statements.

	General fund	Debt service fund	Total nonmajor (special revenue) fund	Total governmental funds
EXPENDITURES (Concluded):				
Support services (Concluded):				
Transportation	$ 1,130	$ -	$ -	$ 1,130
Central services	60,241	-	-	60,241
Other	42,367	-	-	42,367
Total support services	1,779,349	-	-	1,779,349
Food service	-	-	198,503	198,503
Debt service:				
Principal retirement	10,507	255,000	-	265,507
Interest expense	-	689,712	-	689,712
Total expenditures	4,154,818	944,712	198,503	5,298,033
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,235,738	(944,280)	(11,369)	280,089
OTHER FINANCING SOURCES (USES):				
Transfers in	-	944,280	-	944,280
Transfers out	(944,280)	-	-	(944,280)
Total other financing sources (uses)	(944,280)	944,280	-	-
NET CHANGE IN FUND BALANCES	291,458	-	(11,369)	280,089
FUND BALANCES:				
Beginning of year	1,648,581	974,370	35,072	2,658,023
End of year	$ 1,940,039	$ 974,370	$ 23,703	$ 2,938,112

See notes to financial statements.

TRILLIUM ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Net change in fund balances total governmental funds	$ 280,089
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(290,199)
Capital outlay	30,340
Accrued interest on certificates of participation is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable, beginning of the year	232,617
Accrued interest payable, end of the year	(227,191)
Proceeds and repayments of principal on long-term debt are other financing sources and expenditures in the governmental funds, but not in the statement of activities (where they are additions and reductions of liabilities):	
Principal repayment on long-term obligations	265,507
Change in net position of governmental activities	$ 291,163

See notes to financial statements.

TRILLIUM ACADEMY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Academy. The Academy currently does not have fiduciary activities. *Governmental activities* normally are supported by intergovernmental revenues.

B. Reporting Entity

Trillium Academy (the "Academy") is a public school academy as part of the Michigan Public School System under Public Act No. 362 of 1993. Central Michigan University is the authorizing governing body for the Academy and has contracted with the Academy to charter the public school through June 2020. Board members are approved by the authorizing governing body and have decision making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. The Academy receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the Academy is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. In addition, the Academy's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

C. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the Academy's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Presentation - Fund Financial Statements (Concluded)

The Academy reports the following major governmental funds:

The *general fund* is the Academy's primary operating fund. It accounts for all financial resources of the Academy, except those required to be accounted for in another fund.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on certificates of participation.

The Academy reports the following nonmajor governmental fund:

The *special revenue fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The Academy accounts for its food service activity in the special revenue fund.

During the course of operations the Academy has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Measurement Focus and Basis of Accounting (Concluded)

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

State and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amounts is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a state-wide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to public school academies based on information supplied by the academies. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the Foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

The Academy also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the Academy.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Information

Budgetary basis of accounting:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue fund.

The Academy follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the Board of Directors a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

2. Prior to July 1, the budget is legally adopted by Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.

3. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

4. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2017. The Academy does not consider these amendments to be significant.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and cash equivalents

The Academy's cash and cash equivalents are considered to be cash on hand and demand deposit accounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

2. Investments

Certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Academy intends to hold the investment until maturity.

State statutes authorize the Academy to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Academy is also authorized to invest in U.S. District or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

3. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital assets

Capital assets, as summarized below, are reported in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial, individual cost of more than $1,000 and a useful life in excess of one year. Group purchases are evaluated on a case by case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. Capital assets (Concluded)

Land and construction in progress, if any, are not depreciated. Capital assets of the Academy are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings and improvements	20 - 50
Computers and peripherals	3 - 5
Furniture and other equipment	7 - 20
Office equipment	7 - 12

5. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until that time. The Academy has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Academy has no items that qualify for reporting in this category.

6. Net position flow assumption

Sometimes the Academy will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Concluded)

7. Fund balance flow assumptions

Sometimes the Academy will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Academy itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Academy's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the Academy that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Academy for specific purposes but do not meet the criteria to be classified as committed. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates authority. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

H. Revenues and Expenditures/Expenses

1. Program revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 2 - DEPOSITS AND RESTRICTED INVESTMENTS

As of June 30, 2017, the Academy had the following investments:

Investment Type	Fair value	Weighted average maturity (years)	Standard & Poor's rating	%
First America Treasury Obligations Fund - Class D	$ 1,735,935	0.0027	AAAm	100.00%
Portfolio weighted average maturity		0.0027		

One day maturity equals 0.0027, one year equals 1.00

NOTE 2 - DEPOSITS AND RESTRICTED INVESTMENTS (Continued)

The Academy invests certain excess funds in external pooled investment funds which included treasury obligations. The treasury obligation reports as of June 30, 2017, the fair value of the Academy's investments is the same as the value of the pooled shares.

The investments are restricted under the terms of the certificates of participation debt agreements primarily for debt service and repair and replacement of the related facilities.

Interest rate risk. The Academy will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Academy's cash requirements.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2017, the Academy did not have investments in commercial paper and corporate bonds.

Concentration of credit risk. The Academy will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Academy's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2017, $422,234 of the Academy's bank balance of $672,234 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value of these deposits was $486,692.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Academy will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Academy will do business.

Foreign currency risk. The Academy is not authorized to invest in investments which have this type of risk.

NOTE 2 - DEPOSITS AND RESTRICTED INVESTMENTS (Concluded)

Fair value measurement. The Academy is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the Academy's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Academy does not have any investments subject to the fair value measurement.

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2017 consist of the following:

State aid	$ 876,275
Federal and state grants	217,122
Payments from RESA	172,330
	$ 1,265,727

Amounts due from governmental units include amounts due from federal, state and local sources for various projects and programs.

Because of the Academy's favorable collection experience, no allowance for doubtful accounts has been recorded.

NOTE 4 - LEASED EMPLOYEES

The Academy leases substantially all of its workers from its management company, The Romine Group (TRG). TRG is responsible for retirement and post-employment benefit obligations. The amount payable to TRG at June 30, 2017 was approximately $123,000 of which $75,000 represents the accrued management fee. TRG contributes 4% of the annual compensation each pay period to TRG retirement plan. An additional 4% maximum match is contributed by TRG for any employee electing to personally contribute to the plan. Retirement expense for 2017 was approximately $112,000. In accordance with Article III, E(2), of the Board-approved Educational Service Provider ("ESP") Agreement between the Academy and TRG, TRG is responsible for providing personnel to the Academy. Additionally, Article IV, C, of the ESP Agreement states that the Academy shall reimburse TRG for all costs incurred and paid by TRG in providing the Educational Program and other goods and services upon properly presented documentation to and approval by the Academy Board.

NOTE 5 - CAPITAL ASSETS

A summary of changes in the Academy's capital assets follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets not being depreciated - land	$ 565,000	$ -	$ -	$ 565,000
Capital assets, being depreciated:				
Building and improvements	8,561,753	-	-	8,561,753
Computers and peripherals	530,444	30,340	(41,899)	518,885
Furniture and equipment	689,519	-	(125)	689,394
Office equipment	102,070	-	-	102,070
Depreciable capital assets	9,883,786	30,340	(42,024)	9,872,102
Accumulated depreciation:				
Building and improvements	2,219,315	224,309	-	2,443,624
Computers and peripherals	453,728	36,280	(41,899)	448,109
Furniture and equipment	528,555	25,208	(125)	553,638
Office equipment	87,766	4,402	-	92,168
Total accumulated depreciation	3,289,364	290,199	(42,024)	3,537,539
Net capital assets being depreciated	6,594,422	(259,859)	-	6,334,563
Net governmental capital assets	$ 7,159,422	$ (259,859)	$ -	$ 6,899,563

Depreciation for the fiscal year ended June 30, 2017 amounted to $290,199. The Academy determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 6 - NOTE PAYABLE - STATE ANTICIPATION NOTE

At June 30, 2017, the Academy has $45,779 outstanding from a state aid anticipation note dated September 30, 2016. The note, which has an interest rate of 1.90%, matures August 30, 2017. Proceeds of the note were used to fund school operations. The note is secured by future state school aid payments. The Academy incurred interest expense on these state aid anticipation notes of $2,410 in 2017 which is included in business services.

Balance June 30, 2016	Additions	Payments	Balance June 30, 2017
$ 54,851	$ 250,000	$ 259,072	$ 45,779

NOTE 7 - LONG-TERM OBLIGATIONS

The following is a summary of governmental long-term obligations for the Academy for the year ended June 30, 2017:

	Certificates of participation	Capital lease	Total
Balance, July 1, 2016	$ 10,930,000	$ 10,507	$ 10,940,507
Repayments	255,000	10,507	265,507
Balance, June 30, 2017	10,675,000	-	10,675,000
Less current portion	270,000	-	270,000
	$ 10,405,000	$ -	$ 10,405,000

Long-term obligations at June 30, 2017 consist of the following:

2005 Series full term certificates of participation due in annual installments of $155,000 to $1,055,000 through September 1, 2036 with interest of 6.3%, secured by related mortgage.	$ 6,150,000
2007 Series full term certificates of participation due in annual installments of $115,000 to $785,000 through September 1, 2036 with interest of 6.5%, secured by related mortgage.	4,525,000
Total general long-term debt	$ 10,675,000

NOTE 7 - LONG-TERM OBLIGATIONS (Concluded)

The annual requirements to amortize the certificates of participation outstanding as of June 30, 2017, including interest of $8,197,189 are as follows:

Year ended June 30,	Principal	Interest	Amounts payable
2018	$ 270,000	$ 672,954	$ 942,954
2019	290,000	655,080	945,080
2020	310,000	635,930	945,930
2021	330,000	615,500	945,500
2022	345,000	593,953	938,953
2023 - 2027	2,120,000	2,593,900	4,713,900
2028 - 2032	2,915,000	1,796,618	4,711,618
2033 - 2036	4,095,000	633,254	4,728,254
	$ 10,675,000	$ 8,197,189	$ 18,872,189

Interest expense on the certificates of participation for the fiscal year ended June 30, 2017 was $689,712.

NOTE 8 - MANAGEMENT AGREEMENT

The Academy has a management agreement through June 2017 with The Romine Group (TRG) for operations of the Academy. Under the terms of the management agreement, TRG's compensation for operating the Academy is 9% of the unrestricted state revenue. The management fee was $411,500 for 2017. See Note 4 for other transactions with TRG.

NOTE 9 - RISK MANAGEMENT

The Academy is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. To minimize the risk, the Academy carries commercial insurance.

NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2017 are as follows:

Receivable fund		Payable fund	
General	$ 40,983	General	$ 5,000
Debt service	5,000	School lunch	40,983
	$ 45,983		$ 45,983

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

NOTE 11 - TRANSFERS

Transfers between the governmental funds were as follows:

Transfers out		Transfers in	
General fund	$ 944,280	Debt service	$ 944,280

The transfers to the debt service fund from the general fund were to transfer state aid revenues which are restricted for debt service. These transfers are made in the year which the debt service fund makes the related principal and interest payments.

REQUIRED SUPPLEMENTARY INFORMATION

TRILLIUM ACADEMY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Original budget	Final budget	Actual	Variance with final budget
REVENUES:				
Local sources	$ 123,238	$ 130,738	$ 144,979	$ 14,241
State sources	4,805,998	4,827,198	4,832,809	5,611
Federal sources	346,043	353,852	349,721	(4,131)
Intermediate sources	80,776	71,655	63,047	(8,608)
Total revenues	5,356,055	5,383,443	5,390,556	7,113
EXPENDITURES:				
Current:				
Instruction:				
Basic programs	1,841,773	1,813,406	1,750,902	62,504
Added needs	757,223	632,318	614,060	18,258
Total instruction	2,598,996	2,445,724	2,364,962	80,762
Support services:				
Pupil	261,521	330,456	301,325	29,131
Instructional staff	7,421	27,268	15,746	11,522
General administration	589,889	579,500	577,973	1,527
School administration	430,683	417,900	404,420	13,480
Business	64,393	30,548	30,431	117
Operation and maintenance	348,500	365,700	345,716	19,984
Transportation	2,400	2,400	1,130	1,270
Central services	23,000	60,000	60,241	(241)
Other	34,020	43,500	42,367	1,133
Total support services	1,761,827	1,857,272	1,779,349	77,923
Debt service:				
Principal retirement	10,506	10,506	10,507	(1)
Total expenditures	4,371,329	4,313,502	4,154,818	158,684
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	984,726	1,069,941	1,235,738	165,797
OTHER FINANCING SOURCES (USES):				
Transfers out	(964,713)	(944,713)	(944,280)	433
NET CHANGE IN FUND BALANCE	$ 20,013	$ 125,228	291,458	$ 166,230
FUND BALANCE:				
Beginning of year			1,648,581	
End of year			$ 1,940,039	

ADDITIONAL SUPPLEMENTARY INFORMATION

TRILLIUM ACADEMY
LONG-TERM DEBT
FULL TERM CERTIFICATES OF PARTICIPATION - SERIES 2005
YEAR ENDED JUNE 30, 2017

$7,200,000 certificates issued September 1, 2005

Principal due	Interest due		Debt service requirement for fiscal year	
September 1	September 1	March 1	June 30	Amount
$ 155,000	$ 193,725	$ 188,842	2018	$ 537,567
170,000	188,843	183,487	2019	542,330
180,000	183,488	177,817	2020	541,305
190,000	177,818	171,832	2021	539,650
200,000	171,833	165,532	2022	537,365
215,000	165,533	158,760	2023	539,293
230,000	158,760	151,515	2024	540,275
245,000	151,515	143,797	2025	540,312
260,000	143,798	135,607	2026	539,405
275,000	135,608	126,945	2027	537,553
295,000	126,945	117,652	2028	539,597
315,000	117,653	107,730	2029	540,383
335,000	107,730	97,177	2030	539,907
355,000	97,178	85,995	2031	538,173
380,000	85,995	74,025	2032	540,020
405,000	74,025	61,267	2033	540,292
430,000	61,268	47,722	2034	538,990
460,000	47,723	33,232	2035	540,955
1,055,000	33,233	-	2036	1,088,233
$ 6,150,000	$ 2,422,671	$ 2,228,934		$ 10,801,605

The above certificates bear interest rates at 6.3%. The certificate proceeds were used for the acquisition of a building and improvements thereto and to payoff certain existing long-term debt.

TRILLIUM ACADEMY
LONG-TERM DEBT
FULL TERM CERTIFICATES OF PARTICIPATION - SERIES 2007
YEAR ENDED JUNE 30, 2017

$5,065,000 certificates issued November 1, 2007

Principal due	Interest due		Debt service requirement for fiscal year	
September 1	September 1	March 1	June 30	Amount
$ 115,000	$ 147,062	$ 143,325	2018	$ 405,387
120,000	143,325	139,425	2019	402,750
130,000	139,425	135,200	2020	404,625
140,000	135,200	130,650	2021	405,850
145,000	130,650	125,938	2022	401,588
155,000	125,938	120,900	2023	401,838
165,000	120,900	115,537	2024	401,437
180,000	115,537	109,688	2025	405,225
190,000	109,688	103,512	2026	403,200
205,000	103,512	96,850	2027	405,362
215,000	96,850	89,863	2028	401,713
230,000	89,863	82,387	2029	402,250
245,000	82,387	74,425	2030	401,812
265,000	74,425	65,813	2031	405,238
280,000	65,813	56,712	2032	402,525
300,000	56,712	46,963	2033	403,675
320,000	46,963	36,562	2034	403,525
340,000	36,562	25,511	2035	402,073
785,000	25,511	-	2036	810,511
$ 4,525,000	$ 1,846,323	$ 1,699,261		$ 8,070,584

The above certificates bear interest rates at 6.5%. The certificate proceeds were used for a building, improvements thereto, and certain equipment and furniture.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Trillium Academy

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Trillium Academy as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Trillium Academy's basic financial statements and have issued our report thereon dated October 18, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Trillium Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Trillium Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Trillium Academy's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Trillium Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maner Costerisan PC

October 18, 2017

Maner Costerisan
Certified Public Accountants
Business & Technology Advisors

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October 18, 2017

To the Board of Directors
Trillium Academy

We have audited the financial statements of Trillium Academy for the year ended June 30, 2017, and have issued our report thereon dated October 18, 2017. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America and *Government Auditing Standards*

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of Trillium Academy. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed test of Trillium Academy's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to the Treasurer of the Board of Directors.

Significant Audit Findings

1. Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Trillium Academy are described in Note 1 to the financial statements. We noted no transactions entered into by the Academy during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We did not identify any sensitive disclosures.

2. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

3. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

4. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

5. Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 18, 2017.

6. Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Trillium Academy's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Trillium Academy's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

8. Other Matters

We applied certain limited procedures to the required supplementary information (RSI) which are required and supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information, which accompany the financial statements but are not RSI. With respect to this other supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

A separate management letter was not issued.

This information is intended solely for the use of the Board of Directors and management of Trillium Academy and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Maner Costerisan PC

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TRILLIUM ACADEMY

REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional supplementary information)

YEAR ENDED JUNE 30, 2016

Maner Costerisan
Certified Public Accountants
Business & Technology Advisors

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Trillium Academy

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Trillium Academy, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Trillium Academy as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Trillium Academy's basic financial statements. The additional supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 26, 2016 on our consideration of Trillium Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Trillium Academy's internal control over financial reporting and compliance.

Maner Costerisan PC

September 26, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Trillium Academy's (Academy) annual financial report presents our discussion and analysis of the public school Academy's financial performance during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the Academy's financial statements, which immediately follow this section.

Financial Highlights

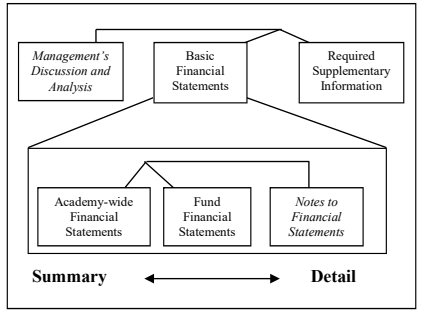
- The Academy's net position decreased by ($11,307) during the year.
- The Academy retired $249,729 in debt during the year.
- The Academy invested $10,644 in capital assets during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Academy:

- The first two statements are academy-wide *financial statements* that provide both short-term and long-term information about the Academy's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Academy, reporting the Academy's operations in more detail than the academy-wide statements.
- The *governmental funds* statements tell how basic services like regular and special education were financed in the short-term as well as what remains for future spending.

Figure A-1
Organization of Trillium Academy's Financial Report



The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Academy's budget for the year. Figure A-1 shows how the various parts of the annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the Academy's financial statements, including the portion of the Academy's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 Major Features of the Academy-wide and Fund Financial Statements

Scope	Academy-wide statements	Governmental funds
	Entire Academy (except fiduciary funds)	All activities of the Academy that are not fiduciary
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

Academy-wide statements

The Academy-wide statements report information about the Academy as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Academy's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Academy-wide statements report the Academy's net position and how they have changed. Net position - the difference between the Academy's assets and liabilities, is one way to measure the Academy's financial health or position.

- Over time, increases or decreases in the Academy's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the Academy, you need to consider additional non-financial factors such as changes in the Academy's enrollment, the condition of school buildings and other facilities, and the Academy's ability to be competitive with other public school academies and area school districts.

Governmental activities - The Academy's basic services are included here, such as regular and special education and administration. State foundation aid finances most of these activities.

Fund financial statements

The fund financial statements provide more detailed information about the Academy's funds, focusing on its more significant or "major" funds - not the Academy as a whole. Funds are accounting devices the Academy uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.
- The Academy establishes other funds to control and manage money for particular purposes and to show that it is properly using certain revenues (like school lunch).

All of the Academy's basic services are included in governmental funds which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Academy's programs. Because this information does not encompass the additional long-term focus of the Academy-wide statements, we provide additional information with the governmental funds statement that explains the relationship (or differences) between them.

Financial analysis of the Academy as a whole

Net position - the Academy's combined net position decreased by ($11,307) in 2016 increasing the deficit to ($1,355,679). See Figures A - 3 and A - 4.

The total revenues decreased by 6.2% to $5,702,088. State aid foundation allowance included in revenue from state sources accounts for 82% of the Academy's revenue.

The total cost of instruction decreased by 3.8% to $2,714,444. Total support service expenses decreased 4.4% to $1,796,644. Both changes were due to the decrease in enrollment from the prior year.

Academy governmental activities

Figure A-3
Trillium Academy's Net Position

	2016	2015
Current and other assets	$ 3,296,069	$ 3,297,391
Capital assets	7,159,422	7,461,561
Total assets	10,455,491	10,758,952
Other liabilities	870,663	913,088
Long-term liabilities outstanding	10,940,507	11,190,236
Total liabilities	11,811,170	12,103,324
Net position:		
Net investment in capital assets	(3,781,085)	(3,728,675)
Restricted for debt service	1,431,748	1,348,679
Restricted for food service	35,072	25,091
Restricted for repair and replacement	250,001	250,000
Unrestricted	708,585	760,533
Total net position	$ (1,355,679)	$ (1,344,372)

Figure A-4
Change in Trillium Academy's Net Position

	2016	2015
Revenues:		
Program revenues:		
Federal and state categorical grants	$ 795,438	$ 728,633
Charges for service	148,666	155,963
General revenues:		
State aid - unrestricted	4,667,812	5,111,803
Investment income	778	798
ISD sources	67,864	64,838
Other	21,530	18,447
Total general revenues	4,757,984	5,195,886
Total revenues	5,702,088	6,080,482
Expenses:		
Instruction	2,714,444	2,821,041
Support services	1,796,644	1,879,613
Food services	189,120	204,833
Interest and fees	700,404	715,563
Unallocated depreciation	312,783	320,374
Total expenses	5,713,395	5,941,424
Change in net position	$ (11,307)	$ 139,058

Financial analysis of the Academy's funds

The Academy increased its fund balance in the general fund by $26,016 to $1,648,581. General fund revenues decreased 6.4% in 2016. Revenues decreased due to the blended enrollment used for state aid purposes decreasing to 631 in 2016 compared to 678 in 2015.

The school lunch fund had an excess of expenditures over revenues of $15,874. The general fund transferred $25,855 to the school lunch fund.

General fund budgetary highlights

Over the course of the year, the Academy revised the general fund annual operating budget multiple times. Significant changes were made to various revenues and expenditures to adjust for changes in pupil counts, grants awarded and the related expenditures.

The Academy's final budget for the general fund anticipated revenues would exceed expenditures and other financing sources or uses by $7,378. The actual results for the year showed revenues over expenditures of $26,016.

The actual expenditures were under budget by $10,050. This is approximately 0.4% of total expenditures.

Capital asset and debt administration

Capital assets

As of the year ended June 30, 2016, the Academy had invested $7,159,422 in capital assets net of accumulated depreciation as summarized in Figure A-5. This amount represents a net decrease of $302,139 from the beginning of the year. Total depreciation expense for the year was $312,783. More detailed information about capital assets can be found in Note 5 to the financial statements.

The Academy's capital assets are as follows:

Figure A-5
Trillium Academy's Capital Assets

	2016			2015
	Cost	Accumulated depreciation	Net book value	Net book value
Building and improvements	$ 8,561,753	$ 2,219,315	$ 6,342,438	$ 6,566,746
Land	565,000	-	565,000	565,000
Computer and peripherals	530,444	453,728	76,716	111,631
Furniture and equipment	689,519	528,555	160,964	199,478
Office equipment	102,070	87,766	14,304	18,706
Total	$ 10,448,786	$ 3,289,364	$ 7,159,422	$ 7,461,561

Long-term debt

The Academy repaid $249,729 of long-term debt during 2016. Long-term debt at June 30, 2016 consists of $10,940,507 of certificates of participation and a capital lease obligation. More detailed information about long-term debt can be found in Note 7 to the financial statements.

Factors bearing on the Academy's future

At the time these financial statements were prepared and audited, the Academy was aware of existing circumstances that could significantly affect its financial health in the future.

- The Academy has adopted a general fund budget for 2016/2017 in which revenues exceed expenditures by approximately $20,013.
- As of the report date the Academy is in the process of working with advisors to execute the issuance of approximately $11,045,000 of refunding bonds for the purpose of fully refunding the Academy's 2005 and 2007 series full term certificates of participation. Neither the terms nor the timing of the refunding bonds have been finalized.

Contacting the Academy's financial management

This financial report is designed to provide our students, parents and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report or need additional information, contact the Academy's office at 15740 Racho Road, Taylor, Michigan, 48180, phone (734) 374-8222.

BASIC FINANCIAL STATEMENTS

TRILLIUM ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental activities
ASSETS:	
Cash and cash equivalents	$ 510,414
Intergovernmental receivable	1,057,380
Investments - restricted for debt service	1,478,274
Investments - restricted for capital projects	250,001
Capital assets not being depreciated	565,000
Capital assets, net of accumulated depreciation	6,594,422
TOTAL ASSETS	10,455,491
LIABILITIES:	
Accounts payable	135,415
Accrued salaries and related items	321,145
Accrued oversight and management fees	110,121
Accrued interest payable - state aid anticipation note	23
Accrued interest payable - certificates of participation	232,617
State aid anticipation note payable	54,851
Unearned revenue	16,491
Noncurrent liabilities:	
Due within one year	265,507
Due in more than one year	10,675,000
TOTAL LIABILITIES	11,811,170
NET POSITION:	
Net investment in capital assets	(3,781,085)
Restricted for:	
Debt service	1,431,748
Food service	35,072
Repair and replacement	250,001
Unrestricted	708,585
TOTAL NET POSITION	$ (1,355,679)

TRILLIUM ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Functions/programs	Expenses	Program revenues: Charges for services	Program revenues: Operating grants	Governmental activities: Net (expense) revenue and changes in net position
Governmental activities:				
Instruction	$ 2,714,444	$ 131,632	$ 585,612	$ (1,997,200)
Support services	1,796,644	-	53,614	(1,743,030)
Food services	189,120	17,034	156,212	(15,874)
Interest and fees	700,404	-	-	(700,404)
Unallocated depreciation	312,783	-	-	(312,783)
Total governmental activities	$ 5,713,395	$ 148,666	$ 795,438	(4,769,291)
General revenues:				
Investment earnings				778
State sources - unrestricted				4,667,812
ISD sources				67,864
Other				21,530
Total general revenues				4,757,984
CHANGE IN NET POSITION				(11,307)
NET POSITION, beginning of year				(1,344,372)
NET POSITION, end of year				$ (1,355,679)

TRILLIUM ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General fund	Debt service fund	Total Nonmajor (special revenue) fund	Total governmental funds
ASSETS				
ASSETS:				
Cash and cash equivalents	$ 494,323	$ -	$ 16,091	$ 510,414
Receivables:				
Intergovernmental	1,028,560	-	28,820	1,057,380
Due from other funds	9,839	5,000	-	14,839
Investments - restricted	758,905	969,370	-	1,728,275
TOTAL ASSETS	$ 2,291,627	$ 974,370	$ 44,911	$ 3,310,908
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 135,415	$ -	$ -	$ 135,415
Accrued salaries and related items	321,145	-		321,145
Accrued interest payable - state aid anticipation note	23	-	-	23
Accrued oversight and management fees	110,121	-	-	110,121
Unearned revenue	16,491	-	-	16,491
State aid anticipation note payable	54,851	-	-	54,851
Due to other funds	5,000	-	9,839	14,839
TOTAL LIABILITIES	643,046	-	9,839	652,885

See notes to financial statements.

	General fund	Debt service fund	Total Nonmajor (special revenue) fund	Total governmental funds
FUND BALANCES:				
Restricted:				
Debt service	$ 689,995	$ 974,370	$ -	$ 1,664,365
Food service	-	-	35,072	35,072
Repair and replacement	250,001	-	-	250,001
Unassigned	708,585	-	-	708,585
TOTAL FUND BALANCES	1,648,581	974,370	35,072	2,658,023
TOTAL LIABILITIES AND FUND BALANCES	$ 2,291,627	$ 974,370	$ 44,911	$ 3,310,908
Total governmental fund balance				$ 2,658,023
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and are not reported in the funds:				
The cost of the capital assets is			$ 10,448,786	
Accumulated depreciation is			(3,289,364)	
				7,159,422
Long-term liabilities are not due and payable in the current period and are not reported in the funds:				
Certificates of participation				(10,930,000)
Capital lease obligations				(10,507)
Accrued interest is not included as a liability in government funds, it is recorded when paid				(232,617)
Net position of governmental activities				$ (1,355,679)

See notes to financial statements.

TRILLIUM ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	General fund	Debt service fund	Total Nonmajor (special revenue) fund	Total governmental funds
REVENUES:				
Local sources	$ 153,937	$ 3	$ 17,034	$ 170,974
State sources	4,926,458	-	3,590	4,930,048
Federal sources	380,580	-	152,622	533,202
Intermediate sources	67,864	-	-	67,864
Total revenues	5,528,839	3	173,246	5,702,088
EXPENDITURES:				
Current:				
Instruction:				
Basic programs	1,883,342	-	-	1,883,342
Added needs	831,102	-	-	831,102
Total instruction	2,714,444	-	-	2,714,444
Support services:				
Pupil	180,804	-	-	180,804
Instructional staff	15,849	-	-	15,849
General administration	653,177	-	-	653,177
School administration	442,837	-	-	442,837
Business	67,272	-	-	67,272
Operation and maintenance	371,898	-	-	371,898

See notes to financial statements.

	General fund	Debt service fund	Total Nonmajor (special revenue) fund	Total governmental funds
EXPENDITURES (Concluded):				
Support services (Concluded):				
Central services	$ 36,613	$ -	$ -	$ 36,613
Other	38,838	-	-	38,838
Total support services	1,807,288	-	-	1,807,288
Food service	-	-	189,120	189,120
Debt service:				
Principal retirement	9,729	240,000	-	249,729
Interest expense	-	705,510	-	705,510
Total expenditures	4,531,461	945,510	189,120	5,666,091
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	997,378	(945,507)	(15,874)	35,997
OTHER FINANCING SOURCES (USES):				
Transfers in	-	945,507	25,855	971,362
Transfers out	(971,362)	-	-	(971,362)
Total other financing sources (uses)	(971,362)	945,507	25,855	-
NET CHANGE IN FUND BALANCES	26,016	-	9,981	35,997
FUND BALANCES:				
Beginning of year	1,622,565	974,370	25,091	2,622,026
End of year	$ 1,648,581	$ 974,370	$ 35,072	$ 2,658,023

See notes to financial statements.

TRILLIUM ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Net change in fund balances total governmental funds	$ 35,997
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation.	
Depreciation expense	(312,783)
Capital outlay	10,644
Accrued interest on certificates of participation is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable, beginning of the year	237,723
Accrued interest payable, end of the year	(232,617)
Proceeds and repayments of principal on long-term debt are other financing sources and expenditures in the governmental funds, but not in the statement of activities (where they are additions and reductions of liabilities):	
Principal repayment on long-term obligations	249,729
Change in net position of governmental activities	$ (11,307)

See notes to financial statements.

TRILLIUM ACADEMY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Academy. The Academy currently does not have fiduciary activities. *Governmental activities* normally are supported by intergovernmental revenues.

B. Reporting Entity

Trillium Academy (the "Academy") is a public school academy as part of the Michigan Public School System under Public Act No. 362 of 1993. Central Michigan University is the authorizing governing body for the Academy and has contracted with the Academy to charter the public school through June 2020. Board members are approved by the authorizing governing body and have decision making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. The Academy receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the Academy is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. In addition, the Academy's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

C. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the Academy's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Presentation - Fund Financial Statements (Concluded)

The Academy reports the following major governmental funds:

The *general fund* is the Academy's primary operating fund. It accounts for all financial resources of the Academy, except those required to be accounted for in another fund.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on certificates of participation.

The Academy reports the following non-major governmental fund:

The *special revenue fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The Academy accounts for its food service activity in the special revenue fund.

During the course of operations the Academy has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Measurement Focus and Basis of Accounting (Concluded)

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

State and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amounts is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to public school academies based on information supplied by the academies. For the current year ended, the foundation allowance was based on pupil membership counts taken in October 2015 and February 2015.

The state portion of the Foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

The Academy also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the Academy.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Information

Budgetary basis of accounting:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue fund.

The Academy follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the Board of Directors a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

2. Prior to July 1, the budget is legally adopted by Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.

3. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

4. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2016. The Academy does not consider these amendments to be significant.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and cash equivalents

The Academy's cash and cash equivalents are considered to be cash on hand and demand deposit accounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

2. Investments

Certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Academy intends to hold the investment until maturity.

State statutes authorize the Academy to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Academy is also authorized to invest in U.S. District or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

3. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital assets

Capital assets, as summarized below, are reported in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial, individual cost of more than $1,000 and a useful life in excess of one year. Group purchases are evaluated on a case by case basis. Donated capital assets are recorded at their estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. Capital assets (Concluded)

Land and construction in progress, if any, are not depreciated. Capital assets of the Academy are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings and improvements	20 - 50
Computers and peripherals	3 - 5
Furniture and other equipment	7 - 20
Office equipment	7 - 12

5. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until that time. The Academy has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Academy has no items that qualify for reporting in this category.

6. Net position flow assumption

Sometimes the Academy will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Concluded)

7. Fund balance flow assumptions

Sometimes the Academy will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Academy itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Academy's highest level of decision-making authority. The board of directors is the highest level of decision-making authority for the Academy that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Academy for specific purposes but do not meet the criteria to be classified as committed. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates authority. The board of directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

H. Revenues and Expenditures/Expenses

1. Program revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 2 - DEPOSITS AND RESTRICTED INVESTMENTS

As of June 30, 2016, the Academy had the following investments:

Investment Type	Fair value	Weighted average maturity (years)	Standard & Poor's Rating	%
First America Treasury Obligations Fund - Class D	$ 1,728,275	0.0027	AAAm	100.00%
Portfolio weighted average maturity		0.0027		

One day maturity equals 0.0027, one year equals 1.00

NOTE 2 - DEPOSITS AND RESTRICTED INVESTMENTS (Continued)

The Academy invests certain excess funds in external pooled investment funds which included treasury obligations. The treasury obligation reports as of June 30, 2016, the fair value of the Academy's investments is the same as the value of the pooled shares.

The investments are restricted under the terms of the certificates of participation debt agreements primarily for debt service and repair and replacement of the related facilities.

Interest rate risk. The Academy will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Academy's cash requirements.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2016, the Academy did not have investments in commercial paper and corporate bonds.

Concentration of credit risk. The Academy will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Academy's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2016, $262,921 of the Academy's bank balance of $512,921 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value of these deposits was $510,414.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Academy will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Academy will do business.

Foreign currency risk. The Academy is not authorized to invest in investments which have this type of risk.

NOTE 2 - DEPOSITS AND RESTRICTED INVESTMENTS (Concluded)

Fair value measurement. The Academy is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the Academy's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Academy does not have any investments subject to the fair value measurement.

NOTE 3-INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2016 consist of the following:

State aid	$ 905,454
Federal and state grants	87,902
Payments from RESA	64,024
	$ 1,057,380

Amounts due from governmental units include amounts due from federal, state and local sources for various projects and programs.

Because of the Academy's favorable collection experience, no allowance for doubtful accounts has been recorded.

NOTE 4 - LEASED EMPLOYEES

The Academy leases substantially all of its workers from its management company, The Romine Group (TRG). TRG is responsible for retirement and post-employment benefit obligations. The amount payable to TRG at June 30, 2016 was approximately $181,000 of which $85,049 represents the accrued management fee. TRG contributes 4% of the annual compensation each pay period to TRG retirement plan. An additional 4% maximum match is contributed by TRG for any employee electing to personally contribute to the plan. Retirement expense for 2016 was approximately $140,000. In accordance with Article III, E(2), of the Board-approved Educational Service Provider ("ESP") Agreement between the Academy and TRG, TRG is responsible for providing personnel to the Academy. Additionally, Article IV, C, of the ESP Agreement states that the Academy shall reimburse TRG for all costs incurred and paid by TRG in providing the Educational Program and other goods and services upon properly presented documentation to and approval by the Academy Board.

NOTE 5 - CAPITAL ASSETS

A summary of changes in the Academy's capital assets follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated - land	$ 565,000	$ -	$ -	$ 565,000
Capital assets, being depreciated:				
Building and improvements	8,561,753	-	-	8,561,753
Computers and peripherals	523,847	6,597	-	530,444
Furniture and equipment	685,472	4,047	-	689,519
Office equipment	102,070	-	-	102,070
Depreciable capital assets	9,873,142	10,644	-	9,883,786
Accumulated depreciation:				
Building and improvements	1,995,007	224,308	-	2,219,315
Computers and peripherals	412,216	41,512	-	453,728
Furniture and equipment	485,994	42,561	-	528,555
Office equipment	83,364	4,402	-	87,766
Total accumulated depreciation	2,976,581	312,783	-	3,289,364
Net capital assets being depreciated	6,896,561	(302,139)	-	6,594,422
Net governmental capital assets	$ 7,461,561	$ (302,139)	$ -	$ 7,159,422

Depreciation for the fiscal year ended June 30, 2016 amounted to $312,783. The Academy determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 6 - NOTE PAYABLE

At June 30, 2016, the Academy has $54,851 outstanding from a state aid anticipation note dated September 28, 2015. The note, which has an interest rate of 1.85%, matures August 25, 2016. The note is secured by future state school aid payments. The Academy incurred interest expense on these state aid anticipation notes of $2,619 in 2016 which is included in support services.

Balance June 30, 2015	Additions	Payments	Balance June 30, 2016
$ 88,538	$ 300,000	$ 333,687	$ 54,851

NOTE 7 - LONG-TERM OBLIGATIONS

The following is a summary of governmental long-term obligations for the Academy for the year ended June 30, 2016:

	Certificates of participation	Capital lease	Total
Balance, July 1, 2015	$ 11,170,000	$ 20,236	$ 11,190,236
Repayments	240,000	9,729	249,729
Balance, June 30, 2016	10,930,000	10,507	10,940,507
Less current portion	255,000	10,507	265,507
	$ 10,675,000	$ -	$ 10,675,000

Long-term obligations at June 30, 2016 consist of the following:

2005 Series full term certificates of participation due in annual installments of $150,000 to $1,055,000 through September 1, 2035 with interest of 6.3%, secured by related mortgage.	$ 6,300,000
2007 Series full term certificates of participation due in annual installments of $105,000 to $785,000 through September 1, 2035 with interest of 6.5%, secured by related mortgage.	4,630,000
Capital lease with a private investor for equipment with a monthly payment of $913 including imputed interest of 7.7% maturing through June 2017.	10,507
Total general long-term debt	$ 10,940,507

NOTE 7 - LONG-TERM OBLIGATIONS (Concluded)

The annual requirements to amortize the certificates of participation outstanding as of June 30, 2016, including interest of $8,886,901 are as follows:

Year ended June 30,	Principal	Interest	Amounts payable
2017	$ 255,000	$ 689,712	$ 944,712
2018	270,000	672,954	942,954
2019	290,000	655,080	945,080
2020	310,000	635,930	945,930
2021	330,000	615,500	945,500
2022 - 2026	1,985,000	2,724,938	4,709,938
2027 - 2031	2,735,000	1,976,988	4,711,988
2032 - 2036	4,755,000	915,799	5,670,799
	$ 10,930,000	$ 8,886,901	$ 19,816,901

Interest expense on the certificates of participation for the fiscal year ended June 30, 2016 was $705,510.

The future minimum lease payments required under the capital lease and the present value of the net minimum lease payments are as follows:

Year ending June 30,	Amount
2017	$ 10,950
Less: amounts representing interest	(443)
Capital lease obligations	$ 10,507

NOTE 8 - MANAGEMENT AGREEMENT

The Academy has a management agreement through June 2017 with The Romine Group (TRG) for operations of the Academy. Under the terms of the management agreement, TRG's compensation for operating the Academy is 10% of the unrestricted state revenue. The management fee was $466,739 for 2016. See Note 4 for other transactions with TRG.

NOTE 9 - RISK MANAGEMENT

The Academy is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. To minimize the risk, the Academy carries commercial insurance.

NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2016 are as follows:

Receivable fund		Payable fund	
General	$ 9,839	General	$ 5,000
Debt service	5,000	School lunch	9,839
	$ 14,839		$ 14,839

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

NOTE 11 - TRANSFERS

Transfers between the governmental funds were as follows:

Transfers out		Transfers in	
General fund	$ 971,362	Food service fund	$ 25,855
		Debt service	945,507
	$ 971,362		$ 971,362

The transfers to the debt service fund from the general fund were to transfer state aid revenues which are restricted for debt service. These transfers are made in the year which the debt service fund makes the related principal and interest payments. The transfers from the general fund to the food service fund were made to cover operating expenses.

NOTE 12 - SUBSEQUENT EVENT

The Academy borrowed $250,000 under a state aid anticipation note in September 2016 to be repaid monthly from October 2016 through August 2017.

As of the report date the Academy is in the process of working with advisors to execute the issuance of approximately $11,045,000 of refunding bonds for the purpose of fully refunding the Academy's 2005 and 2007 series full term certificates of participation. Neither the terms nor the timing of the refunding bonds have been finalized.

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REQUIRED SUPPLEMENTARY INFORMATION

TRILLIUM ACADEMY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2016

	Original budget	Final budget	Actual	Variance with final budget
REVENUES:				
Local sources	$ 135,748	$ 141,911	$ 153,937	$ 12,026
State sources	5,095,033	4,926,458	4,926,458	-
Federal sources	338,552	380,999	380,580	(419)
Intermediate sources	115,505	72,521	67,864	(4,657)
Total revenues	5,684,838	5,521,889	5,528,839	6,950
EXPENDITURES:				
Current:				
Instruction:				
Basic programs	1,991,992	1,877,390	1,883,342	(5,952)
Added needs	756,521	829,690	831,102	(1,412)
Total instruction	2,748,513	2,707,080	2,714,444	(7,364)
Support services:				
Pupil	234,608	179,713	180,804	(1,091)
Instructional staff	7,421	16,198	15,849	349
General administration	667,429	662,808	653,177	9,631
School administration	512,667	460,810	442,837	17,973
Business	65,070	67,550	67,272	278
Operation and maintenance	338,200	361,873	371,898	(10,025)
Transportation	2,400	2,400	-	2,400
Central services	36,500	29,265	36,613	(7,348)
Other	44,085	44,085	38,838	5,247
Total support services	1,908,380	1,824,702	1,807,288	17,414
Debt service:				
Principal retirement	9,729	9,729	9,729	-
Total expenditures	4,666,622	4,541,511	4,531,461	10,050
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,018,216	980,378	997,378	17,000
OTHER FINANCING SOURCES (USES):				
Transfers out	(965,000)	(973,000)	(971,362)	1,638
NET CHANGE IN FUND BALANCE	$ 53,216	$ 7,378	26,016	$ 18,638
FUND BALANCE:				
Beginning of year			1,622,565	
End of year			$ 1,648,581	

ADDITIONAL SUPPLEMENTARY INFORMATION

TRILLIUM ACADEMY
LONG-TERM DEBT
FULL TERM CERTIFICATES OF PARTICIPATION - SERIES 2005
YEAR ENDED JUNE 30, 2016

$7,200,000 certificates issued September 1, 2005

Principal due	Interest due		Debt service requirement for fiscal year	
September 1	September 1	March 1	June 30	Amount
$ 150,000	$ 198,450	$ 193,725	2017	$ 542,175
155,000	193,725	188,842	2018	537,567
170,000	188,843	183,487	2019	542,330
180,000	183,488	177,817	2020	541,305
190,000	177,818	171,832	2021	539,650
200,000	171,833	165,532	2022	537,365
215,000	165,533	158,760	2023	539,293
230,000	158,760	151,515	2024	540,275
245,000	151,515	143,797	2025	540,312
260,000	143,798	135,607	2026	539,405
275,000	135,608	126,945	2027	537,553
295,000	126,945	117,652	2028	539,597
315,000	117,653	107,730	2029	540,383
335,000	107,730	97,177	2030	539,907
355,000	97,178	85,995	2031	538,173
380,000	85,995	74,025	2032	540,020
405,000	74,025	61,267	2033	540,292
430,000	61,268	47,722	2034	538,990
460,000	47,723	33,232	2035	540,955
1,055,000	33,233	-	2036	1,088,233
$ 6,300,000	$ 2,621,121	$ 2,422,659		$ 11,343,780

The above certificates bear interest rates at 6.3%. The certificate proceeds were used for the acquisition of a building and improvements thereto and to payoff certain existing long-term debt.

TRILLIUM ACADEMY
LONG-TERM DEBT
FULL TERM CERTIFICATES OF PARTICIPATION - SERIES 2007
YEAR ENDED JUNE 30, 2016

$5,065,000 certificates issued November 1, 2007

Principal due	Interest due		Debt service requirement for fiscal year	
September 1	September 1	March 1	June 30	Amount
$ 105,000	$ 150,475	$ 147,062	2017	$ 402,537
115,000	147,062	143,325	2018	405,387
120,000	143,325	139,425	2019	402,750
130,000	139,425	135,200	2020	404,625
140,000	135,200	130,650	2021	405,850
145,000	130,650	125,938	2022	401,588
155,000	125,938	120,900	2023	401,838
165,000	120,900	115,537	2024	401,437
180,000	115,537	109,688	2025	405,225
190,000	109,688	103,512	2026	403,200
205,000	103,512	96,850	2027	405,362
215,000	96,850	89,863	2028	401,713
230,000	89,863	82,387	2029	402,250
245,000	82,387	74,425	2030	401,812
265,000	74,425	65,813	2031	405,238
280,000	65,813	56,712	2032	402,525
300,000	56,712	46,963	2033	403,675
320,000	46,963	36,562	2034	403,525
340,000	36,562	25,511	2035	402,073
785,000	25,511	-	2036	810,511
$ 4,630,000	$ 1,996,798	$ 1,846,323		$ 8,473,121

The above certificates bear interest rates at 6.5%. The certificate proceeds were used for a building, improvements thereto, and certain equipment and furniture.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Trillium Academy

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Trillium Academy as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Trillium Academy's basic financial statements and have issued our report thereon dated September 26, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Trillium Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Trillium Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Trillium Academy's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Trillium Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maner Costerisan PC

September 26, 2016

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September 26, 2016

To the Board of Directors
Trillium Academy

We have audited the financial statements of Trillium Academy for the year ended June 30, 2016, and have issued our report thereon dated September 26, 2016. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America and *Government Auditing Standards*

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of Trillium Academy. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed test of Trillium Academy's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

Significant Audit Findings

1. Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Trillium Academy are described in Note 1 to the financial statements. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We did not identify any sensitive disclosures.

2. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

3. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

4. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

5. Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 26, 2016.

6. Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Trillium Academy's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Trillium Academy's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

8. Other Matters

We applied certain limited procedures to the required supplementary information (RSI) which are required and supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information, which accompany the financial statements but are not RSI. With respect to this other supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the statistical information, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

A separate management letter was not issued.

This information is intended solely for the use of the Board of Education and management of Trillium Academy and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Maner Costerisan PC

TRILLIUM ACADEMY

REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional supplementary information)

YEAR ENDED JUNE 30, 2015

Maner Costerisan
Certified Public Accountants
Business & Technology Advisors

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Trillium Academy

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Trillium Academy, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Trillium Academy as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Trillium Academy basic financial statements. The additional supplementary information, as identified in the table of contents, and schedule of expenditures of federal awards as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such additional supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 12, 2015 on our consideration of Trillium Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Trillium Academy's internal control over financial reporting and compliance.

Maner Costerisan PC

October 12, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Trillium Academy's (Academy) annual financial report presents our discussion and analysis of the public school Academy's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the Academy's financial statements, which immediately follow this section.

Financial Highlights

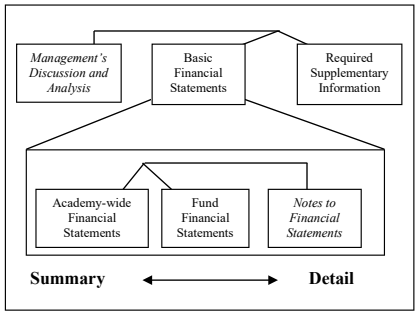
- The Academy's net position increased by $139,058 during the year.
- As compared to the prior year, revenues increased by 1.3% while expenses decreased by 0.5% percent. Blended enrollment used for state aid purposes was 678 in 2015 compared to 680 in 2014.
- The Academy retired $234,010 in debt during the year.
- The Academy invested $93,380 in capital assets during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Academy:

- The first two statements are academy-wide *financial statements* that provide both short-term and long-term information about the Academy's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Academy, reporting the Academy's operations in more detail than the academy-wide statements.
- The *governmental funds* statements tell how basic services like regular and special education were financed in the short-term as well as what remains for future spending.

Figure A-1
Organization of Trillium Academy's Financial Report



The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Academy's budget for the year. Figure A-1 shows how the various parts of the annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the Academy's financial statements, including the portion of the Academy's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 Major Features of the Academy-wide and Fund Financial Statements

Scope	Academy-wide statements	Governmental funds
	Entire academy (except fiduciary funds)	All activities of the Academy that are not fiduciary
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

Academy-wide statements

The Academy-wide statements report information about the Academy as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Academy's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Academy-wide statements report the Academy's net position and how they have changed. Net position - the difference between the Academy's assets and liabilities, are one way to measure the Academy's financial health or position.

- Over time, increases or decreases in the Academy's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the Academy, you need to consider additional non-financial factors such as changes in the Academy's enrollment, the condition of school buildings and other facilities, and the Academy's ability to be competitive with other public school academies and area school districts.

Governmental activities - The Academy's basic services are included here, such as regular and special education and administration. State foundation aid finances most of these activities.

Fund financial statements

The fund financial statements provide more detailed information about the Academy's funds, focusing on its more significant or "major" funds - not the Academy as a whole. Funds are accounting devices the Academy uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.
- The Academy establishes other funds to control and manage money for particular purposes and to show that it is properly using certain revenues (like school lunch).

All of the Academy's basic services are included in governmental funds which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Academy's programs. Because this information does not encompass the additional long-term focus of the Academy-wide statements, we provide additional information with the governmental funds statement that explains the relationship (or differences) between them.

Financial analysis of the Academy as a whole

Net position - the Academy's combined net position increased by $139,058 in 2015 decreasing the deficit to ($1,344,372). See Figures A - 3 and A - 4.

The total revenues increased by 1.3% to $6,080,482. State aid foundation allowance included in revenue from state sources accounts for 84% of the Academy's revenue.

The total cost of instruction increased by 0.1% to $2,821,041. Total support service expenses decreased 0.5% to $1,879,613. Both changes were due to the flat change in enrollment.

Academy governmental activities

Figure A-3
Trillium Academy's Net Position

	2015	2014
Current and other assets	$ 3,297,391	$ 3,206,629
Capital assets	7,461,561	7,688,555
Total assets	10,758,952	10,895,184
Other liabilities	913,088	954,368
Long-term liabilities outstanding	11,190,236	11,424,246
Total liabilities	12,103,324	12,378,614
Net position:		
Net investment in capital assets	(3,728,675)	(3,735,691)
Restricted for debt service	1,348,679	1,339,876
Restricted for food service	25,091	25,091
Restricted for repair and replacement	250,000	250,000
Unrestricted	760,533	637,294
Total net position, as restated	$ (1,344,372)	$ (1,483,430)

Figure A-4
Change in Trillium Academy's Net Position

	2015	2014
Revenues:		
Program revenues:		
Federal and state categorical grants	$ 728,633	$ 710,467
Charges for service	155,963	162,713
General revenues:		
State aid - unrestricted	5,111,803	5,053,660
Investment income	798	368
ISD sources	64,838	64,201
Other	18,447	9,597
Total general revenues	5,195,886	5,127,826
Total revenues	6,080,482	6,001,006
Expenses:		
Instruction	2,821,041	2,816,502
Support services	1,879,613	1,888,979
Food services	204,833	221,663
Interest and fees	715,563	729,716
Unallocated depreciation	320,374	314,740
Total expenses	5,941,424	5,971,600
Change in net position	$ 139,058	$ 29,406

Financial analysis of the Academy's funds

The Academy increased its fund balance in the general fund by $127,253 to $1,622,565. General fund revenues increased 2.3% in 2015. State sources increased slightly due to receiving a foundation equity payment in the current year and a relatively small change in the blended enrollment from 2014.

The school lunch fund had an excess of expenditures over revenues of $28,179. The general fund transferred $28,179 to the school lunch fund.

General fund budgetary highlights

Over the course of the year, the Academy revised the general fund annual operating budget multiple times. Significant changes were made to various revenues and expenditures to adjust for changes in pupil counts, grants awarded and the related expenditures.

The Academy's final budget for the general fund anticipated revenues would exceed expenditures and other financing sources or uses by $46,505. The actual results for the year showed revenues over expenditures of $127,253.

The actual expenditures were under budget by $109,507. This is approximately 2.2% of total expenditures.

Capital asset and debt administration

Capital assets

As of the year ended June 30, 2015, the Academy had invested $7,461,561 in capital assets net of accumulated depreciation as summarized in Figure A-5. This amount represents a net decrease of $226,994 from the beginning of the year. Total depreciation expense for the year was $320,374. More detailed information about capital assets can be found in Note 4 to the financial statements.

The Academy's capital assets are as follows:

Figure A-5
Trillium Academy's Capital Assets

	2015			2014
	Cost	Accumulated depreciation	Net book value	Net book value
Building and improvements	$ 8,561,753	$ 1,995,007	$ 6,566,746	$ 6,736,508
Land	565,000	-	565,000	565,000
Computer and peripherals	523,847	412,216	111,631	116,153
Furniture and equipment	685,472	485,994	199,478	247,786
Office equipment	102,070	83,364	18,706	23,108
Total	$ 10,438,142	$ 2,976,581	$ 7,461,561	$ 7,688,555

Long-term debt

The Academy repaid $234,010 of long-term debt during 2015. Long-term debt at June 30, 2015 consists of $11,190,236 of certificates of participation and a capital lease obligation. More detailed information about long-term debt can be found in Note 6 to the financial statements.

Factors bearing on the Academy's future

At the time these financial statements were prepared and audited, the Academy was aware of existing circumstances that could significantly affect its financial health in the future.

- The Academy has adopted a general fund budget for 2015/2016 in which revenues exceed expenditures by approximately $53,215.

Contacting the Academy's financial management

This financial report is designed to provide our students, parents and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report or need additional information, contact the Academy's office at 15740 Racho Road, Taylor, Michigan, 48180, phone (734) 374-8222.

BASIC FINANCIAL STATEMENTS

TRILLIUM ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental activities
ASSETS:	
Cash and cash equivalents	$ 417,545
Intergovernmental receivable	1,108,274
Prepaids	37,430
Investments - restricted for debt service	1,484,142
Investments - restricted for capital projects	250,000
Capital assets not being depreciated	565,000
Capital assets, net of accumulated depreciation	6,896,561
TOTAL ASSETS	10,758,952
LIABILITIES:	
Accounts payable	134,194
Accrued salaries and related items	332,325
Accrued oversight and management fees	120,263
Accrued interest payable - state aid anticipation note	45
Accrued interest payable - certificates of participation	237,723
State aid anticipation note payable	88,538
Noncurrent liabilities:	
Due within one year	249,729
Due in more than one year	10,940,507
TOTAL LIABILITIES	12,103,324
NET POSITION:	
Net investment in capital assets	(3,728,675)
Restricted for:	
Debt service	1,348,679
Food service	25,091
Repair and replacement	250,000
Unrestricted	760,533
TOTAL NET POSITION	$ (1,344,372)

See notes to financial statements.

TRILLIUM ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General fund	Debt service fund	Total Nonmajor (special revenue) fund	Total governmental funds
ASSETS				
ASSETS:				
Cash and cash equivalents	$ 397,899	$ -	$ 19,646	$ 417,545
Receivables:				
Intergovernmental	1,098,422	-	9,852	1,108,274
Due from other funds	4,407	5,000	-	9,407
Prepaids	37,430	-	-	37,430
Investments - restricted	764,772	969,370	-	1,734,142
TOTAL ASSETS	$ 2,302,930	$ 974,370	$ 29,498	$ 3,306,798
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 134,194	$ -	$ -	$ 134,194
Accrued salaries and related items	332,325	-		332,325
Accrued interest payable - state aid anticipation note	45	-	-	45
Accrued oversight and management fees	120,263	-	-	120,263
State aid anticipation note payable	88,538	-	-	88,538
Due to other funds	5,000	-	4,407	9,407
TOTAL LIABILITIES	680,365	-	4,407	684,772

See notes to financial statements.

TRILLIUM ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Functions/programs	Expenses	Program revenues: Charges for services	Program revenues: Operating grants	Governmental activities: Net (expense) revenue and changes in net position
Governmental activities:				
Instruction	$ 2,821,041	$ 143,439	$ 523,345	$ (2,154,257)
Support services	1,879,613	-	41,158	(1,838,455)
Food services	204,833	12,524	164,130	(28,179)
Interest and fees	715,563	-	-	(715,563)
Unallocated depreciation	320,374	-	-	(320,374)
Total governmental activities	$ 5,941,424	$ 155,963	$ 728,633	(5,056,828)
General revenues:				
Investment earnings				798
State sources - unrestricted				5,111,803
ISD sources				64,838
Other				18,447
Total general revenues				5,195,886
CHANGE IN NET POSITION				139,058
NET POSITION, beginning of year				(1,483,430)
NET POSITION, end of year				$ (1,344,372)

See notes to financial statements.

	General fund	Debt service fund	Total Nonmajor (special revenue) fund	Total governmental funds
FUND BALANCES:				
Nonspendable:				
Prepaids	$ 37,430	$ -	$ -	$ 37,430
Restricted:				
Debt service	612,032	974,370	-	1,586,402
Food service	-	-	25,091	25,091
Repair and replacement	250,000	-	-	250,000
Unassigned	723,103	-	-	723,103
TOTAL FUND BALANCES	1,622,565	974,370	25,091	2,622,026
TOTAL LIABILITIES AND FUND BALANCES	$ 2,302,930	$ 974,370	$ 29,498	$ 3,306,798
Total governmental fund balance				$ 2,622,026
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and are not reported in the funds:				
The cost of the capital assets is			$ 10,438,142	
Accumulated depreciation is			(2,976,581)	
				7,461,561
Long-term liabilities are not due and payable in the current period and are not reported in the funds:				
Certificates of participation				(11,170,000)
Capital lease obligations				(20,236)
Accrued interest is not included as a liability in government funds, it is recorded when paid				(237,723)
Net position of governmental activities				$ (1,344,372)

See notes to financial statements.

TRILLIUM ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	General fund	Debt service fund	Total Nonmajor (special revenue) fund	Total governmental funds
REVENUES:				
Local sources	$ 162,684	$ -	$ 12,524	$ 175,208
State sources	5,294,213	-	3,920	5,298,133
Federal sources	382,093	-	160,210	542,303
Intermediate sources	64,838	-	-	64,838
Total revenues	5,903,828	-	176,654	6,080,482
EXPENDITURES:				
Current:				
Instruction:				
Basic programs	2,059,143	-	-	2,059,143
Added needs	761,898	-	-	761,898
Total instruction	2,821,041	-	-	2,821,041
Support services:				
Pupil	203,792	-	-	203,792
Instructional staff	4,079	-	-	4,079
General administration	684,963	-	-	684,963
School administration	488,683	-	-	488,683
Business	62,912	-	-	62,912
Operation and maintenance	404,702	-	-	404,702

See notes to financial statements.

TRILLIUM ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Net change in fund balances total governmental funds	$ 127,253
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation.	
Depreciation expense	(320,374)
Capital outlay	93,380
Accrued interest on certificates of participation is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable, beginning of the year	242,512
Accrued interest payable, end of the year	(237,723)
Proceeds and repayments of principal on long-term debt are other financing sources and expenditures in the governmental funds, but not in the statement of activities (where they are additions and reductions of liabilities):	
Principal repayment on long-term obligations	234,010
Change in net position of governmental activities	$ 139,058

See notes to financial statements.

	General fund	Debt service fund	Total Nonmajor (special revenue) fund	Total governmental funds
EXPENDITURES (Concluded):				
Support services (Concluded):				
Transportation	$ 271	$ -	$ -	$ 271
Central services	67,686	-	-	67,686
Other	55,905	-	-	55,905
Total support services	1,972,993	-	-	1,972,993
Food service	-	-	204,833	204,833
Debt service:				
Principal retirement	9,010	225,000	-	234,010
Interest expense	-	720,352	-	720,352
Total expenditures	4,803,044	945,352	204,833	5,953,229
EXCESS (DEFICIENCY) OF EXPENDITURES OVER (UNDER) REVENUES	1,100,784	(945,352)	(28,179)	127,253
OTHER FINANCING SOURCES (USES):				
Transfers in	-	945,352	28,179	973,531
Transfers out	(973,531)	-	-	(973,531)
Total other financing sources (uses)	(973,531)	945,352	28,179	-
NET CHANGE IN FUND BALANCES	127,253	-	-	127,253
FUND BALANCES:				
Beginning of year	1,495,312	974,370	25,091	2,494,773
End of year	$ 1,622,565	$ 974,370	$ 25,091	$ 2,622,026

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Academy. The Academy currently does not have fiduciary activities. *Governmental activities* normally are supported by intergovernmental revenues.

B. Reporting Entity

Trillium Academy (the "Academy") is a public school academy as part of the Michigan Public School System under Public Act No. 362 of 1993. Central Michigan University is the authorizing governing body for the Academy and has contracted with the Academy to charter the public school through June 2020. Board members are approved by the authorizing governing body and have decision making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. The Academy receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the Academy is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. In addition, the Academy's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

C. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the Academy's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Presentation - Fund Financial Statements (Concluded)

The Academy reports the following major governmental funds:

The *general fund* is the Academy's primary operating fund. It accounts for all financial resources of the Academy, except those required to be accounted for in another fund.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on certificates of participation.

The Academy reports the following non-major governmental fund:

The *special revenue fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The Academy accounts for its food service activity in the special revenue fund.

During the course of operations the Academy has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Measurement Focus and Basis of Accounting (Concluded)

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

State and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amounts is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to public school academies based on information supplied by the academies. For the current year ended, the foundation allowance was based on pupil membership counts taken in October 2014 and February 2015.

The state portion of the Foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

The Academy also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the Academy.

TRILLIUM ACADEMY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Information

Budgetary basis of accounting:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue fund.

The Academy follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the Board of Directors a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

2. Prior to July 1, the budget is legally adopted by Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.

3. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

4. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2015. The Academy does not consider these amendments to be significant.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and cash equivalents

The Academy's cash and cash equivalents are considered to be cash on hand and demand deposit accounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

2. Investments

Certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Academy intends to hold the investment until maturity.

State statutes authorize the Academy to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Academy is also authorized to invest in U.S. District or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

3. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital assets

Capital assets, as summarized below, are reported in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial, individual cost of more than $1,000 and a useful life in excess of one year. Group purchases are evaluated on a case by case basis. Donated capital assets are recorded at their estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. Capital assets (Concluded)

Land and construction in progress, if any, are not depreciated. Capital assets of the Academy are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings and improvements	20 - 50
Computers and peripherals	3 - 5
Furniture and other equipment	7 - 20
Office equipment	7 - 12

5. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until that time. The Academy has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Academy has no items that qualify for reporting in this category.

6. Net position flow assumption

Sometimes the Academy will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Concluded)

7. Fund balance flow assumptions

Sometimes the Academy will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Academy itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Academy's highest level of decision-making authority. The board of directors is the highest level of decision-making authority for the Academy that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Academy for specific purposes but do not meet the criteria to be classified as committed. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates authority. The board of directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

H. Revenues and Expenditures/Expenses

1. Program revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 2 - DEPOSITS AND RESTRICTED INVESTMENTS

As of June 30, 2015, the Academy had the following investments:

Investment Type	Fair value	Weighted average maturity (years)	Standard & Poor's Rating	%
First America Treasury Obligations Fund - Class D	$ 1,734,142	0.0027	AAAm	100.00%
Portfolio weighted average maturity		0.0027		

One day maturity equals 0.0027, one year equals 1.00

NOTE 2 - DEPOSITS AND RESTRICTED INVESTMENTS (Concluded)

The Academy invests certain excess funds in external pooled investment funds which included treasury obligations. The treasury obligation reports as of June 30, 2015, the fair value of the Academy's investments is the same as the value of the pooled shares.

The investments are restricted under the terms of the certificates of participation debt agreements primarily for debt service and repair and replacement of the related facilities.

Interest rate risk. The Academy will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Academy's cash requirements.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2015, the Academy did not have investments in commercial paper and corporate bonds.

Concentration of credit risk. The Academy will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Academy's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2015, $178,342 of the Academy's bank balance of $503,297 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value of these deposits was $417,545.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Academy will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Academy will do business.

Foreign currency risk. The Academy is not authorized to invest in investments which have this type of risk.

The Academy does not currently have an investment policy that addresses the above investment and deposit risks.

NOTE 3 - LEASED EMPLOYEES

The Academy leases substantially all of its workers from its management company, The Romine Group (TRG). TRG is responsible for retirement and post-employment benefit obligations. The amount payable to TRG at June 30, 2015 was approximately $217,000 of which $92,940 represents the accrued management fee. TRG contributes 4% of the annual compensation each pay period to TRG retirement plan. An additional 4% maximum match is contributed by TRG for any employee electing to personally contribute to the plan. Retirement expense for 2015 was approximately $143,000. In accordance with Article III, E(2), of the Board-approved Educational Service Provider ("ESP") Agreement between the Academy and TRG, TRG is responsible for providing personnel to the Academy. Additionally, Article IV, C, of the ESP Agreement states that the Academy shall reimburse TRG for all costs incurred and paid by TRG in providing the Educational Program and other goods and services upon properly presented documentation to and approval by the Academy Board.

NOTE 4 - CAPITAL ASSETS

A summary of changes in the Academy's capital assets follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated - land	$ 565,000	$ -	$ -	$ 565,000
Capital assets, being depreciated:				
Building and improvements	8,508,044	53,709	-	8,561,753
Computers and peripherals	484,176	39,671	-	523,847
Furniture and equipment	685,472	-	-	685,472
Office equipment	102,070	-	-	102,070
Depreciable capital assets	9,779,762	93,380	-	9,873,142
Accumulated depreciation:				
Building and improvements	1,771,536	223,471	-	1,995,007
Computers and peripherals	368,023	44,193	-	412,216
Furniture and equipment	437,686	48,308	-	485,994
Office equipment	78,962	4,402	-	83,364
Total accumulated depreciation	2,656,207	320,374	-	2,976,581
Net capital assets being depreciated	7,123,555	(226,994)	-	6,896,561
Net governmental capital assets	$ 7,688,555	$ (226,994)	$ -	$ 7,461,561

Depreciation for the fiscal year ended June 30, 2015 amounted to $320,374. The Academy determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 5 - NOTE PAYABLE

At June 30, 2015, the Academy has $88,538 outstanding from a state aid anticipation note dated August 20, 2014. The note, which has an interest rate of 1.84%, matures August 24, 2015. The note is secured by future state school aid payments. The Academy incurred interest expense on these state aid anticipation notes of $5,104 in 2015 which is included in support services.

Balance June 30, 2014	Additions	Payments	Balance June 30, 2015
$ 79,177	$ 440,000	$ 430,639	$ 88,538

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of governmental long-term obligations for the Academy for the year ended June 30, 2015:

	Certificates of participation	Capital lease	Total
Balance, July 1, 2014	$ 11,395,000	$ 29,246	$ 11,424,246
Repayments	225,000	9,010	234,010
Balance, June 30, 2015	11,170,000	20,236	11,190,236
Less current portion	240,000	9,729	249,729
	$ 10,930,000	$ 10,507	$ 10,940,507

Long-term obligations at June 30, 2015 consist of the following:

2005 Series full term certificates of participation due in annual installments of $140,000 to $1,055,000 through September 1, 2035 with interest of 6.3%, secured by related mortgage.	$ 6,440,000
2007 Series full term certificates of participation due in annual installments of $100,000 to $785,000 through September 1, 2035 with interest of 6.5%, secured by related mortgage.	4,730,000
Capital lease with a private investor for equipment with a monthly payment of $913 including imputed interest of 7.7% maturing through June 2017.	20,236
Total general long-term debt	$ 11,190,236

NOTE 6 - LONG-TERM OBLIGATIONS (Concluded)

The annual requirements to amortize the certificates of participation outstanding as of June 30, 2015, including interest of $9,592,411 are as follows:

Year ended June 30,	Principal	Interest	Amounts payable
2016	$ 240,000	$ 705,510	$ 945,510
2017	255,000	689,712	944,712
2018	270,000	672,954	942,954
2019	290,000	655,080	945,080
2020	310,000	635,930	945,930
2021 - 2025	1,865,000	2,847,833	4,712,833
2026 - 2030	2,565,000	2,146,182	4,711,182
2031 - 2035	3,535,000	1,180,466	4,715,466
2036 - 2037	1,840,000	58,744	1,898,744
	$ 11,170,000	$ 9,592,411	$ 20,762,411

Interest expense on the certificates of participation for the fiscal year ended June 30, 2015 was $720,352.

The future minimum lease payments required under the capital lease and the present value of the net minimum lease payments are as follows:

Year ending June 30,	Amount
2016	$ 10,950
2017	10,950
Total minimum lease payments	21,900
Less: amounts representing interest	(1,664)
Capital lease obligations	$ 20,236

NOTE 7 - MANAGEMENT AGREEMENT

The Academy has a management agreement through June 2017 with The Romine Group (TRG) for operations of the Academy. Under the terms of the management agreement, TRG's compensation for operating the Academy is 10% of the unrestricted state revenue. The management fee was $511,180 for 2015. See Note 3 for other transactions with TRG.

NOTE 8 - RISK MANAGEMENT

The Academy is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. To minimize the risk, the Academy carries commercial insurance.

NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2015 are as follows:

Receivable fund		Payable fund	
General	$ 4,407	General	$ 5,000
Debt service	5,000	School lunch	4,407
	$ 9,407		$ 9,407

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

NOTE 10 - TRANSFERS

Transfers between the governmental funds were as follows:

Transfers out		Transfers in	
General fund	$ 973,531	Food service fund	$ 28,179
		Debt service	945,352
	$ 973,531		$ 973,531

The transfers to the debt service fund from the general fund were to transfer state aid revenues which are restricted for debt service. These transfers are made in the year which the debt service fund makes the related principal and interest payments. The transfers from the general fund to the food service fund were made to cover operating expenses.

NOTE 11 - SUBSEQUENT EVENT

The Academy borrowed $300,000 under a state aid anticipation note in August 2015 at 1.85% to be repaid monthly from October 2015 through August 2016.

REQUIRED SUPPLEMENTARY INFORMATION

TRILLIUM ACADEMY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2015

	Original budget	Final budget	Actual	Variance with final budget
REVENUES:				
Local sources	$ 155,748	$ 155,748	$ 162,684	$ 6,936
State sources	5,109,113	5,293,061	5,294,213	1,152
Federal sources	334,463	387,668	382,093	(5,575)
Intermediate sources	96,408	88,579	64,838	(23,741)
Total revenues	5,695,732	5,925,056	5,903,828	(21,228)
EXPENDITURES:				
Current:				
Instruction:				
Basic programs	2,049,100	2,103,525	2,059,143	44,382
Added needs	763,119	772,625	761,898	10,727
Total instruction	2,812,219	2,876,150	2,821,041	55,109
Support services:				
Pupil	210,839	222,804	203,792	19,012
Instructional staff	7,421	9,159	4,079	5,080
General administration	671,022	686,545	684,963	1,582
School administration	504,245	506,272	488,683	17,589
Business	65,150	67,889	62,912	4,977
Operation and maintenance	335,200	401,400	404,702	(3,302)
Transportation	2,400	2,400	271	2,129
Central services	54,500	81,500	67,686	13,814
Other	43,750	49,422	55,905	(6,483)
Total support services	1,894,527	2,027,391	1,972,993	54,398
Debt service:				
Principal retirement	-	9,010	9,010	-
Total expenditures	4,706,746	4,912,551	4,803,044	109,507
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	988,986	1,012,505	1,100,784	88,279
OTHER FINANCING SOURCES (USES):				
Transfers out	(945,000)	(966,000)	(973,531)	(7,531)
NET CHANGE IN FUND BALANCE	$ 43,986	$ 46,505	127,253	$ 80,748
FUND BALANCE:				
Beginning of year			1,495,312	
End of year			$ 1,622,565	

ADDITIONAL SUPPLEMENTARY INFORMATION

TRILLIUM ACADEMY
LONG-TERM DEBT
FULL TERM CERTIFICATES OF PARTICIPATION - SERIES 2005
YEAR ENDED JUNE 30, 2015

$7,200,000 certificates issued September 1, 2005

Principal due	Interest due		Debt service requirement for fiscal year	
September 1	September 1	March 1	June 30	Amount
$ 140,000	$ 202,860	$ 198,450	2016	$ 541,310
150,000	198,450	193,725	2017	542,175
155,000	193,725	188,842	2018	537,567
170,000	188,843	183,487	2019	542,330
180,000	183,488	177,817	2020	541,305
190,000	177,818	171,832	2021	539,650
200,000	171,833	165,532	2022	537,365
215,000	165,533	158,760	2023	539,293
230,000	158,760	151,515	2024	540,275
245,000	151,515	143,797	2025	540,312
260,000	143,798	135,607	2026	539,405
275,000	135,608	126,945	2027	537,553
295,000	126,945	117,652	2028	539,597
315,000	117,653	107,730	2029	540,383
335,000	107,730	97,177	2030	539,907
355,000	97,178	85,995	2031	538,173
380,000	85,995	74,025	2032	540,020
405,000	74,025	61,267	2033	540,292
430,000	61,268	47,722	2034	538,990
460,000	47,723	33,232	2035	540,955
1,055,000	33,233	-	2036	1,088,233
$ 6,440,000	$ 2,823,981	$ 2,621,109		$ 11,885,090

The above certificates bear interest rates at 6.3%. The certificate proceeds were used for the acquisition of a building and improvements thereto and to payoff certain existing long-term debt.

TRILLIUM ACADEMY
LONG-TERM DEBT
FULL TERM CERTIFICATES OF PARTICIPATION - SERIES 2007
YEAR ENDED JUNE 30, 2015

$5,065,000 certificates issued November 1, 2007

Principal due	Interest due		Debt service requirement for fiscal year	
September 1	September 1	March 1	June 30	Amount
$ 100,000	$ 153,725	$ 150,475	2016	$ 404,200
105,000	150,475	147,062	2017	402,537
115,000	147,062	143,325	2018	405,387
120,000	143,325	139,425	2019	402,750
130,000	139,425	135,200	2020	404,625
140,000	135,200	130,650	2021	405,850
145,000	130,650	125,938	2022	401,588
155,000	125,938	120,900	2023	401,838
165,000	120,900	115,537	2024	401,437
180,000	115,537	109,688	2025	405,225
190,000	109,688	103,512	2026	403,200
205,000	103,512	96,850	2027	405,362
215,000	96,850	89,863	2028	401,713
230,000	89,863	82,387	2029	402,250
245,000	82,387	74,425	2030	401,812
265,000	74,425	65,813	2031	405,238
280,000	65,813	56,712	2032	402,525
300,000	56,712	46,963	2033	403,675
320,000	46,963	36,562	2034	403,525
340,000	36,562	25,511	2035	402,073
785,000	25,511	-	2036	810,511
$ 4,730,000	$ 2,150,523	$ 1,996,798		$ 8,877,321

The above certificates bear interest rates at 6.5%. The certificate proceeds were used for a building, improvements thereto, and certain equipment and furniture.

TRILLIUM ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Award amount	Accrued (unearned) revenue 6/30/2014	Prior year expenditures (memorandum only)	Current year receipts (cash basis)	Current year expenditures	Accrued (unearned) revenue 6/30/2015
U.S. Department of Agriculture:								
Passed through Michigan Department of Education:								
Non-cash assistance (donated food):								
National School Lunch Program - entitlement	10.555		$ 9,752	$ -	$ -	$ 9,752	$ 9,752	$ -
Cash assistance:								
National School Lunch Program - Section 11	10.555	141960	138,756	25,998	124,474	40,280	14,282	-
National School Lunch Program - Section 11		151960	104,905	-	-	97,161	104,905	7,744
			243,661	25,998	124,474	137,441	119,187	7,744
National School Breakfast Program	10.553	141970	42,082	7,771	38,278	11,575	3,804	-
National School Breakfast Program		151970	27,467	-	-	25,359	27,467	2,108
Total Cash Assistance			69,549	7,771	38,278	36,934	31,271	2,108
Total U.S. Department of Agriculture and and child nutrition cluster			322,962	33,769	162,752	184,127	160,210	9,852
U.S. Department of Education:								
Passed through Michigan Department of Education:								
Title I cluster:								
Title I, Part A	84.010	1415301314	197,304	44,946	168,251	44,946	-	-
		1515301415	193,430	-	-	153,525	222,483	68,958
			390,734	44,946	168,251	198,471	222,483	68,958

The accompanying notes are an integral part of this schedule.

TRILLIUM ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Award amount	Accrued (unearned) revenue 6/30/2014	Prior year expenditures (memorandum only)	Current year receipts (cash basis)	Current year expenditures	Accrued (unearned) revenue 6/30/2015
U.S. Department of Education (Concluded):								
Passed through Michigan Department of Education (Concluded):								
Title II, Part A - Improving teacher quality	84.367	1505201415	$ 9,159	$ -	$ -	$ 3,452	$ 4,079	$ 627
Total passed through Michigan Department of Education			399,893	44,946	168,251	201,923	226,562	69,585
Passed through Wayne County RESA:								
Special Education cluster (IDEA):								
IDEA, Part B	84.027	14/15	154,270	-	-	109,648	154,270	44,622
Total Special Education cluster			154,270	-	-	109,648	154,270	44,622
Title III - Limited English Proficient Students	84.365A	13/14	1,261	-	-	1,261	1,261	-
Total passed through Wayne County RESA			155,531	-	-	110,909	155,531	44,622
Total U.S. Department of Education			555,424	44,946	168,251	312,832	382,093	114,207
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 878,386	$ 78,715	$ 331,003	$ 496,959	$ 542,303	$ 124,059

The accompanying notes are an integral part of this schedule.

TRILLIUM ACADEMY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

1. Basis of Presentation - The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Trillium Academy programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations* . Because the schedule presents only a selected portion of the operations of Trillium Academy, it is not intended to and does not present the financial position or changes in net position of Trillium.

2. Summary of Significant Accounting Policies - Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for States, Local and Indian Tribal Governments* , wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

3. Title I (CFDA #84.010) was audited as a major program, representing 41% of federal expenditures. The Academy qualifies for low risk auditee status.

4. The threshold for distinguishing Type A and Type B programs was $300,000.

5. Management has utilized the Grant Audit Report in preparing the Schedule of Expenditures of Federal Awards.

6. Federal expenditures are reported as revenue in the following funds in the financial statements:

General fund	$ 382,093
Special revenue fund	160,210
Subtotal	$ 542,303

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Trillium Academy

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Trillium Academy as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Trillium Academy's basic financial statements and have issued our report thereon dated October 12, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Trillium Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Trillium Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Trillium Academy's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Trillium Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maner Costerisan PC

October 12, 2015

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Trillium Academy

Report on Compliance for Each Major Federal Program

We have audited Trillium Academy's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Trillium Academy's major federal programs for the year ended June 30, 2015. Trillium Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Trillium Academy's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Trillium Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Trillium Academy's compliance.

Opinion on Each Major Federal Program

In our opinion, Trillium Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Trillium Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Trillium Academy's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Trillium Academy's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Maney Costerison PC

October 12, 2015

TRILLIUM ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Section I - Summary of Auditor's Results

Financial Statements				
Type of auditor's report issued:	*Unmodified*			
Internal control over financial reporting:				
➢ Material weakness(es) identified?		Yes	X	No
➢ Significant deficiency(ies) identified?		Yes	X	No
Noncompliance material to financial statements noted?		Yes	X	No
Federal Awards				
Internal control over major programs:				
➢ Material weakness(es) identified?		Yes	X	No
➢ Significant deficiency(ies) identified?		Yes	X	No
Type of auditor's report issued on compliance for major programs:	*Unmodified*			
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?		Yes	X	No
Identification of major programs:				

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000			
Auditee qualified as low-risk auditee?	X	Yes		No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

TRILLIUM ACADEMY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015

There were no audit findings in either of the prior two years.

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October 12, 2015

To the Board of Directors
Trillium Academy

We have audited the financial statements of Trillium Academy for the year ended June 30, 2015, and have issued our report thereon dated October 12, 2015. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Trillium Academy's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Trillium Academy's financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Trillium Academy's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Trillium Academy's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Trillium Academy's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our discussion with the Treasurer Board of Directors about planning matters.

Significant Audit Findings

1. Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Trillium Academy are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

We did not identify any sensitive estimates.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

We did not identify any sensitive disclosures.

2. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

3. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

4. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

5. Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 12, 2015.

6. Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Academy's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

8. Other Matters

We applied certain limited procedures to the required supplementary information (RSI) which are required and supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information, which accompany the financial statements but are not RSI. With respect to this other supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

A separate management letter was not issued.

This information is intended solely for the use of the Board of Directors and management of Trillium Academy and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Maney Costerisan PC

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APPENDIX D

UNAUDITED FINANCIAL INFORMATION OF THE ACADEMY FOR THE SEVEN-MONTH PERIOD ENDED JANUARY 31, 2018

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APPENDIX D

UNAUDITED FINANCIAL INFORMATION OF THE ACADEMY FOR THE SEVEN-MONTH PERIOD ENDED JANUARY 31, 2018

Trillium Academy

Balance Sheet - General Fund

As of January 31, 2018

		Total
ASSETS		
Current Assets		
11-2-102-000 Petty Cash		200.00
11-2-103-000 Cash in Bank - PNC		471,677.24
11-2-131-000 Due from Other Funds		20,372.30
11-2-141-000 Due from Other Govt Units		1,195,231.09
11-2-107-000 US Bank COP 2005 Acct.		250,545.10
11-2-109-000 US Bank Cert Acct. 2005		275,523.97
11-2-112-000 US Bank COP Series Acct 2007		204,374.33
11-2-113-000 US Bank COP 2007 Assign Revenue Acct		3,005.82
11-2-192 Prepaid Expenditures		3,679.77
TOTAL ASSETS	**$**	**2,424,609.62**
Liabilities		
Current Liabilities		
11-2-402-000 Accounts Payable		81,086.26
11-2-411-000 Due to Other Funds		5,000.00
11-2-462-000 Accrued Salary and Benefits		186,462.00
11-2-463-000 Accrued Oversight Fees		30,408.16
11-2-464-000 Accrued Management Fee		88,834.26
Total Current Liabilities	**$**	**391,790.68**
Total Liabilities	**$**	**391,790.68**
Fund Equity		
11-2-713-000 Restricted for Debt Service		733,449.22
11-2-741 Unassigned Fund Balance		1,206,592.36
Change in Fund Equity		92,777.36
Total Equity	**$**	**2,032,818.94**
TOTAL LIABILITIES AND EQUITY	**$**	**2,424,609.62**

Trillium Academy

Balance Sheet - Food Service Fund

As of January 31, 2018

		Total
ASSETS		
Current Assets		
25-2-102-000 Cash in Bank - PNC		45,766.92
25-2-141-000 Due from Other Govt Units		13,741.92
Total Current Assets	$	59,508.84
TOTAL ASSETS	$	59,508.84
Liabilities		
Current Liabilities		
25-2-402-000 Accounts Payable		10,554.19
25-2-411-000 Due to Other Funds		20,372.30
Total Current Liabilities	$	30,926.49
Total Liabilities	$	30,926.49
Fund Equity		
25-2-741 Unassigned Fund Balance		23,702.56
Change in Fund Equity		4,879.79
Total Equity	$	28,582.35
TOTAL LIABILITIES AND EQUITY	$	59,508.84

Trillium Academy

Balance Sheet - Debt Service Fund

As of January 31, 2018

		Total
ASSETS		
Current Assets		
31-2-131-000 Due from Other Funds		5,000.00
31-2-104-000 US Bank Reserve Fund 2005		555,445.00
31-2-104-001 US Bank Reserve Fund 2007		413,925.00
Total Current Assets	**$**	**974,370.00**
TOTAL ASSETS	**$**	**974,370.00**
Fund Equity		
31-2-741 Restricted for Debt Service		974,370.00
Change in Fund Equity		-
Total Equity	**$**	**974,370.00**
TOTAL LIABILITIES AND EQUITY	**$**	**974,370.00**

Trillium Academy
Standard Budget Report - General Fund
January 2018

	This Month	Y-T-D	Budget as of January, 2018	Difference	Percent
Revenues					
11-0-100 Revenue from Local Sources					
11-0-151-000 Interest Income	418.10	2,404.99	2,000.00	404.99	120.25
11-0-171-000 Athletic Revenue	1,649.50	9,809.90	15,000.00	-5,190.10	65.40
11-0-179-000 Uniforms revenue	136.00	10,911.00	20,000.00	-9,089.00	54.56
11-0-191-000 Rental Income	0.00	5,550.00	8,400.00	-2,850.00	66.07
11-0-198-000 Student Activities & Field Trips	0.00	15,082.00	5,000.00	10,082.00	301.64
11-0-198-001 High School Student Council	0.00	329.00	2,000.00	-1,671.00	16.45
11-0-198-003 Senior Trip	2,375.00	10,045.00	16,000.00	-5,955.00	62.78
11-0-198-004 6th Grade Camp	9,123.50	14,589.50	13,500.00	1,089.50	108.07
11-0-198-005 Middle School Trip	69.78	69.78	8,000.00	-7,930.22	0.87
11-0-198-006 National Honor Society	347.00	740.00	750.00	-10.00	98.67
11-0-198-007 Classroom Day Field Trips	0.00	1,000.00	15,000.00	-14,000.00	6.67
11-0-198-008 Drama Club	0.00	0.00	2,500.00	-2,500.00	0.00
11-0-198-009 High School Yearbook	52.00	850.00	1,000.00	-150.00	85.00
11-0-198-010 K-8 Yearbook	35.00	35.00	0.00	35.00	#DIV/0!
11-0-198-011 Junior Showchoir	0.00	0.00	250.00	-250.00	0.00
11-0-198-012 After School Clubs - Misc.	0.00	0.00	250.00	-250.00	0.00
11-0-198-013 Philanthropy Activities	0.00	324.15	2,500.00	-2,175.85	12.97
11-0-198-014 Student Activities - School Spirit	0.00	30.00	3,500.00	-3,470.00	0.86
11-0-198-015 PEO Revenue	411.20	411.20	1,500.00	-1,088.80	27.41
11-0-198-016 Alumni Sucess Coach	0.00	855.00	1,500.00	-645.00	57.00
11-0-199-000 Miscellaneous Revenue	212.00	1,478.52	10,000.00	-8,521.48	14.79
Total 11-0-100 Revenue from Local Sources	**$ 14,829.08**	**$ 74,515.04**	**$ 128,650.00**	**-$ 54,134.96**	57.92
11-0-300 Revenue from State Sources					
11-0-311-010 Unrestricted State Revenue	367,888.83	2,575,221.83	4,414,666.00	-1,839,444.17	58.33
11-0-312-000 Headlee Obligation for Data Collection	1,236.25	8,653.75	14,835.00	-6,181.25	58.33
11-0-312-012 Headlee Special Ed Revenue	5,833.33	40,833.33	70,000.00	-29,166.67	58.33
11-0-312-020 Title 31A - At Risk	23,427.25	163,990.75	281,127.00	-117,136.25	58.33
11-0-312-359 Computer Adaptive Tests	0.00	245.40	0.00	245.40	---
11-0-312-367 Early Literacy Targeted Instruction	0.00	0.00	10,710.00	-10,710.00	---
Total 11-0-300 Revenue from State Sources	**$ 398,385.66**	**$ 2,788,945.06**	**$ 4,791,338.00**	**-$ 2,002,392.94**	58.21
11-0-400 Revenues from Federal Sources					
11-0-414-000 Federal Title III	0.00	3,195.78	3,195.00	0.78	100.02
11-0-414-120 Special Education - IDEA	12,803.00	52,795.00	143,985.00	-91,190.00	36.67

Trillium Academy
Standard Budget Report - General Fund
January 2018

	This Month	Y-T-D	Budget as of January, 2018	Difference	Percent
11-0-414-140 Federal Title I	21,672.00	87,702.00	229,750.00	-142,048.00	38.17
11-0-414-210 Federal Title II	0.00	5,814.00	36,128.00	-30,314.00	16.09
Total 11-0-400 Revenues from Federal Sources	**$ 34,475.00**	**$ 149,506.78**	**$ 413,058.00**	**-$ 263,552.00**	36.20
11-0-500 Revenues from Intermediate Sources					
11-0-513-000 Act 18	3,885.00	28,764.00	60,280.00	-31,516.00	47.72
11-0-513-130 Educator Evaluation Training	0.00	3,009.20	0.00	3,009.20	---
Total 11-0-500 Revenues from Intermediate Sources	**$ 3,885.00**	**$ 31,773.20**	**$ 60,280.00**	**-$ 28,606.80**	52.71
Total Revenues	**$ 451,574.74**	**$ 3,044,740.08**	**$ 5,393,326.00**	**-$ 2,348,586.70**	56.45
Expenditures					
100 Instruction					
110 Basic Programs					
11-1-111 Elementary					
2310-000 Tuition Reimbursement	1,000.00	2,822.00	15,000.00	12,178.00	18.81
3110-000 Purchased Instructional Wages	80,222.18	464,183.43	839,558.00	375,374.57	55.29
3110-306 Purchased Instructional Wages - 31A	3,233.34	16,914.30	49,543.00	32,628.70	34.14
3111-000 Purchased Instructional Benefits	10,702.60	67,267.95	149,628.00	82,360.05	44.96
3111-306 Purchased Instructional Benefits - 31A	571.50	2,503.67	3,790.00	1,286.33	66.06
3112-000 Purchased Health Benefits	16,630.85	93,062.80	158,912.00	65,849.20	58.56
3112-306 Purchased Health Benefits - 31A	1,462.42	6,908.11	0.00	-6,908.11	---
3113-000 Stipends - Elementary	0.00	2,430.18	15,000.00	12,569.82	16.20
3116-000 Contract Substitute Teachers	5,059.50	29,940.75	30,000.00	59.25	99.80
3117-000 Purchased Substitute Wages	3,200.00	21,960.00	18,000.00	-3,960.00	122.00
3118-000 Purchased Substitute Benefits	350.40	2,003.36	10,000.00	7,996.64	20.03
3119-000 Staff Bonus / Incentives	100.00	4,592.00	0.00	-4,592.00	---
3220-000 Workshops & Conferences	327.00	3,134.55	2,500.00	-634.55	125.38
5110-000 Teaching Supplies	1,144.74	7,909.82	20,000.00	12,090.18	39.55
5111-000 Teaching Tech Supplies	0.00	0.00	5,000.00	5,000.00	0.00
5210-000 Textbooks / Materials	6,522.73	7,291.82	25,000.00	17,708.18	29.17
5990-000 Gym Supplies	0.00	397.28	600.00	202.72	66.21
5991-000 Art Supplies	29.99	1,384.60	3,000.00	1,615.40	46.15
5992-000 Drama Supplies	0.00	0.00	3,000.00	3,000.00	---
5994-000 Music Show Supplies	0.00	718.85	3,000.00	2,281.15	23.96
6995-000 Uniforms	0.00	34,549.65	40,000.00	5,450.35	86.37

Trillium Academy
Standard Budget Report - General Fund
January 2018

	This Month	Y-T-D	Budget as of January, 2018	Difference	Percent
5996-000 Student Graduation	219.17	219.17	1,500.00	1,280.83	14.61
5999-000 Student Awards & Incentives	0.00	385.00	1,500.00	1,115.00	25.67
7410-000 Dues & Fees	0.00	45.00	500.00	455.00	9.00
7910-000 Student Activities & Field Trips	570.00	9,193.23	5,000.00	-4,193.23	183.86
7910-001 High School Student Council	0.00	2,160.32	7,000.00	4,839.68	30.86
7910-002 Senior Class	0.00	459.00	500.00	41.00	91.80
7910-003 Senior Trip	6,125.04	7,123.76	16,000.00	8,876.24	44.52
7910-004 6th Grade Camp	3,642.00	8,512.04	12,500.00	3,987.96	68.10
7910-005 Middle School Trip	0.00	1,175.00	9,000.00	7,825.00	13.06
7910-006 National Honor Society	0.00	253.20	750.00	496.80	33.76
7910-007 Classroom Day Field Trips	0.00	1,525.75	15,000.00	13,474.25	10.17
7910-008 Drama Club	0.00	109.00	2,500.00	2,391.00	4.36
7910-009 High School Yearbook	388.00	1,263.50	1,500.00	236.50	84.23
7910-010 K-8 Yearbook	0.00	0.00	1,500.00	1,500.00	0.00
7910-011 Junior Showchoir	0.00	0.00	2,500.00	2,500.00	0.00
7910-012 After School Clubs - Misc.	0.00	0.00	250.00	250.00	0.00
7910-013 Philanthropy Activities	0.00	859.15	5,000.00	4,140.85	17.18
7910-014 Student Activities / School Spirit	12.18	3,083.93	10,000.00	6,916.07	30.84
7910-015 PEO Expense	0.00	1,382.44	1,500.00	117.56	92.16
7910-017 PBIS Program	0.00	376.77	1,000.00	623.23	37.68
7911-000 Miscellaneous Expense	0.00	965.05	5,000.00	4,034.95	19.30
7912-000 Fingerprints & Background Checks	129.00	774.00	1,000.00	226.00	77.40
Total 11-1-111 Elementary	**$ 141,642.64**	**$ 809,840.43**	**$ 1,492,531.00**	**$ 682,690.57**	54.26
11-1-113 High School					
3110-000 Purchased Instruction Wages	20,835.79	117,853.04	213,139.00	95,285.96	55.29
3111-000 Purchased Instruction Benefits	2,909.03	17,775.11	39,727.00	21,951.89	44.74
3112-000 Purchased Health Benefits	6,077.34	28,793.16	61,804.00	33,010.84	46.59
3116-000 Contract Substitute Teachers	0.00	0.00	3,500.00	3,500.00	---
5210-000 Textbooks & Supplies	0.00	1,811.93	5,000.00	3,188.07	36.24
5998-000 Student On-Line Courses / Dual Enrollment	0.00	896.33	10,000.00	9,103.67	8.96
Total 11-1-113 High School	**$ 29,822.16**	**$ 167,129.57**	**$ 333,170.00**	**$ 166,040.43**	50.16
11-1-119 Summer School					
3110-601-000 Title I - Summer Tutoring Program	0.00	0.00	1,500.00	1,500.00	---
Total 11-1-119 Summer School	**$ 0.00**	**$ 0.00**	**$ 1,500.00**	**$ 1,500.00**	---

Trillium Academy
Standard Budget Report - General Fund
January 2018

	This Month	Y-T-D	Budget as of January, 2018	Difference	Percent
Total 110 Basic Programs	**$ 171,464.80**	**$ 976,970.00**	**$ 1,827,201.00**	**$ 850,231.00**	**53.47**
120 Added Needs					
11-1-122 Special Education					
122-000 Special Education					
3110-000 Special Ed Purchased Wages	0.00	3,329.82	30,738.00	27,408.18	10.83
3111-000 Purchased Benefits	0.00	762.86	6,225.00	5,462.14	12.25
3113-000 SE Purchased Health Benefits	0.00	250.57	10,451.00	10,200.43	2.40
3116-000 SE Contract Substitute Teachers	0.00	264.00	1,000.00	736.00	26.40
5110-000 SE Supplies & Materials	0.00	73.52	1,000.00	926.48	7.35
Total 122-000 Special Education	**$ 0.00**	**$ 4,680.77**	**$ 49,414.00**	**$ 44,733.23**	**9.47**
122-801 Special Education IDEA					
3110-801-000 SE IDEA Purchased Wages	13,216.98	59,149.37	112,499.00	53,349.63	52.58
3111-801-000 SE IDEA Purchased Benefits	-100.84	8,856.87	21,360.00	12,503.13	41.46
3113-801-000 SE IDEA Purchased Health benefits	1,462.42	4,259.31	10,126.00	5,866.69	42.06
Total 122-801 Special Education IDEA	**$ 14,578.56**	**$ 72,265.55**	**$ 143,985.00**	**$ 71,719.45**	**50.19**
122-802 Special Education FTK					
3110-802-000 SE FTK Purchased Wages	6,099.40	33,146.70	61,593.00	28,446.30	53.82
3111-802-000 SE FTK Purchased benefits	-1,674.22	4,994.97	12,071.00	7,076.03	41.38
3113-802-000 SE FTK Purchased health benefits	1,613.76	8,356.08	12,451.00	4,094.92	67.11
3116-802-000 SE FTK Contract Substitutes	8,638.00	8,638.00	0.00	-8,638.00	---
Total 122-802 Special Education FTK	**$ 14,676.94**	**$ 55,135.75**	**$ 86,115.00**	**$ 39,617.25**	**64.03**
Total 11-1-122 Special Education	**$ 29,255.50**	**$ 132,082.07**	**$ 279,514.00**	**$ 156,069.93**	**47.25**
11-1-125 Compensatory Education					
125-306 Compensatory Ed 31A					
3112-306-000 Purchased 31A Wages	5,850.16	31,575.88	162,132.00	130,556.12	19.48
3113-306-000 Purchased 31A Benefits	868.78	5,120.14	31,580.00	26,459.86	16.21
3115-306-000 Purchased 31A Health benefits	1,147.16	5,466.62	22,000.00	16,533.38	24.85
5110-306-000 Supplies / Materials 31A	14,589.00	14,589.00	12,082.00	-2,507.00	120.75
Total 125-306 Compensatory Ed 31A	**$ 22,455.10**	**$ 56,751.64**	**$ 227,794.00**	**$ 171,042.36**	**24.91**
125-601 Compensatory Ed Title I					
3110-601-000 Purchased Title I Wages	12,684.95	70,393.01	114,467.00	44,073.99	61.50
3110-762-000 Purchased Title I Wages (paid w/Title II)	0.00	0.00	18,064.00	18,064.00	---
3111-601-000 Purchased Title I Benefits	1,698.19	10,289.72	14,648.00	4,358.28	70.25
3114-601-000 Title I Health Benefits	4,787.64	25,216.75	36,451.00	11,234.25	69.18

Trillium Academy
Standard Budget Report - General Fund
January 2018

	This Month	Y-T-D	Budget as of January, 2018	Difference	Percent
5110-601-000 Supplies / Materials Title I	7,309.00	7,447.05	64,184.00	56,736.95	11.60
Total 125-601 Compensatory Ed Title I	$ 26,479.78	$ 113,346.53	$ 247,814.00	$ 134,467.47	45.74
Total 11-1-125 Compensatory Education	$ 48,934.88	$ 170,098.17	$ 475,608.00	$ 305,509.83	35.76
Total 120 Added Needs	$ 78,190.38	$ 302,180.24	$ 755,122.00	$ 461,579.76	40.02
Total 100 Instruction	$ 249,655.18	$ 1,279,150.24	$ 2,582,323.00	$ 1,311,810.76	49.53
200 Supporting Services					
210 Support Services - Pupil					
11-1-211 Attendance Services					
5990-000 Student Database	0.00	7,883.81	12,000.00	4,116.19	65.70
Total 11-1-211 Attendance Services	$ 0.00	$ 7,883.81	$ 12,000.00	$ 4,116.19	65.70
11-1-212 Guidance Services					
3130-306-000 Purchased Guidance Wages 31A	24,988.76	24,988.76	0.00	-24,988.76	---
3130-601-000 Purchased Guidance Wages	-20,302.92	0.00	0.00	0.00	---
3131-306-000 Purchased Guidance Benefits	3,881.70	3,881.70	0.00	-3,881.70	---
3131-601-000 Purchased Guidance Benefits	-3,351.52	21.41	0.00	-21.41	---
3132-601-000 Purchased Guidance Health Benefits Title I	0.00	0.00	0.00	0.00	---
3190-000 Purchased Student Support Wages	764.16	4,902.88	35,572.00	30,669.12	13.78
3191-000 Purchased Student Support Benefits	109.47	645.72	6,278.00	5,632.28	10.29
3192-000 Purchased Student Support Health benefits	-3.89	-3.89	0.00	3.89	---
5990-000 Alumni Success Education Materials	0.00	78.06	3,000.00	2,921.94	2.60
Total 11-1-212 Guidance Services	$ 6,085.76	$ 34,514.64	$ 44,850.00	$ 10,335.36	76.96
11-1-213 Occupational Therapy Services					
3131-000 Occupational Therapy Services	0.00	2,409.00	5,000.00	2,591.00	48.18
Total 11-1-213 Occupational Therapy Services	$ 0.00	$ 2,409.00	$ 5,000.00	$ 2,591.00	48.18
11-1-214 Psychological Services					
3130-000 Purchased Psychological Services	0.00	4,393.75	10,000.00	5,606.25	43.94
Total 11-1-214 Psychological Services	$ 0.00	$ 4,393.75	$ 10,000.00	$ 5,606.25	43.94
11-1-215 Speech Pathology Services					
3130-000 Contracted Speech Services	0.00	23,622.90	60,000.00	36,377.10	39.37

Trillium Academy
Standard Budget Report - General Fund
January 2018

	This Month	Y-T-D	Budget as of January, 2018	Difference	Percent
Total 11-1-215 Speech Pathology Services	$ 0.00	$ 23,622.90	$ 60,000.00	$ 36,377.10	39.37
11-1-216 Social Work Services					
3130-000 Purchased Social Work Wages	5,200.32	28,701.76	27,602.00	-1,099.76	103.98
3131-000 Purchased Social Work Benefits	610.76	4,450.94	5,272.00	821.06	84.43
3132-601 Purchased Social Work Health Benefits	903.60	4,286.28	6,126.00	1,839.72	69.97
Total 11-1-216 Social Work Services	$ 6,714.68	$ 37,438.98	$ 39,000.00	-$ 1,099.76	96.00
Total 210 Support Services - Pupil	$ 12,800.44	$ 110,263.08	$ 170,850.00	$ 57,926.14	64.54
220 Support Services - Instructional Staff					
11-1-221 Improvement of Instruction					
3220-000 Workshops and Conferences	4,151.00	14,149.85	4,000.00	-10,149.85	353.75
3220-762-022 Title IIA Workshops and Conferences	0.00	6,460.11	18,064.00	11,603.89	35.76
Total 11-1-221 Improvement of Instruction	$ 4,151.00	$ 20,609.96	$ 22,064.00	$ 1,454.04	93.41
Total 220 Support Services - Instructional Staff	$ 4,151.00	$ 20,609.96	$ 22,064.00	$ 1,454.04	93.41
230 Support Services - General Administration					
11-1-231 Board of Education					
3170-000 Legal Services	0.00	2,072.63	5,000.00	2,927.37	41.45
3180-000 Audit Services	0.00	11,410.00	12,500.00	1,090.00	91.28
3510-000 Advertising	820.00	10,435.40	15,000.00	4,564.60	69.57
7911-000 Miscellaneous Expense	0.00	0.00	1,000.00	1,000.00	—
Total 11-1-231 Board of Education	$ 820.00	$ 23,918.03	$ 33,500.00	$ 9,581.97	71.40
11-1-232 Executive Administration					
3150-000 CMU Oversight Fee	12,261.67	76,863.97	132,440.00	55,576.03	58.04
3151-000 TRG Management Fee	33,746.25	235,668.03	404,955.00	169,286.97	58.20
Total 11-1-232 Executive Administration	$ 46,007.92	$ 312,532.00	$ 537,395.00	$ 224,863.00	58.16
Total 230 Support Services - General Administration	$ 46,827.92	$ 336,450.03	$ 570,895.00	$ 234,444.97	58.93
240 Support Services - School Administration					
11-1-241 Office of the Principal					
3150-000 Purchased Principal & Vice Principal Wages	22,031.00	158,309.06	278,650.00	120,340.94	56.81
3151-000 Purchased Principal & Vice Principal Benefits	2,914.57	25,482.99	50,782.00	25,299.01	50.18
3151-001 Purchased Principal Health Benefits	2,110.74	12,367.47	27,353.00	14,985.53	45.21
3190-000 Purchased Secretary / Admin Wages	9,544.84	68,814.66	111,015.00	42,200.34	61.99
3191-000 Purchased Secretary/Admin Benefits	1,245.85	10,350.29	20,794.00	10,443.71	49.78

Trillium Academy
Standard Budget Report - General Fund
January 2018

	This Month	Y-T-D	Budget as of January, 2018	Difference	Percent
3191-001 Purchased Secretary / Admin Health Benefits	1,958.10	6,415.60	18,000.00	11,584.40	35.64
3220-000 Workshops & Conferences - Admin	0.00	0.00	1,000.00	1,000.00	—
3430-000 Mailing and Postage	194.18	1,433.59	3,000.00	1,566.41	47.79
3610-000 Printing and Binding	1,580.41	8,950.24	12,500.00	3,549.76	71.60
5910-000 Office Supplies	31.37	996.46	9,000.00	8,003.54	11.07
7410-000 Dues & Fees / Memberships	1,504.90	4,571.90	3,000.00	-1,571.90	152.40
7910-000 Miscellaneous	50.00	2,663.82	5,000.00	2,336.18	53.28
Total 11-1-241 Office of the Principal	$ 43,175.96	$ 300,356.08	$ 540,094.00	$ 239,737.92	55.61
Total 240 Support Services - School Administration	$ 43,175.96	$ 300,356.08	$ 540,094.00	$ 239,737.92	55.61
250 Support Services - Business					
11-1-252 Fiscal Services					
3191-000 Accounting Services - FID	0.00	1,000.00	1,000.00	0.00	100.00
Total 11-1-252 Fiscal Services	$ 0.00	$ 1,000.00	$ 1,000.00	$ 0.00	100.00
11-1-259 Other Business Services					
7216-000 Interest - State Aid Note	0.00	108.74	200.00	91.26	54.37
7410-000 Bank Charges	33.00	353.00	500.00	147.00	70.60
7411-000 Trustee Fees	-3,000.00	4,250.00	6,000.00	1,750.00	70.83
Total 11-1-259 Other Business Services	-$ 2,967.00	$ 4,711.74	$ 6,700.00	$ 1,988.26	70.32
Total 250 Support Services - Business	-$ 2,967.00	$ 5,711.74	$ 7,700.00	$ 1,988.26	74.18
260 Operations and Maintenance					
11-1-261 Operating Building Services					
3150-1560-101-000 Security/Crossing Guards	72.12	72.12	0.00	-72.12	—
3410-000 Telephone	1,645.92	10,019.51	9,000.00	-1,019.51	111.33
3830-000 Water & Sewage	997.92	2,752.19	10,000.00	7,247.81	27.52
3840-000 Waste & Trash Disposal	697.08	5,696.51	10,000.00	4,303.49	56.97
3910-000 Liability / Building Insurance	2,285.00	19,186.00	28,000.00	8,814.00	68.52
4110-000 Land & Building - Repair & Maintenance	4,399.60	26,573.04	35,000.00	8,426.96	75.92
4111-000 Building Maintenance Contracts	10,525.00	74,055.00	128,000.00	53,945.00	57.86
4112-000 Lawn & Snow Removal	1,859.59	11,077.54	25,000.00	13,922.46	44.31
4120-000 Equipment - Repair & Maintenance	0.00	0.00	5,000.00	5,000.00	—
5510-000 Natural Gas	3,705.16	6,732.35	15,000.00	8,267.65	44.88
5520-000 Electricity	5,055.40	26,617.19	72,000.00	45,382.81	36.97
5990-000 Janitorial & Misc. Supplies	987.11	5,211.50	9,000.00	3,788.50	57.91
5991-000 Miscellaneous	105.50	856.53	2,500.00	1,643.47	34.26
6410-000 Capital Outlay - Equipment / Furniture	0.00	1,121.28	3,000.00	1,878.72	37.38

Trillium Academy
Standard Budget Report - General Fund
January 2018

	This Month	Y-T-D	Budget as of January, 2018	Difference	Percent
Total 11-1-261 Operating Building Services	$ 32,335.40	$ 189,970.76	$ 351,500.00	$ 161,529.24	54.05
11-1-266 Security Services					
4190-000 Security System	0.00	6,636.22	6,200.00	-436.22	107.04
Total 11-1-266 Security Services	$ 0.00	$ 6,636.22	$ 6,200.00	-$ 436.22	107.04
Total 260 Operations and Maintenance	$ 32,335.40	$ 196,606.98	$ 357,700.00	$ 161,093.02	54.96
270 Pupil Transportation Services					
11-1-271 Pupil Transportation Services					
3300-000 Pupil Transportation	4,050.00	8,770.80	25,000.00	16,229.20	35.08
Total 11-1-271 Pupil Transportation Services	$ 4,050.00	$ 8,770.80	$ 25,000.00	$ 16,229.20	35.08
Total 270 Pupil Transportation Services	$ 4,050.00	$ 8,770.80	$ 25,000.00	$ 16,229.20	35.08
280 Support Services - Central					
11-1-284 Non-Instructional Technology Services					
3190-000 Tech Maintenance & Repairs	2,509.00	20,068.00	32,000.00	11,932.00	62.71
6410-000 Capital Outlay - Technology	0.00	47,146.50	25,000.00	-22,146.50	188.59
Total 11-1-284 Non-Instructional Technology Services	$ 2,509.00	$ 67,214.50	$ 57,000.00	-$ 10,214.50	117.92
Total 280 Support Services - Central	$ 2,509.00	$ 67,214.50	$ 57,000.00	-$ 10,214.50	117.92
290 Support Services - Other					
11-1-293 Athletic Activities					
3110-000 Purchased Athletic Director	583.34	3,608.37	7,000.00	3,391.63	51.55
3111-000 Purchased Athletic Director Benefits	73.88	544.66	2,000.00	1,455.34	27.23
3112-000 Purchased Athletic Wages	0.00	1,288.75	12,500.00	11,211.25	10.31
5630-000 Purchased Goods & Services	676.00	13,154.34	20,000.00	6,845.66	65.77
7911-000 Miscellaneous Expense	0.00	195.00	5,000.00	4,805.00	3.90
Total 11-1-293 Athletic Activities	$ 1,333.22	$ 18,791.12	$ 46,500.00	$ 27,708.88	40.41
Total 290 Support Services - Other	$ 1,333.22	$ 18,791.12	$ 46,500.00	$ 27,708.88	40.41
Total 200 Supporting Services	$ 144,215.94	$ 1,064,774.29	$ 1,797,803.00	$ 730,367.93	59.23
600 Fund Modifications					
11-1-631 Transfer to Debt Service Fund					
8110-000 Transfer to Debt Service Fund	-550.03	608,038.19	945,000.00	336,961.81	64.34
Total 11-1-631 Transfer to Debt Service Fund	-$ 550.03	$ 608,038.19	$ 945,000.00	$ 336,961.81	64.34

Trillium Academy
Standard Budget Report - General Fund
January 2018

	This Month	Y-T-D	Budget as of January, 2018	Difference	Percent
Total 600 Fund Modifications	-$ 550.03	$ 608,038.19	$ 945,000.00	$ 336,961.81	64.34
Total Expenditures	$ 393,321.09	$ 2,951,962.72	$ 5,325,126.00	$ 2,379,140.50	55.43
Change in Fund Equity	$ 58,253.65	$ 92,777.36	$ 68,200.00	$ 30,553.80	136.04

Trillium Academy
Standard Budget Report - Food Service Fund
January 2018

	This Month	Y-T-D	Budget as of January, 2018	Difference	Percent
Revenues					
25-0-100 Revenues from Local Sources					
25-0-161-000 Food Sales - Pupils	1,884.50	8,174.78	20,000.00	(11,825.22)	40.87
Total 25-0-100 Revenues from Local Sources	**$ 1,884.50**	**$ 8,174.78**	**$ 20,000.00**	**$ (11,825.22)**	40.87
25-0-300 Revenues from State Sources					
25-0-312-110 Restricted Lunch Funds	354.51	1,418.04	2,750.00	(1,331.96)	51.57
Total 25-0-300 Revenues from State Sources	**$ 354.51**	**$ 1,418.04**	**$ 2,750.00**	**$ (1,331.96)**	51.57
25-0-400 Revenues from Federal Sources					
25-0-413-110 Free & Reduced Revenue	13,741.92	73,901.03	172,000.00	(98,098.97)	42.97
Total 25-0-400 Revenues from Federal Sources	**$ 13,741.92**	**$ 73,901.03**	**$ 172,000.00**	**$ (98,098.97)**	42.97
Total Revenues	**$ 15,980.93**	**$ 83,493.85**	**$ 194,750.00**	**$ (111,256.15)**	42.87
Expenditures					
25-1-297 Food Services					
3190-000 Food Service Staff - Wages	1,835.13	15,020.29	25,500.00	10,479.71	58.90
3191-000 Food Service Staff - Benefits	200.95	1,496.56	4,000.00	2,503.44	37.41
3192-000 Purchased Food Service	10,573.95	62,097.21	165,000.00	102,902.79	37.63
Total 25-1-297 Food Services	**$ 12,610.03**	**$ 78,614.06**	**$ 194,500.00**	**$ 115,885.94**	40.42
Total Expenditures	**$ 12,610.03**	**$ 78,614.06**	**$ 194,500.00**	**$ 115,885.94**	40.42
Change in Fund Equity	**$ 3,370.90**	**$ 4,879.79**	**$ 250.00**	**$ 4,629.79**	---

Trillium Academy
Standard Budget Report - Debt Service Fund
January 2018

	This Month	Y-T-D	Budget as of January, 2018	Difference	Percent
Revenues					
31-0-100 Revenues from Local Sources					
31-0-151-000 Interest Income	550.03	2,749.31		2,749.31	
Total 31-0-100 Revenues from Local Sources	**$ 550.03**	**$ 2,749.31**		**$ 2,749.31**	
31-0-600 Operating Transfers In					
31-0-611 Transfer from General Fund	-550.03	608,038.19		608,038.19	
Total 31-0-600 Operating Transfers In	**-$ 550.03**	**$ 608,038.19**		**$ 608,038.19**	
Total Revenues	**$ 0.00**	**$ 610,787.50**		**$ 610,787.50**	
Expenditures					
31-1-511 Debt Service - Long Term					
7110-000 Redemption of Term Bond Principal	0.00	270,000.00		-270,000.00	
7230-000 Interest on Term Bonds	0.00	340,787.50		-340,787.50	
Total 31-1-511 Debt Service - Long Term	**$ 0.00**	**$ 610,787.50**		**-$ 610,787.50**	
Total Expenditures	**$ 0.00**	**$ 610,787.50**		**-$ 610,787.50**	
Change in Fund Equity	**$ 0.00**	**$ 0.00**		**$ 0.00**	

Trillium Academy
Accounts Payable
As of January 31, 2018

	Current	1 - 30	31 - 60	61 - 90	91 and over	Total
21st Century Media - Michigan	820.00					820.00
Advance Education Inc.	900.00					900.00
All Partitions and Parts	646.40					646.40
Central Michigan Paper	535.00					535.00
Charter Technologies Inc.	25,065.00					25,065.00
Cintas	3,174.76					3,174.76
Cintas Fire 636525	1,117.54					1,117.54
CITI Building Services Inc.	175.00					175.00
Comcast	20.93				(1,794.82)	(1,773.89)
CPI	3,199.00					3,199.00
E-Z Electric, Inc.	356.00					356.00
Executech Staffing	4,634.50					4,634.50
Illiminate Education Inc.	2,689.71					2,689.71
Kleinhenn Company	12.18					12.18
Konica Minolta Business Solutions USA, Inc.	422.93					422.93
Michigan Poly Supplies, Inc.	991.16					991.16
Mutual of Omaha	3,568.72					3,568.72
Pilar Ramos		52.00				52.00
Purchase Power	13.28					13.28
Scholastic	203.28					203.28
Sync/Amazon	224.29					224.29
Trinity Transportation Group	570.00					570.00
The Romine Group, Inc.	32,097.42					32,097.42
UTS	220.00					220.00
Waste Management of Michigan	697.08					697.08
Wayne RESA	474.90					474.90
TOTAL	**$ 82,829.08**	**$ 52.00**	**$ -**	**$ -**	**$ (1,794.82)**	**$ 81,086.26**

Trillium Academy

Balance Sheet - General Fund

	January 31, 2018	January 31, 2017
ASSETS		
Current Assets		
11-2-102-000 Petty Cash	200.00	200.00
11-2-103-000 Cash in Bank - PNC	471,677.24	503,743.54
11-2-131-000 Due from Other Funds	20,372.30	34,863.50
11-2-141-000 Due from Other Govt Units	1,195,231.09	1,045,011.39
11-2-107-000 US Bank COP 2005 Acct.	250,545.10	250,002.37
11-2-109-000 US Bank Cert Acct. 2005	275,523.97	271,231.60
11-2-112-000 US Bank COP Series Acct 2007	204,374.33	194,898.01
11-2-113-000 US Bank COP 2007 Assign Revenue Acct	3,005.82	-
11-2-192-001 Prepaid Expenses	3,679.77	-
TOTAL ASSETS	$ 2,424,609.62	$ 2,299,950.40
Liabilities		
Current Liabilities		
11-2-402-000 Accounts Payable	81,086.26	81,686.56
11-2-411-000 Due to Other Funds	5,000.00	5,000.00
11-2-462-000 Accrued Salary and Benefits	186,462.00	53,716.85
11-2-463-000 Accrued Oversight Fees	30,408.16	30,732.80
11-2-464-000 Accrued Management Fee	88,834.26	89,814.95
11-2-471-000 Unearned Revenue	-	5,931.00
11-2-407-000 SAAN Note Payable	-	159,593.90
Total Liabilities	$ 391,790.68	$ 426,476.06
Fund Equity		
11-2-713-000 Restricted for Debt Service	537,899.16	340,456.68
11-2-741 Unassigned Fund Balance	1,402,142.42	1,308,123.34
Change in Fund Equity	92,777.36	224,894.32
Total Equity	$ 2,032,818.94	$ 1,873,474.34
TOTAL LIABILITIES AND EQUITY	$ 2,424,609.62	$ 2,299,950.40

Trillium Academy
Prior Year Ledger Comparison Report
January 2018

	Monthly Balances		Yearly Balances	
	This Year	Last Year	This Year	Last Year
Revenues				
11-0-100 Revenue from Local Sources				
11-0-151-000 Interest Income	418.10	69.01	2,404.99	522.95
11-0-171-000 Athletic Revenue	1,649.50	1,050.00	9,809.90	9,614.50
11-0-179-000 Uniforms revenue	136.00	0.00	10,911.00	0.00
11-0-191-000 Rental Income	0.00	3,250.00	5,550.00	8,905.00
11-0-198-000 Student Activities & Field Trips	0.00	0.00	15,082.00	4,161.34
11-0-198-001 High School Student Council	0.00	0.00	329.00	1,325.50
11-0-198-003 Senior Trip	2,375.00	558.00	10,045.00	8,666.00
11-0-198-004 6th Grade Camp	9,123.50	2,502.00	14,589.50	6,706.00
11-0-198-005 Middle School Trip	69.78	0.00	69.78	7,940.60
11-0-198-006 National Honor Society	347.00	0.00	740.00	510.55
11-0-198-007 Classroom Day Field Trips	0.00	0.00	1,000.00	7,154.00
11-0-198-008 Drama Club	0.00	0.00	0.00	933.00
11-0-198-009 High School Yearbook	52.00	0.00	850.00	350.00
11-0-198-012 After School Clubs - Misc.	0.00	0.00	0.00	347.83
11-0-198-013 Philanthropy Activities	0.00	0.00	324.15	853.45
11-0-198-014 Student Activities - School Spirit	0.00	0.00	30.00	0.00
11-0-198-015 PEO Revenue	411.20	0.00	411.20	1,113.18
11-0-198-016 Alumni Sucess Coach	0.00	0.00	855.00	1,503.00
11-0-198-017 PBIS Program	0.00	0.00	0.00	508.00
11-0-199-000 Miscellaneous Revenue	212.00	139.00	1,478.52	15,354.19
Total 11-0-100 Revenue from Local Sources	**$ 14,829.08**	**$ 7,568.01**	**$ 74,515.04**	**$ 76,469.09**
11-0-300 Revenue from State Sources				
11-0-311-010 Unrestricted State Revenue	367,888.83	373,084.08	2,575,221.83	2,611,588.58
11-0-312-000 Headlee Obligation for Data Collection	1,236.25	1,264.50	8,653.75	8,851.50
11-0-312-012 Headlee Special Ed Revenue	5,833.33	4,531.42	40,833.33	31,719.92
11-0-312-012-001 Headlee Special Ed Revenue - Prior Yr.	0.00	0.00	0.00	3,865.03
11-0-312-020 Title 31A - At Risk	23,427.25	19,016.50	163,990.75	133,115.50
11-0-312-359 Computer Adaptive Tests	0.00	0.00	245.40	0.00
11-0-312-367 Early Literacy Targeted Instruction	0.00	0.00	0.00	10,560.00
Total 11-0-300 Revenue from State Sources	**$ 398,385.66**	**$ 397,896.50**	**$ 2,788,945.06**	**$ 2,799,700.53**
11-0-400 Revenues from Federal Sources				
11-0-414-000 Federal Title III	0.00	0.00	3,195.78	0.00
11-0-414-120 Special Education - IDEA	12,803.00	0.00	52,795.00	0.00
11-0-414-140 Federal Title I	21,672.00	0.00	87,702.00	0.00
11-0-414-210 Federal Title II	0.00	0.00	5,814.00	0.00
Total 11-0-400 Revenues from Federal Sources	**$ 34,475.00**	**$ 0.00**	**$ 149,506.78**	**$ 0.00**
11-0-500 Revenues from Intermediate Sources				
11-0-513-000 Act 18	3,885.00	31,710.00	28,764.00	31,710.00
11-0-513-130 Educator Evaluation Training	0.00	0.00	3,009.20	2,055.00
Total 11-0-500 Revenues from Intermediate Sources	**$ 3,885.00**	**$ 31,710.00**	**$ 31,773.20**	**$ 33,765.00**
Total Revenues	**$ 451,574.74**	**$ 437,174.51**	**$ 3,044,740.08**	**$ 2,909,934.62**
Expenditures				
100 Instruction				
110 Basic Programs				
11-1-111 Elementary				
2310-000 Tuition Reimbursement	1,000.00	0.00	2,822.00	2,000.00

Trillium Academy
Prior Year Ledger Comparison Report
January 2018

	Monthly Balances		Yearly Balances	
	This Year	Last Year	This Year	Last Year
3110-000 Purchased Instructional Wages	80,222.18	80,123.46	464,183.43	419,383.70
3111-000 Purchased Instructional Benefits	10,702.60	13,440.31	67,267.95	63,755.59
3112-000 Purchased Health Benefits	16,630.85	12,358.10	93,062.80	58,961.57
3113-000 Stipends - Elementary	0.00	0.00	2,430.18	0.00
3116-000 Contract Substitute Teachers	5,059.50	1,122.00	29,940.75	11,420.00
3117-000 Purchased Substitute Wages	3,200.00	949.60	21,960.00	7,691.48
3118-000 Purchased Substitute Benefits	350.40	107.60	2,003.36	701.29
3119-000 Staff Bonus / Incentives	100.00	0.00	4,592.00	3,575.00
3220-000 Workshops & Conferences	327.00	70.00	3,134.55	134.90
5110-000 Teaching Supplies	1,144.74	666.55	7,909.82	10,585.73
5210-000 Textbooks / Materials	6,522.73	209.19	7,291.82	5,090.88
5990-000 Gym Supplies	0.00	0.00	397.28	304.06
5991-000 Art Supplies	29.99	566.64	1,384.60	1,988.96
5992-000 Drama Supplies	0.00	675.00	0.00	675.00
5994-000 Music Show Supplies	0.00	0.00	718.85	568.77
5995-000 Uniforms	0.00	0.00	34,549.65	0.00
5996-000 Student Graduation	219.17	0.00	219.17	102.39
5999-000 Student Awards & Incentives	0.00	0.00	385.00	1,700.00
7410-000 Dues & Fees	0.00	0.00	45.00	0.00
7910-000 Student Activities & Field Trips	570.00	210.00	9,193.23	10,565.02
7910-001 High School Student Council	0.00	0.00	2,160.32	688.70
7910-002 Senior Class	0.00	0.00	459.00	330.16
7910-003 Senior Trip	6,125.04	3,362.88	7,123.76	9,708.00
7910-004 6th Grade Camp	3,642.00	1,127.00	8,512.04	2,129.00
7910-005 Middle School Trip	0.00	0.00	1,175.00	4,000.00
7910-006 National Honor Society	0.00	0.00	253.20	571.52
7910-007 Classroom Day Field Trips	0.00	0.00	1,525.75	0.00
7910-008 Drama Club	0.00	0.00	109.00	300.00
7910-009 High School Yearbook	388.00	0.00	1,263.50	719.38
7910-011 Junior Showchoir	0.00	455.00	0.00	1,455.00
7910-013 Philanthropy Activities	0.00	1,126.74	859.15	1,474.57
7910-014 Student Activities / School Spirit	12.18	0.00	3,083.93	0.00
7910-015 PEO Expense	0.00	0.00	1,382.44	458.00
7910-017 PBIS Program	0.00	331.34	376.77	691.61
7911-000 Miscellaneous Expense	0.00	1,412.05	965.05	1,636.31
7912-000 Fingerprints & Background Checks	129.00	0.00	774.00	627.00
Total 11-1-111 Elementary	**$ 141,642.64**	**$ 118,313.46**	**$ 809,840.43**	**$ 623,993.59**
11-1-113 High School				
3110-000 Purchased Instruction Wages	20,835.79	20,432.58	117,853.04	109,683.08
3111-000 Purchased Instruction Benefits	2,909.03	3,571.96	17,775.11	16,083.25
3112-000 Purchased Health Benefits	6,077.34	3,586.50	28,793.16	19,110.72
3116-000 Contract Substitute Teachers	0.00	0.00	0.00	340.00
5210-000 Textbooks & Supplies	0.00	0.00	1,811.93	3,802.13
5998-000 Student On-Line Courses / Dual Enrollment	0.00	0.00	896.33	3,334.60
Total 11-1-113 High School	**$ 29,822.16**	**$ 27,591.04**	**$ 167,129.57**	**$ 152,353.78**
11-1-119 Summer School				
3110-601-000 Title I - Summer Tutoring Program	0.00	0.00	0.00	516.72
Total 11-1-119 Summer School	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 516.72**
Total 110 Basic Programs	**$ 171,464.80**	**$ 145,904.50**	**$ 976,970.00**	**$ 776,864.09**

Trillium Academy
Prior Year Ledger Comparison Report
January 2018

	Monthly Balances		Yearly Balances	
	This Year	Last Year	This Year	Last Year
120 Added Needs				
11-1-122 Special Education				
122-000 Special Education				
3110-000 Special Ed Purchased Wages	0.00	2,505.06	3,329.82	9,267.71
3111-000 Purchased Benefits	0.00	510.99	762.86	1,710.19
3113-000 SE Purchased Health Benefits	0.00	0.00	250.57	0.00
3116-000 SE Contract Substitute Teachers	0.00	264.19	264.00	1,432.62
5110-000 SE Supplies & Materials	0.00	0.00	73.52	0.00
Total 122-000 Special Education	$ 0.00	$ 3,280.24	$ 4,680.77	$ 12,410.52
122-801 Special Education IDEA				
3110-801-000 SE IDEA Purchased Wages	13,216.98	13,463.96	59,149.37	69,303.48
3111-801-000 SE IDEA Purchased Benefits	-100.84	2,676.43	8,856.87	11,639.28
3113-801-000 SE IDEA Purchased Health benefits	1,462.42	1,923.46	4,259.31	8,261.76
Total 122-801 Special Education IDEA	$ 14,578.56	$ 18,063.85	$ 72,265.55	$ 89,204.52
122-802 Special Education FTK				
3110-802-000 SE FTK Purchased Wages	6,099.40	5,198.70	33,146.70	29,092.83
3111-802-000 SE FTK Purchased benefits	-1,674.22	922.74	4,994.97	4,293.25
3113-802-000 SE FTK Purchased health benefits	1,613.76	1,111.26	8,356.08	4,697.40
3116-802-000 SE FTK Contract Substitutes	8,638.00	0.00	8,638.00	0.00
Total 122-802 Special Education FTK	$ 14,676.94	$ 7,232.70	$ 55,135.75	$ 38,083.48
Total 11-1-122 Special Education	$ 29,255.50	$ 28,576.79	$ 132,082.07	$ 139,698.52
11-1-125 Compensatory Education				
125-306 Compensatory Ed 31A				
3112-306-000 Purchased 31A Wages	31,575.88	59,524.67	31,575.88	59,524.67
3113-306-000 Purchased 31A Benefits	-20,605.58	-37,813.15	5,120.14	10,517.96
3115-306-000 Purchased 31A Health benefits	1,215.26	-8,365.70	5,466.62	0.00
5110-306-000 Supplies / Materials 31A	10,269.54	2,784.27	14,589.00	15,645.59
Total 125-306 Compensatory Ed 31A	$ 22,455.10	$ 16,130.09	$ 56,751.64	$ 85,688.22
125-601 Compensatory Ed Title I				
3110-601-000 Purchased Title I Wages	12,684.95	12,129.90	70,393.01	65,714.70
3110-762-000 Purchased Title I Wages (paid w/Title II)	0.00	0.00	0.00	0.00
3111-601-000 Purchased Title I Benefits	1,698.19	2,096.57	10,289.72	10,478.31
3114-601-000 Title I Health Benefits	4,787.64	2,000.00	25,216.75	11,439.31
5110-601-000 Supplies / Materials	7,309.00	0.00	7,447.05	0.00
Total 125-601 Compensatory Ed Title I	$ 26,479.78	$ 16,226.47	$ 113,346.53	$ 87,632.32
Total 11-1-125 Compensatory Education	$ 48,934.88	$ 32,356.56	$ 170,098.17	$ 173,320.54
Total 120 Added Needs	$ 78,190.38	$ 60,933.35	$ 302,180.24	$ 313,019.06
Total 100 Instruction	$ 249,655.18	$ 206,837.85	$ 1,279,150.24	$ 1,089,883.15
200 Supporting Services				
210 Support Services - Pupil				
11-1-211 Attendance Services				
5990-000 Student Database	0.00	0.00	7,883.81	5,271.75
Total 11-1-211 Attendance Services	$ 0.00	$ 0.00	$ 7,883.81	$ 5,271.75
11-1-212 Guidance Services				
3130-306-000 Purchased Guidance Wages 31A	4,685.84	2,852.66	24,988.76	15,689.63
3130-601-000 Purchased Guidance Wages	-3,372.93	583.50	0.00	2,736.96

Trillium Academy
Prior Year Ledger Comparison Report
January 2018

	Monthly Balances		Yearly Balances	
	This Year	Last Year	This Year	Last Year
3131-306-000 Purchased Guidance Benefits	3,881.70	0.00	3,881.70	0.00
3131-601-000 Purchased Guidance Benefits	21.41	0.00	21.41	0.00
3132-601-000 Purchased Guidance Health Benefits Title I	0.00	0.00	0.00	0.00
3190-000 Purchased Student Support Wages	764.16	9,118.44	4,902.88	50,068.18
3191-000 Purchased Student Support Benefits	109.47	1,502.52	645.72	6,996.69
3192-000 Purchased Student Support Health benefits	-3.89	0.00	-3.89	0.00
5990-000 Alumni Success Education Materials	0.00	0.00	78.06	439.96
Total 11-1-212 Guidance Services	$ 6,085.76	$ 14,057.12	$ 34,514.64	$ 75,931.42
11-1-213 Occupational Therapy Services				
3131-000 Occupational Therapy Services	0.00	882.00	2,409.00	2,189.25
Total 11-1-213 Occupational Therapy Services	$ 0.00	$ 882.00	$ 2,409.00	$ 2,189.25
11-1-214 Psychological Services				
3130-000 Purchased Psychological Services	0.00	970.00	4,393.75	5,575.00
Total 11-1-214 Psychological Services	$ 0.00	$ 970.00	$ 4,393.75	$ 5,575.00
11-1-215 Speech Pathology Services				
3130-000 Contracted Speech Services	0.00	9,205.00	23,622.90	30,517.50
Total 11-1-215 Speech Pathology Services	$ 0.00	$ 9,205.00	$ 23,622.90	$ 30,517.50
11-1-216 Social Work Services				
3130-000 Purchased Social Work Wages	5,200.32	0.00	28,701.76	0.00
3131-000 Purchased Social Work Benefits	610.76	0.00	4,450.94	0.00
3132-601 Purchased Social Work Health Benefits	903.60	0.00	4,286.28	0.00
Total 11-1-216 Social Work Services	$ 6,714.68	$ 0.00	$ 37,438.98	$ 0.00
Total 210 Support Services - Pupil	$ 12,800.44	$ 25,114.12	$ 110,263.08	$ 119,484.92
220 Support Services - Instructional Staff				
11-1-221 Improvement of Instruction				
3220-367 Workshops and Conferences	4,151.00	220.00	14,149.85	29,587.00
3220-762-022 Title IIA Workshops and Conferences	0.00	735.00	6,460.11	2,913.72
Total 11-1-221 Improvement of Instruction	$ 4,151.00	$ 955.00	$ 20,609.96	$ 32,500.72
Total 220 Support Services - Instructional Staff	$ 4,151.00	$ 955.00	$ 20,609.96	$ 32,500.72
230 Support Services - General Administration				
11-1-231 Board of Education				
3170-000 Legal Services	0.00	0.00	2,072.63	4,008.10
3180-000 Audit Services	0.00	2,575.00	11,410.00	11,075.00
3510-000 Advertising	820.00	1,144.17	10,435.40	8,199.13
7911-000 Miscellaneous Expense	0.00	0.00	0.00	0.00
Total 11-1-231 Board of Education	$ 820.00	$ 3,719.17	$ 23,918.03	$ 23,282.23
11-1-232 Executive Administration				
3150-000 CMU Oversight Fee	12,261.67	11,328.47	76,863.97	79,299.26
3151-000 TRG Management Fee	33,746.25	34,099.20	235,668.03	238,694.40
Total 11-1-232 Executive Administration	$ 46,007.92	$ 45,427.67	$ 312,532.00	$ 317,993.66
Total 230 Support Services - General Administration	$ 46,827.92	$ 49,146.84	$ 336,450.03	$ 341,275.89
240 Support Services - School Administration				

Trillium Academy
Prior Year Ledger Comparison Report
January 2018

	Monthly Balances		Yearly Balances	
	This Year	Last Year	This Year	Last Year
11-1-241 Office of the Principal				
3150-000 Purchased Principal & Vice Principal Wages	22,031.00	14,788.68	158,309.06	103,820.76
3151-000 Purchased Principal & Vice Principal Benefits	2,914.57	2,909.55	25,482.99	17,232.12
3151-001 Purchased Principal Health Benefits	2,110.74	1,056.76	12,367.47	10,019.30
3190-000 Purchased Secretary / Admin Wages	9,544.84	9,521.96	68,814.66	52,923.38
3191-000 Purchased Secretary/Admin Benefits	1,245.85	1,726.58	10,350.29	8,306.51
3191-001 Purchased Secretary / Admin Health Benefits	1,958.10	960.13	6,415.60	9,453.21
3220-000 Workshops & Conferences - Admin	0.00	0.00	0.00	644.36
3430-000 Mailing and Postage	194.18	229.15	1,433.59	1,551.47
3610-000 Printing and Binding	1,590.41	1,255.76	8,950.24	3,494.75
5910-000 Office Supplies	31.37	776.82	996.46	3,728.50
7410-000 Dues & Fees / Memberships	1,504.90	436.52	4,571.90	2,305.52
7910-000 Miscellaneous	50.00	0.00	2,663.82	476.64
Total 11-1-241 Office of the Principal	$ 43,175.96	$ 33,661.91	$ 300,356.08	$ 213,956.52
Total 240 Support Services - School Administration	$ 43,175.96	$ 33,661.91	$ 300,356.08	$ 213,956.52
250 Support Services - Business				
11-1-252 Fiscal Services				
3190-000 Accounting Services	0.00	0.00	0.00	20,148.00
3191-000 Accounting Services - FID	0.00	0.00	1,000.00	900.00
Total 11-1-252 Fiscal Services	$ 0.00	$ 0.00	$ 1,000.00	$ 21,048.00
11-1-259 Other Business Services				
7216-000 Interest - State Aid Note	0.00	288.56	108.74	1,506.56
7219-000 Interest - Capital Lease	0.00	96.72	0.00	532.77
7410-000 Bank Charges	33.00	39.00	353.00	283.00
7411-000 Trustee Fees	-3,000.00	0.00	4,250.00	4,250.00
Total 11-1-259 Other Business Services	-$ 2,967.00	$ 424.28	$ 4,711.74	$ 6,572.33
Total 250 Support Services - Business	-$ 2,967.00	$ 424.28	$ 5,711.74	$ 27,620.33
260 Operations and Maintenance				
11-1-261 Operating Building Services				
3150-1660-101-000 Security/Crossing Guards	72.12	0.00	72.12	0.00
3410-000 Telephone	1,645.92	212.23	10,019.51	4,026.09
3830-000 Water & Sewage	997.92	882.68	2,752.19	5,950.22
3840-000 Waste & Trash Disposal	697.08	0.00	5,696.51	4,409.47
3910-000 Liability / Building Insurance	2,285.00	2,604.00	19,186.00	24,866.00
4110-000 Land & Building - Repair & Maintenance	4,399.60	476.40	26,573.04	20,091.12
4111-000 Building Maintenance Contracts	10,525.00	10,350.00	74,055.00	76,089.18
4112-000 Lawn & Snow Removal	1,859.59	1,819.59	11,077.54	8,597.93
4120-000 Equipment - Repair & Maintenance	0.00	2,215.96	0.00	3,919.96
5510-000 Natural Gas	3,705.16	3,253.20	6,732.35	6,294.60
5520-000 Electricity	5,055.40	6,111.63	26,617.19	38,720.88
5990-000 Janitorial & Misc. Supplies	987.11	0.00	5,211.50	3,599.75
5991-000 Miscellaneous	105.50	105.50	856.53	2,879.89
6410-000 Capital Outlay - Equipment / Furniture	0.00	0.00	1,121.28	0.00
Total 11-1-261 Operating Building Services	$ 32,335.40	$ 28,031.19	$ 189,970.76	$ 199,445.09
11-1-266 Security Services				
4190-000 Security System	0.00	5,569.02	6,636.22	5,869.02
Total 11-1-266 Security Services	$ 0.00	$ 5,569.02	$ 6,636.22	$ 5,869.02
Total 260 Operations and Maintenance	$ 32,335.40	$ 33,600.21	$ 196,606.98	$ 205,314.11

Trillium Academy
Prior Year Ledger Comparison Report
January 2018

	Monthly Balances		Yearly Balances	
	This Year	Last Year	This Year	Last Year
270 Pupil Transportation Services				
11-1-271 Pupil Transportation Services				
3300-000 Pupil Transportation	4,050.00	0.00	8,770.80	0.00
Total 11-1-271 Pupil Transportation Services	$ 4,050.00	$ 0.00	$ 8,770.80	$ 0.00
Total 270 Pupil Transportation Services	$ 4,050.00	$ 0.00	$ 8,770.80	$ 0.00
280 Support Services - Central				
11-1-284 Non-Instructional Technology Services				
3190-000 Tech Maintenance & Repairs	2,509.00	5,396.29	20,068.00	15,458.42
6410-000 Capital Outlay - Technology	0.00	0.00	47,146.50	6,390.00
Total 11-1-284 Non-Instructional Technology Services	$ 2,509.00	$ 5,396.29	$ 67,214.50	$ 21,848.42
Total 280 Support Services - Central	$ 2,509.00	$ 5,396.29	$ 67,214.50	$ 21,848.42
290 Support Services - Other				
11-1-293 Athletic Activities				
3110-000 Purchased Athletic Director	583.34	500.00	3,608.37	4,607.12
3111-000 Purchased Athletic Director Benefits	73.88	236.66	544.66	849.44
3112-000 Purchased Athletic Wages	0.00	2,727.59	1,288.75	2,727.59
5630-000 Purchased Goods & Services	676.00	2,429.50	13,154.34	9,482.21
7911-000 Miscellaneous Expense	0.00	0.00	195.00	4,045.00
Total 11-1-293 Athletic Activities	$ 1,333.22	$ 5,893.75	$ 18,791.12	$ 21,711.36
Total 290 Support Services - Other	$ 1,333.22	$ 5,893.75	$ 18,791.12	$ 21,711.36
Total 200 Supporting Services	$ 144,215.94	$ 154,192.40	$ 1,064,774.29	$ 983,712.27
510 Debt Service				
11-1-511 Debt Service				
7139-000 Debt Service - Principal	0.00	861.37	0.00	6,858.23
Total 11-1-511 Debt Service	$ 0.00	$ 861.37	$ 0.00	$ 6,858.23
Total 510 Debt Service	$ 0.00	$ 861.37	$ 0.00	$ 6,858.23
600 Fund Modifications				
11-1-625 School Service - Lunch Fund				
8110-000 Transfer to Lunch Fund	0.00	0.00	0.00	667.59
Total 11-1-625 School Service - Lunch Fund	$ 0.00	$ 0.00	$ 0.00	$ 667.59
11-1-631 Transfer to Debt Service Fund				
8110-000 Transfer to Debt Service Fund	-550.03	-5.94	608,038.19	603,919.06
Total 11-1-631 Transfer to Debt Service Fund	-$ 550.03	-$ 5.94	$ 608,038.19	$ 603,919.06
Total 600 Fund Modifications	-$ 550.03	-$ 5.94	$ 608,038.19	$ 604,586.65
Total Expenditures	$ 393,321.09	$ 361,885.68	$ 2,951,962.72	$ 2,685,040.30
Change in Fund Equity	$ 58,253.65	$ 75,288.83	$ 92,777.36	$ 224,894.32

Trillium Academy
Balance Sheet - General Fund

	As of January 31, 2018	As of January 31, 2017
ASSETS		
Cash and Cash Equivalents	$ 471,877	$ 503,944
Investments	733,449	716,132
Receivables	1,215,603	1,079,875
Prepaid Expenses	3,680	-
TOTAL ASSETS	**$ 2,424,610**	**$ 2,299,950**
LIABILITIES AND EQUITY		
Liabilities		
Accounts Payable	$ 81,086	$ 81,687
Due to Other Funds	5,000	5,000
Note Payable	-	159,594
Accrued Expenses	305,704	174,265
Unearned Revenue	-	5,931
Total Liabilities	**391,791**	**426,476**
FUND BALANCE		
Balance, July 1, 2017 and 2016	1,940,042	1,648,580
Current Period	92,777	224,894
Total Fund Balance	**2,032,819**	**1,873,474**
TOTAL LIABILITIES AND FUND BALANCE	**$ 2,424,610**	**$ 2,299,950**

Trillium Academy
Statement of Revenues and Expenditures - General Fund

***7/12th or 58.33% of the fiscal year

	January, 2018	Year-to-Date	Budget	Percent
REVENUES				
Local Sources	$ 14,829	$ 74,515	$ 128,650	57.92%
State Sources	398,386	2,788,945	4,791,338	58.21%
Federal Sources	34,475	149,507	413,058	36.20%
Intermediate Sources	3,885	31,773	60,280	52.71%
Total Revenues	451,575	3,044,740	5,393,326	56.45%
EXPENDITURES				
Instruction				
Elementary	141,643	809,840	1,492,531	54.26%
High School	29,822	167,130	333,170	50.16%
Summer School	-	-	1,500	0.00%
Special Education	29,256	132,082	279,514	47.25%
Compensatory Education	48,935	170,098	475,608	35.76%
Support Services				
Attendance	-	7,884	12,000	65.70%
Guidance	6,086	34,515	44,850	76.96%
Occupational	-	2,409	5,000	48.18%
Psychological	-	4,394	10,000	43.94%
Speech Pathology	-	23,623	60,000	39.37%
Social Work	6,715	37,439	39,000	96.00%
Instructional Staff	4,151	20,610	22,064	93.41%
General Administration	46,828	336,450	570,895	58.93%
School Administration	43,176	300,356	540,094	55.61%
Business	(2,967)	5,712	7,700	74.18%
Operations and Maintenance	32,335	196,607	357,700	54.96%
Pupil Transportation	4,050	8,771	25,000	35.08%
Central Services	2,509	67,215	57,000	117.92%
Other	1,333	18,791	46,500	40.41%
Total Expenditures	393,871	2,343,925	4,380,126	53.51%
OTHER FINANCING SOURCES (USES)				
Transfers out	(550)	608,038	945,000	
Total Other Financing Sources (Uses)	(550)	608,038	945,000	64.34%
NET CHANGE IN FUND BALANCES	$ 58,254	$ 92,777	$ 68,200	136.04%

Trillium Academy
Statement of Revenues and Expenditures - General Fund

	For the Month of January		For the Period July 1, to January 31,	
	2018	2017	2018	2017
REVENUES				
Local Sources	$ 14,829	$ 7,568	$ 74,515	$ 76,469
State Sources	398,386	397,897	2,788,945	2,799,701
Federal Sources	34,475	-	149,507	-
Intermediate Sources	3,885	31,710	31,773	33,765
Total Revenues	451,575	437,175	3,044,740	2,909,935
EXPENDITURES				
Instruction				
Elementary	141,643	118,313	809,840	623,994
High School	29,822	27,591	167,130	152,354
Summer School	-	-	-	517
Special Education	29,256	28,577	132,082	139,699
Compensatory Education	48,935	32,357	170,098	173,321
Support Services				
Attendance	-	-	7,884	5,272
Guidance	6,086	14,057	34,515	75,931
Occupational	-	882	2,409	2,189
Psychological	-	970	4,394	5,575
Speech Pathology	-	9,205	23,623	30,518
Social Work	6,715	-	37,439	-
Instructional Staff	4,151	955	20,610	32,501
General Administration	46,828	49,147	336,450	341,276
School Administration	43,176	33,662	300,356	213,957
Business	(2,967)	424	5,712	27,620
Operations and Maintenance	32,335	33,600	196,607	205,314
Pupil Transportation	4,050	-	8,771	-
Central Services	2,509	5,396	67,215	21,848
Other	1,333	5,894	18,791	21,711
Debt Service				
Principal retirement	-	861	-	6,858
Total Expenditures	393,871	361,892	2,343,925	2,080,454
OTHER FINANCING SOURCES (USES)				
Transfers out	(550)	(6)	608,038	604,587
Total Other Financing Sources (Uses)	(550)	(6)	608,038	604,587
NET CHANGE IN FUND BALANCES	$ 58,254	$ 75,289	$ 92,777	$ 224,894

Trillium Academy
Statement of Revenues and Expenditures - General Fund

	For the Month of January		For the Period July 1, to January 31,	
	2018	2017	2018	2017
REVENUES				
Local Sources	$ 14,829	$ 7,568	$ 74,515	$ 76,469
State Sources	398,386	397,897	2,788,945	2,799,701
Federal Sources	34,475	-	149,507	-
Intermediate Sources	3,885	31,710	31,773	33,765
Total Revenues	451,575	437,175	3,044,740	2,909,935
EXPENDITURES				
Salaries	163,395	136,499	1,092,954	950,492
Employee Benefits	26,271	20,741	202,118	140,950
Health Benefits	49,794	23,780	186,732	126,150
Textbooks / Teaching Supplies	7,697	2,117	19,588	23,016
CMU Oversight Fee	12,262	11,328	76,864	79,299
TRG Management Fee	33,746	34,099	235,668	238,694
Building Maintenance	17,771	14,862	116,917	112,298
Utilities	12,101	10,460	51,818	59,401
All Other Costs	70,833	108,004	361,267	350,154
Total Expenditures	393,871	361,892	2,343,925	2,080,454
OTHER FINANCING SOURCES (USES)				
Transfers out	(550)	(6)	608,038	604,587
Total Other Financing Sources (Uses)	(550)	(6)	608,038	604,587
NET CHANGE IN FUND BALANCES	$ 58,254	$ 75,289	$ 92,777	$ 224,894

Trillium Academy
Aging Report
As of January 31, 2018

	Current	1 - 30	31 - 60	61 - 90	91 and over	Total
Comcast					(1,794.82)	(1,794.82)
Other	82,829.08	52.00	-	-	-	82,881.08
TOTALS	$ 82,829.08	$ 52.00	$ -	$ -	$ (1,794.82)	$ 81,086.26
	102.15%	0.06%	0.00%	0.00%	-2.21%	100.00%

Trillium Academy
Cash Receipts and Disbursements
January, 2018

Beginning Cash Balance		561,393.66
Revenue		
State Aid	338,744.47	
Miscellaneous Revenue	14,506.92	353,251.39
Expenditures		
The Romine Group, Inc.	100,000.00	
The Romine Group, Inc.	92,976.60	
The Romine Group, Inc.	37,847.12	
TRG Aetna Health	34,596.31	
The Romine Group, Inc.	34,441.47	
Variety Food Services, Inc.	24,663.95	
Comfort- Temp Heating and Cooling	11,998.00	
CITI Building Services Inc.	10,350.00	
DTE Energy	8,760.56	
Corporate Trust, TFM	7,730.67	
Executech Staffing	6,532.75	
Houghton Mifflin Harcourt	6,522.73	
The Romine Group, Inc.	5,895.63	
Futures	5,536.06	
All-Ways Transportation LLC	4,050.00	
Comcast Business	3,770.69	
Little Caesars Pizza Kit Fundraising Program	3,642.00	
Mutual of Omaha	3,482.06	
Executech Staffing	3,458.50	
Executech Staffing	3,166.00	
Executech Staffing	3,137.00	
Disney Destination, LLC	2,875.56	
Disney Destination, LLC	2,635.93	
Other Checks and Deductions (< $2,500)	27,534.15	(442,967.81)
Ending Cash Balance		471,677.24

Trillium Academy

Statements of Revenues and Expenditures

	Debt Service Fund		Food Service Fund	
	January, 2018	Year-to-Date	January, 2018	Year-to-Date
REVENUES				
Local Sources	$ 550	$ 2,749	$ 1,884	$ 8,175
State Sources	-	-	355	1,418
Federal Sources	-	-	13,742	73,901
Operating Transfer In	(550)	608,038	-	-
Total Revenues	-	610,787	15,981	83,494
EXPENDITURES				
Salaries	-	-	1,835	15,020
Employee Benefits	-	-	201	1,497
Purchased Food Service	-	-	10,574	62,097
Principal Retirement	-	270,000	-	-
Interest Expense	-	340,787	-	-
Total Expenditures	-	610,787	12,610	78,614
NET CHANGE IN FUND BALANCES	$ -	$ -	$ 3,371	$ 4,880

Balance Sheets

	Debt Service Fund	Food Service Fund
	As of January 31, 2018	As of January 31, 2018
ASSETS		
Cash and Cash Equivalents	$ -	$ 45,767
Investments	969,370	-
Receivables	5,000	13,742
TOTAL ASSETS	974,370	59,509
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts Payable	-	10,554
Due to Other Funds	-	20,373
Total Liabilities	-	30,927
FUND BALANCE		
Balance, July 1, 2017	974,370	23,702
Current Period	-	4,880
Total Fund Balance	974,370	28,582
TOTAL LIABILITIES AND FUND BALANCE	$ 974,370	$ 59,509

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APPENDIX E

SUMMARY OF CERTAIN MICHIGAN STATUTORY PROVISIONS PERTAINING TO PUBLIC SCHOOL ACADEMIES

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APPENDIX E

SUMMARY OF CERTAIN MICHIGAN STATUTORY PROVISIONS PERTAINING TO PUBLIC SCHOOL ACADEMIES

Definition of Public School Academy (MCL § 380.501(1), 380.502(1))

Pursuant to Part 6A of the Revised School Code, Act 451, Public Acts of Michigan, 1976, as amended, MCL §380.501, *et seq*., a public school academy is a State-supported public school that is considered both a body corporate and a governmental agency and must be organized under Michigan's Non-Profit Corporation Act, Act 162 of Public Acts of Michigan, 1982, as amended, MCL §§ 450.2101 to 450.3192, but is not required to comply with Sections 170-177 of the Michigan General Corporation Statute, Act 327, Public Acts of Michigan, 1931, §§450.170 to 450.177. A public school academy shall be organized and administered under the direction of a board of directors in accordance with the Revised School Code and with the bylaws adopted by the board of directors. A public school academy is also considered a school district for purposes of Section 11 of Article IX of the State Constitution of 1963 and is subject to MCL §§380.1225 and 380.1351a with respect to borrowing money and issuing notes and bonds, and is subject to the leadership and general supervision of the State Board of Public Education. The powers granted to a public school academy constitute the performance of essential public purposes and governmental functions of the State.

Authorizing Bodies of and Applicants for Public School Academies (MCL § 380.502(2))

Charter contracts to organize and operate a public school academy may be issued by any one of the following authorizing bodies: (a) the board of a school district that operates grades kindergarten through 12th; (b) an intermediate school board; (c) the board of a community college; (d) the governing board of a State public university; or (e) two or more of the entities described in (a) through (d) above pursuant to an inter-local agreement.

A "community college" is defined to include a federal tribally controlled community college that is recognized under the tribally controlled community college and universities act of 1978, 25 USC 1801 et seq.

Effective as of January 1, 2015, the prior cap on the number of public school academies that may be chartered by State public universities (i.e., 150 public school academies) was eliminated.

Federal Tribally Controlled Community College Board; Requirements for Participation in Certain Activities (MCL §380.1475)

A federal tribally controlled community college board may provide college level courses or participate in other activities under this act only if all of the following are in effect: (a) The members of the board of the federal tribally controlled community college execute the constitutional oath of office as a public officer of the state of Michigan; (b) The members of the board of the federal tribally controlled community college certify to the state department of education that the members will act as a public educational body or officer of this state subject only to the constitution and laws of this state in exercising the powers or carrying out the functions and that their functions are under the exclusive control of the state; (c) A member of the board of the federal tribally controlled community college acting as a public officer under this section shall be subject to removal or suspension by the superintendent of public instruction for violating the provisions of this section; (d) This section does not authorize the use of any funds appropriated for a community college district established under the community college act, 1966 PA 331, MCL 389.11 to 389.84.

Method of Establishment and Oversight of Public School Academies (MCL § 380.502(3-7))

When a person applies for a contract to operate a public school academy, the application must: (a) identify the applicant; (b) list the proposed members of the board of directors of the public school academy and describe the qualifications and method for appointment or election of the board of directors; (c) provide a copy of the proposed articles of incorporation for the public school academy, including (i) the name of the proposed public school academy, (ii) the purposes of the public school academy, (iii) the name of the authorizing body, (iv) the proposed time when the articles of incorporation will be effective, and (v) other matters as necessary; (d) provide a copy of the

proposed bylaws of the public school academy; (e) provide documentation meeting the requirements of the authorizing body, including (i) the governance structure of the public school academy, (ii) a copy of the educational goals of the public school academy, which shall include demonstrated improved pupil academic achievement for all groups of pupils, the curricula to be offered, and the methods of pupil assessment, (iii) the admission policy and criteria to be maintained, (iv) the school calendar and school day schedule, and (v) the age or grade range of pupils to be enrolled; (f) describe staff responsibilities and the governance structure; (g) for an application to a local or intermediate school district or a community college, identify the local and intermediate school districts in which the public school academy will be located; (h) agree that the public school academy will comply with all applicable State and federal laws; and (i) describe and identify the address where the public school academy will be located. An applicant may request the authorizing body to issue a contract to operate the same configuration of age or grade levels at more than one site.

An authorizing body that issues a charter contract for a public school academy shall oversee, or shall contract with an intermediate school district, community college or State public university to oversee, each public school academy. The authorizing body is responsible for overseeing compliance by the board of directors with the contract and all applicable law. This provision does not relieve any other government entity of its enforcement or supervisory responsibility.

Obligation of State or Authorizing Body (MCL § 380.503b)

If a public school academy enters into an agreement, mortgage, loan, or other instrument of indebtedness with a third party, such arrangement does not constitute an obligation, either general, special, or moral of the State or the authorizing body. The State or an authorizing body is not liable for any debt incurred by a public school academy.

Public School Academy Funding (MCL § 388.1601 et. seq.; § 141.2101 et. seq.)

A public school academy receives funding through the per pupil base foundation allowance, as calculated in the State School Aid Act, Act 94, Public Acts of Michigan, 1979, as amended. The State School Aid Act currently provides that pupil membership is based upon a blended count of 90% of the current October count plus 10% of the prior February supplemental count, all as determined by the Michigan Department of Education (the "Department"). For school districts, including public school academies, which have pupils enrolled in a grade level that was not offered the prior year, pupil membership counts for that grade level are based on an average of the current October count and the following February supplemental count, all as determined by the Department. A public school academy's State Aid payments are sent directly to the academy's authorizing body, which takes its oversight fee and then forwards the remainder of the State Aid payments to the public school academy. Pursuant to the State School Aid Act, a public school academy receives its annual State Aid payments entitlement in eleven equal installments on dates in October through August, subject to certain statutory adjustments.

A public school academy may not charge tuition and may not levy taxes. A public school academy may receive federal grant funds directly from the Department by following the same procedures that local school districts are required to follow. A public school academy may borrow money and may issue bonds in accordance with the Revised School Code, MCL § 380.504a(g) and 380.1351a, and the Revised Municipal Finance Act, Act 34, Public Acts of Michigan, 2001, as amended, MCL §§ 141.2101 to 141.2821.

Authorizing Body's Duties With Respect to State Aid Payments (MCL § 380.507, § 380.502(6))

The authorizing body for a public school academy is the fiscal agent for the public school academy; therefore, it receives State Aid payments on behalf of the public school academy and then forwards such State Aid payments to the public school academy (less a fee that it may charge which does not exceed 3% of the total State Aid payments received by the public school academy in the school year in which the fees and expenses are charged).

An authorizing body shall not charge a fee, or require reimbursement of expenses, for considering an application of a charter contract, for issuing a charter contract or for providing oversight of a charter contract for a public school academy in an amount that exceeds a combined total of 3% of the total State Aid Payments received by the public school academy in the school year in which the fees or expenses are charged. An authorizing body

may provide other services for a public school academy and charge a fee for those services, but shall not require such an arrangement as a condition to issuing the charter contract authorizing the public school academy.

Withholding Payment; Plan for Financing Outstanding Obligation Defaulted Upon by a Public School Academy (MCL § 388.1617a(1), a(3)), a(5), and a(6)).

The Department may withhold all or part of any State Aid payment that a public school academy is entitled to receive to the extent the withholdings are a component part of a plan, developed and implemented pursuant to the Revised Municipal Finance Act, Act 34, Public Acts of Michigan, 2001, as amended, MCL §§ 141.2101 to 141.2821, or other statutory authority, for financing an outstanding obligation upon which the public school academy defaulted. Amounts withheld shall be used to pay, on behalf of the public school academy, unpaid amounts or subsequently due amounts, or both, of principal and interest on the outstanding obligation upon which the public school academy defaulted.

Under an agreement entered into by a public school academy assigning all or a portion of the State School Aid payments that it is eligible to receive to a trustee of a pooled arrangement, such as the Michigan Finance Authority (the "Authority"), or pledging the amount for payment of an obligation it incurred with a trustee of a pooled arrangement, the State Treasurer shall transmit to the Authority or the trustee of a pooled arrangement the amount of the State Aid payments that is assigned or pledged under such agreement. Notwithstanding the payment dates prescribed by the State School Aid Act for distributions under the State School Aid Act, the State Treasurer may advance all or part of a payment that is dedicated for distribution or for which the appropriation authorizing the payment has been made if and to the extent, under the terms of an agreement entered into by a public school and the Authority, the payment that the public school is eligible to receive has been assigned to or pledged for payment of an obligation it incurred with the Authority. The above does not require the State to make an appropriation to any public school and shall not be construed as creating an indebtedness of the State, and any agreement made pursuant to the above shall contain a statement to that effect.

Deficit Budget or Operating Deficit (MCL § 388.1702)

Michigan law provides that a public school academy receiving State Aid Payments shall not adopt or operate under a deficit budget, or incur an operating deficit in any fund, during a school fiscal year. If a public school academy has an existing deficit fund balance, incurs a deficit fund balance in the most recently completed school fiscal year, or adopts a current year budget that projects a deficit fund balance, the Department may withhold payments that such public school academy is entitled to under the State School Aid Act until the public school academy submits to the Department a budget for the current school fiscal year and a plan for the elimination of the deficit within the time period set by the Department MCL 388.1702 (5)(b). In addition, a public school academy with an existing deficit, which incurs a deficit fund balance in the most recently completed school fiscal year or which adopts a budget that projects a deficit fund balance shall submit to the Department a monthly monitoring report on revenue and expenditures in a form prescribed by the Department. Any State Aid Payments that have been withheld from a public school academy due to a deficit will be released to the public school academy after the Department approves the deficit reduction plan and ensures that the budget for the current school fiscal year is balanced.

Application of Money Received Under State School Aid Act (MCL § 388.1618(1))

Section 18 of the State School Aid Act provides that not more than twenty (20%) percent of the total amount of State Aid Payments received by a public school academy for a given school year may be transferred to either a "capital projects fund" or a "debt retirement fund" for debt service.

The Department determines the reasonableness of expenditures and may withhold State Aid Payments from a public school academy otherwise due for the fiscal year following the discovery by the Department of a violation by the recipient.

Property of Public School Academy to be Transferred to State (MCL § 388.1618b)

Property of a public school academy, including title to all real and personal property, interests in real or personal property, and other assets owned by the public school academy, that were acquired substantially with State Aid Payments shall be transferred to the State by the public school academy if any of the following occur:

(a) The public school academy has been ineligible to receive State Aid Payments for 18 consecutive months;

(b) The public school academy's charter contract has been revoked or terminated for any reason;

(c) The public school academy's charter contract has not been reissued by the authorizing body.

The State Treasurer, or his or her designee, is authorized to dispose of property transferred to the State in the fashion described above. Except as otherwise provided above, the State Treasurer shall deposit in the State School Aid Fund any money included in that property and the net proceeds from the sale of the property or interests in property, after payment by the State Treasurer of any public school academy debt secured by the property or interest in property.

Revocation of Charter (MCL § 380.507 (4) and (5))

A charter contract may be revoked by the authorizing body if the authorizing body determines that one or more of the following have occurred: (a) failure of the public school academy to demonstrate improved pupil academic achievement for all groups of pupils or failure to meet the educational goals set forth in the contract; (b) failure of the public school academy to comply with all applicable law; (c) failure of the public school academy to meet generally accepted public sector accounting principles and demonstrate sound fiscal stewardship; and (d) any other grounds for revocation as specified in the charter contract. The decision to revoke a contract is in the discretion of the authorizing body, is final, and is not subject to review by a court or any State agency.

Except for a public school academy that is an alternative school serving a special student population, if the State School Reform/Redesign Office ("SRO") determines that a public school academy site that has been operating for at least 4 years is among the lowest achieving 5% of all public schools in this State for the immediately preceding 3 school years, as determined under MCL § 380.1280c, not to include any individualized education plan subgroup, the SRO shall notify the public school academy's authorizing body. Also, except for a public school academy that is an alternative school serving a special student population, after the accountability system under MCL § 380.390 has been in effect in the community district for at least 3 full school years, if the SRO determines that a public school academy site located in a community district has been assigned a grade of "F" under MCL § 380.390 for the immediately preceding 3 school years, and is not currently undergoing reconstitution, the SRO shall notify the public school academy's authorizing body. Except as provided below, if an authorizing body receives notice from the SRO, the authorizing body shall amend the public school academy's contract to eliminate the public school academy's authority to operate the existing age and grade levels at the site and the public school academy shall cease operating the existing age and grade levels at the site, effective at the end of the current school year. Except as provided below, if the public school academy operates at only 1 site or is a cyber school, and the authorizing body receives notice from the SRO under this subsection, the authorizing body shall revoke the public school academy's contract, effective at the end of the current school year.

For a public school academy or site that is subject to a notice to its authorizing body set forth above, the SRO shall consider other public school options available to pupils in the grade levels offered by the public school academy or site who reside in the geographic area served by the public school academy or site. If the state school reform/redesign office determines that closure of the public school academy or site would result in an unreasonable hardship to these pupils because there are insufficient other public school options reasonably available for these pupils, the SRO may rescind the notice. If the SRO rescinds a notice subjecting a public school academy or site to closure, the SRO shall do so before the end of the school year. If the SRO rescinds a notice subjecting a public school academy or site to closure, the SRO shall require the public school academy or site to implement a school improvement plan that includes measures to increase pupil growth and improve pupil proficiency, with growth and proficiency measured by performance on state assessments.

Issuance of Contracts (MCL § 380.503)

Public school academy charter contracts shall be issued on a competitive basis, while taking the following into consideration: (a) the resources available for the proposed public school academy, (b) the population to be served by the public school academy, (c) the educational goals to be achieved by the public school academy, (d) the applicant's track record, if any, in organizing public school academies or other public schools, (e) the graduation rate of a school district in which the proposed public school academy is proposed to be located, (f) the population of the county in which the proposed public school academy is proposed to be located, (g) the number of schools in the proximity of a proposed location of the proposed public school academy that are on the list of public schools in the State that the Department has determined to be among the lowest achieving 5% of all public schools in the State, and (h) the number of pupils on waiting lists of public school academies in the proximity of the proposed location of the proposed public school academy.

With respect to applications to a local school district, if the board of education of the local school district denies an application for a public school academy contract, the person who applied for the contract may petition such board to place the question of the issuance of the contract on a ballot to be decided by the school electors of the school district. The petition must contain the same requirements that are to be included in an application for a charter contract and must be signed by at least 5% of the school electors in that school district.

Within ten (10) days of issuing a charter contract for a public school academy, the authorizing body must submit to the Superintendent of Public Instruction a copy of the charter contract. The authorizing body must also adopt a resolution establishing the method of selection, length of term and number of members of the board of directors of each public school academy subject to its jurisdiction.

A public school academy contract must at least include the following: (a) the educational goals of the public school academy and methods by which it will be held accountable. The educational goals shall include demonstrated improved pupil academic achievements for all groups of pupils (to the extent applicable, the pupil performance must be assessed using the Michigan Educational Assessment Program ("MEAP") test or the Michigan Merit Exam; (b) a description of the method to be used to monitor the public school academy's compliance with applicable laws and its performance in meeting its educational objectives; (c) a description of the process for amending the charter contract during the term of the charter contract; (d) all the matters required to be included in the application to an authorizing body for a charter contract; (e) procedures and grounds for revoking the charter contract; (f) a description and address of the physical plant in which the public school academy will be located; (g) requirements and procedures for financial audits, which are to be conducted at least annually by a certified public accountant in accordance with generally accepted governmental auditing principles; (h) the term of the charter contract and a description of the process and standards for renewal of the charter contract at the end of the term; (i) a certificate signed by an authorized member of the public school academy board of directors that the public school academy will comply with the contract and all applicable law; (j) a requirement that the board of directors shall ensure compliance with the requirements of the Contracts of Public Servants with Public Entities Act, Act 317, Public Acts of Michigan, 1968, as amended, MCL §§ 15.321 to 15.330; (k) a requirement that the board of directors shall prohibit specifically identified family relationships between members of the board of directors, individuals who have an ownership interest in or who are officers or employees of an educational management organization involved in the operation of the public school academy and employees of the public school academy; (l) a requirement that the board of directors of a public school academy shall make information concerning its operation and management available to the public and to the authorizing body in the same manner as is required by State law for school districts; (m) a requirement that the board of directors of a public school academy maintain, and make available to the public and authorizing body, in accordance with applicable law and the charter contract, at least all of the following information: (i) a copy of the charter contract; (ii) a list of currently serving members of the board of directors, including name, address and term of office, copies of policies approved by the board of directors, board meeting agendas and minutes, copy of any budget approved by the board of directors and of any amendments thereto, and copies of bills paid for amounts of $10,000 or more as they were submitted to the board of directors; (iii) quarterly financial reports submitted to the authorizing body; (iv) a current list of teachers and school administrators that includes their individual salaries, copies of teaching or school administration certificates or permits, and evidence of compliance with the criminal background and records check and unprofessional conduct check required under State law for all teachers and administrators; (v) curriculum documents and materials given to the authorizing body; (vi) proof of insurance as required by the contract; (vii) copies of facility leases or deeds and

equipment leases; (viii) copies of any management or service contracts approved by the board of directors; (ix) all health and safety reports and certificates; (x) any management letters issued as part of the annual financial audit; and (xi) any other information specifically required by the Revised School Code; (n) a requirement that the authorizing body must review and may disapprove any agreement between the board of directors of a public school academy and an educational management organization before the agreement is final and valid. An authorizing body may disapprove an agreement only if the agreement is contrary to the contract or applicable law; (o) a requirement that the board of directors of the public school academy shall demonstrate all of the following to the satisfaction of the authorizing body with regard to its pupil admission process: (i) that the public school academy has made a reasonable effort to advertise its enrollment openings; (ii) that the open enrollment period for the public school academy is for a duration of at least two (2) weeks and that the enrollment times include some evening and weekend times; and (p) a requirement that the board of directors of the public school academy shall prohibit any individual from being employed by the public school academy in more than one (1) full-time position and simultaneously being compensated at a full-time rate for each of those positions.

Among the laws with which public school academies must comply are the Revised School Code, the State School Aid Act, the Open Meetings Act, the Freedom of Information Act, the Public Employment Relations Act, Prevailing Wages on State Projects Act, the Uniform Budgeting and Accounting Act, the Revised Municipal Finance Act and other State and federal laws applicable to public school academies.

Public school academies and their board members, officers and staff have governmental immunity. Public school academies may acquire, hold, and own in their own name buildings and other property for school purposes and may condemn property if certain conditions are met. Public school academies are exempt from all taxation on their earnings and property. They may not levy ad valorem property taxes or any other taxes for any purpose.

A public school academy may acquire by purchase, gift, devise, lease, sublease, installment purchase agreement, land contract, option, or by any other means, hold, and own in its own name buildings and other property for school purposes, and interests therein, and other real and personal property, including, but not limited to, interests in property subject to mortgages, security interests, or other liens, necessary or convenient to fulfill its purposes. For the purposes of condemnation, a public school academy may proceed under the Uniform Condemnation Procedures Act, Act 87, Public Acts of Michigan, 1980, as amended, MCL §§213.51 to 213.75, excluding MCL §§213.56 to 213.59, or other applicable statutes, but only with the express, written permission of the authorizing body in each instance of condemnation and only after just compensation has been determined and paid.

Location of a Public School Academy: Operation at Other Than a Single Site (MCL § 380.504(1))

A public school academy shall not operate at a site other than the site or sites requested for the configuration of age or grade levels that will use the site or sites, as specified in the charter contract. Under a contract, an authorizing body may permit a public school academy to operate the same configuration of age or grade levels at more than one (1) site, as long as the public school academy is operating in compliance with its charter contract and is making measurable progress toward meeting its educational goals. For a charter contract for a new public school academy, an authorizing body may permit a public school academy to operate the same configuration of age or grade levels at more than one (1) site, if the applicant for the proposed public school academy present documentation to the authorizing body demonstrating that the applicant's proposed educational model has resulted in schools making measurable progress toward meeting their education goals.

Tuition and Admission at Public School Academies (MCL § 380.504(2) and (5))

A public school academy may not charge tuition and may not discriminate in its pupil admissions policies or practices based on race, disability, religion, gender, test scores, intellectual or athletic ability, measures of achievement or aptitude, or any other basis prohibited by law. However, a public school academy may predetermine the ages, grades, and number of students it will serve. If the number of applications to enroll in the public school academy exceeds the school's enrollment capacity, the public school academy shall use a random selection process for selecting pupils. Public school academies may operate any grades from kindergarten through grade 12 and may also operate early childhood education programs, an adult basic education program, adult high school completion program, or general educational development testing preparation program.

Additional Powers of Public School Academies (MCL § 380.504a, 380.506)

In addition to other powers, a public school academy may take action to carry out its educational mission. For that purpose, a public school academy has the power to: (i) sue and be sued, (ii) acquire, hold, and own in its own name real and personal property for educational purposes, and sell or convey the property, (iii) receive, disburse, and pledge funds for lawful purposes, (iv) enter into binding legal agreements with persons or entities as necessary for the operation, management, financing, and maintenance of the public school academy, (v) incur temporary indebtedness as authorized by State statutes, (vi) solicit and accept grants or gifts for educational purposes and establish non-profit corporations for the purpose of assisting the public school academy in furtherance of its public purposes, and (vii) borrow money and issue bonds in accordance with relevant State statutes.

Bonds issued by a public school academy are full faith and credit obligations of the public school academy, pledging the general funds or any other money available for such a purpose. Bonds issued by a public school academy may be subject to the Revised Municipal Finance Act.

Public school academies, with the approval of the authorizing body, may employ or contract with personnel as necessary for the operation of the public school academy, prescribe their duties, and fix their compensation.

Teachers and Noncertified Individuals (MCL § 380.505)

Teachers in public school academies are subject to the same certification requirements as traditional public schools, with two exceptions. First, public school academies authorized by a State university may use as a classroom teacher a faculty member who is employed full-time by the university and has institutional tenure or is designated as being on tenure track. Second, public school academies authorized by a community college may use as a classroom teacher a full-time faculty member who has at least five years' experience in teaching the subject matter he or she is teaching at the public school academy. Public school academies may develop and implement new teaching techniques or make significant revisions to known techniques. Public school academies must report these practices to the authorizing body and the State Board.

Accountability of Public School Academies (MCL § 380.507(1))

The authorizing body of a public school academy must develop and implement a process for holding the public school academy accountable for meeting the standards elaborated in the contract between them.

Designation of Lowest Achieving Public School Academies (MCL 380.1280c)

Each year before September 1, the Superintendent of Public Instruction must publish a list of the lowest achieving 5% of all public schools in the state. Unless the schools are located in a district in which an emergency manager is in place, all schools on the list are placed under the supervision of the State School Reform/Redesign Office (the "SRO"). If a public school academy is included in the list, the board of directors of the public school academy must submit a redesign plan to the SRO within 90 days of its placement on the list. The redesign plan must require implementation of one of four intervention models from the federal incentive grant program created by the American Recovery and Reinvestment Act of 2009 (Public Law 111-5, title XIV, sections 14005 and 14006): the turnaround model, restart model, school closure, or transformation model. Within 30 days of receipt of the redesign plan, the SRO must approve, disapprove, or suggest changes to the plan. If the SRO suggests changes, the board of directors has 30 days to incorporate the changes and resubmit the plan. If the SRO approves the plan, the board of directors must implement the plan and submit monitoring reports to the SRO. The board of directors may appeal the SRO's disapproval to the Superintendent of Public Instruction, whose decision on the matter is final.

Oversight of Lowest Achieving Public School Academies (MCL 380.1280c)

If the State School Reform/Redesign Office (the "SRO") does not approve the plan or decides the plan is not achieving the desired results, the SRO must place the public school academy in a state school reform/redesign school district and impose one of the four intervention models listed above. If a public school academy is placed in a state school reform/redesign school district, the SRO has authority over the expenditure of all funds attributable to pupils at the school, including bond proceeds, and the power to terminate any of the public school academy's contracts or portions of its contracts. The SRO may make a recommendation to the Superintendent of Public

Instruction that a Chief Executive Officer (CEO) take control of multiple public schools with the same authority as the SRO. If the SRO imposes the restart model, the SRO or CEO must enter an agreement with an educational management organization to operate the schools and provide oversight. If the SRO decides that a school in a state school reform/redesign district has made significant improvement in pupil achievement, then it may release the school from the measures imposed.

Reformation or Revocation of a Contract (MCL 380.507(5)-(9))

If a public school academy is listed among the lowest achieving 5% of all public schools in the state for three consecutive years, the State School Reform/Redesign Office (the "SRO") must notify the authorizing body. The authorizing body then must amend the public school academy's contract to eliminate its authority to operate the existing age and grade levels at the site. If the public school academy only operates at one site, the authorizing body must revoke its contract entirely. A public school academy may not appeal the reconstitution or revocation of its contract. However, an authorizing body may choose to take corrective measures to avoid revocation. The authorizing body must reconstitute the contract to include these measures. Some examples include canceling a contract with an educational management organization or appointing a new board of directors. If an authorizing body chooses to revoke the contract, it must return any school aid funds attributable to the affected pupils to the state treasurer.

If the SRO determines that a public school academy subject to closure is the only reasonably available public school option for students in the area, it may decide to rescind the notice to the authorizing body, but must require the public school academy to implement a school improvement plan that increases pupil proficiency, as measured by performance on state assessments.

THE CHARTER SCHOOL LAWS AND SCHOOL AID ACT ARE SUBJECT TO MODIFICATION BY THE MICHIGAN LEGISLATURE. THE AMOUNT, TIMING AND METHODOLOGY FOR CALCULATION OF STATE AID PAYMENTS HAS CHANGED SIGNIFICANTLY IN RECENT YEARS, AND IS SUBJECT TO FUTURE LEGISLATIVE CHANGES.

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APPENDIX F

FORM OF INDENTURE

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APPENDIX F

FORM OF INDENTURE

TRUST INDENTURE

BETWEEN

TRILLIUM ACADEMY

AND

U.S. BANK NATIONAL ASSOCIATION

as Trustee

RELATING TO:

$[Par]
TRILLIUM ACADEMY
Public School Academy Refunding Bonds, Series 2018

Dated as of _____ 1, 2018

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TRUST INDENTURE

THIS TRUST INDENTURE ("Indenture") dated as of _____ 1, 2018, between TRILLIUM ACADEMY, a Michigan public school academy (the "Academy"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as trustee, and its successors in trust and its assignees (the "Trustee"), being authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America.

WHEREAS, the Revised School Code, Act 451, Public Acts of Michigan, 1976, as amended (the "School Code"), authorizes public school academies to acquire real and personal property or interests in real or personal property, and finance their activities by purchase, gift, grant, devise, bequest, lease, sublease, installment purchase agreement, land contract option or condemnation and subject to mortgages, security interests or other liens; and

WHEREAS, the School Code also authorizes public school academies to borrow money and issue bonds to defray all or a part of the cost of purchasing, erecting, completing, remodeling, or equipping, or reequipping, except for equipping or reequipping for technology, school buildings, including library buildings, structures, athletic fields, playgrounds, or other facilities, or parts of or additions to those facilities; furnishing or refurnishing new or remodeled school buildings; acquiring, preparing, developing, or improving sites, or parts of or additions to sites, for school buildings, including library buildings, structures, athletic fields, playgrounds, or other facilities; purchasing school buses; acquiring, installing, or equipping or reequipping school buildings for technology or accomplishing a combination of these purposes; and

WHEREAS, the School Code also authorizes public school academies to issue refunding bonds in accordance with Article VI of the Revised Municipal Finance Act, Act 34, Public Acts of Michigan, 2001, as amended; and

WHEREAS, the Academy is a Michigan public school academy duly organized and validly existing and desires to issue its bonds for the following purposes: (i) to currently refund the Academy's Full Term Certificates of Participation, Series 2005 in the original principal amount of $7,200,000, dated as of September 1, 2005 (the "2005 Prior Obligation") and its Full Term Certificates of Participation, Series 2007 in the original principal amount of $5,065,000, dated as of November 1, 2007 (the "2007 Prior Obligation" and together with the 2005 Prior Obligation, the "Prior Obligations"); (ii) fund a debt service reserve fund; and (iii) pay certain costs associated with the issuance of the bonds; and

WHEREAS, in order to finance the costs of the above, the Academy is issuing its $[Par] Public School Academy Refunding Bonds, Series 2018 (the "Bonds") pursuant to and secured by this Indenture; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued and delivered as provided in this Indenture, the legal, valid, binding and enforceable full faith and credit obligation of the Academy, according to the import thereof, and to create a

valid assignment and pledge of the Security for the payment of the Bonds have been done and performed, and the execution and delivery of this Indenture and the execution, issuance and delivery of the Bonds, subject to the terms herein, have in all respects been authorized.

NOW, THEREFORE, in consideration of the premises and of the covenants and undertakings herein expressed, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

In addition to terms elsewhere defined in this Indenture, the following words and terms as used in this Indenture and the preambles hereto shall have the following meanings unless the context or use clearly indicates another or different meaning or intent and such definitions shall be equally applicable to both the singular and plural forms of the terms and words herein defined:

"Academy" means Trillium Academy, a Michigan public school academy, organized and existing under the laws of the State of Michigan, and its successors and assigns.

"Academy Documents" means this Indenture, the Mortgage, the Bond Purchase Agreement, the State School Aid Agreement, the Tax Certificate, the Continuing Disclosure Agreement, the Environmental Indemnification Agreement and each of the other agreements, certificates, contracts or instruments to be executed by the Academy in connection with the issuance of the Bonds.

"**Act of Bankruptcy"** means the filing of a petition in bankruptcy (or the other commencement of a bankruptcy or similar proceeding) by the Academy, or any Insider of the Academy under any applicable bankruptcy, insolvency, reorganization or similar law, now or hereafter in effect.

"Additional Bonds" means any Additional Bonds authorized and issued pursuant to Section 3.08 herein and in accordance with Section 4.06 of herein.

"Authorized Denominations" means denominations of $5,000 or any integral multiple in excess thereof.

"Authorized Officer" means, the President or Secretary of the Board of Directors, or the Director of the Academy and, when used with reference to the performance of any act, the discharge of any duty or the execution of any certificate or other document, any officer, employee or other person authorized by resolution of the Academy's Board of Directors to perform such act, discharge such duty or execute such certificate or other document.

"Authorizer" means the Central Michigan University Board of Trustees or any successor authorizer.

"Beneficial Owner" means, when the Bonds are held in a book-entry only system, the owner of a Bond or portion thereof for federal income tax purposes.

"Bond" or "Bonds" means the Bonds authorized to be issued pursuant to Article III herein.

"Bond Counsel" means a firm of nationally recognized attorneys at law acceptable to the Academy and experienced in legal work relating to the issuance of bonds the interest on which is excluded from gross income for federal income tax purposes under Section 103(a) of the Code.

"Bond Interest Fund" means the fund by that name created pursuant to Section 5.02 herein.

"Bond Principal Fund" means the fund by that name created pursuant to Section 5.02 herein.

"Bond Purchase Agreement" means the Bond Purchase Agreement, dated _____, 2018, relating to the initial purchase of the Bonds between the Underwriter and the Academy.

"Bond Register" means the books of the Academy kept by the Trustee to evidence the registration of, transfer and exchange of Bonds.

"Bond Resolution" means a resolution adopted by the Academy on December 20, 2017, authorizing and approving the issuance and sale of the Bonds pursuant to this Indenture.

"Bond Year" means any twelve month period commencing [November 1 and ending October 31] of the following calendar year.

"Bondholder" or "Holder" means the Beneficial Owner or the Registered Owner of any Bond.

"Business Day" means any day other than: (a) a Saturday; (b) a Sunday; (c) a day on which banking institutions in the city in which the principal corporate trust office of the Trustee (or its bond registrar or paying agent) is located are closed; or (d) a day on which the New York Stock Exchange is closed or the payment system of the Federal Reserve is not operational.

"Capital Lease" or "Capital Leases" means any lease or leases required to be capitalized in accordance with generally accepted accounting principles of governmental entities in Michigan.

"Capital Lease Payments" means the provision for payment on Capital Leases from the Revenue Fund as provided in Section 5.27 herein.

"Capital Needs Assessment" means the assessment required pursuant to Section 4.19 herein.

"Cash on Hand" means the sum of cash, cash equivalents, liquid investments and unrestricted marketable securities, including the Repair and Replacement Fund, but not including the Bond Interest Fund, Bond Principal Fund, Debt Service Reserve Fund (valued at the lower of cost or market) of the Academy less any net liability arising from a short-term borrowing in which the Academy has pledged its State School Aid. "Net liability" means the amount of the outstanding principal and interest of the short term borrowing in excess of amounts previously set aside for repayment of such borrowing, including for such purpose the amount of the revenues pledged by the Academy for such short-term borrowing.

"Cash on Hand Requirement" means the Cash on Hand required to be maintained by the Academy under Section 4.07 of this Indenture.

"Cede & Co." means Cede & Co., the nominee of the Depository, and any successor nominee of the Depository.

"Closing Date" means _____, 2018.

"Code" means the Internal Revenue Code of 1986, as amended, and the rulings and regulations (including temporary and proposed) promulgated thereunder and under the Internal Revenue Code of 1954, as amended.

"Conditional Redemption" shall have the meaning given in Section 3.15 of this Indenture.

"Consulting Architect" means an independent, individual, licensed architect or engineer or independent, licensed engineering or architectural firm (which may be an individual or an engineering or architectural firm retained by the Academy for other purposes) selected by the Academy.

"Consulting Architect's Certificate" means a written opinion or report signed by the Consulting Architect.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement, dated as of _____ 1, 2018, entered into between the Academy and U.S. Bank National Association, as dissemination agent, or any permitted successor dissemination agent under the terms of the Continuing Disclosure Agreement for the benefit of the Bondholders and in order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934, as amended.

"Cost of Issuance Fund" means the fund by that name created pursuant to Section 5.02 herein.

"Counsel" means an attorney, or firm thereof, admitted to practice law before the highest court of any state in the United States of America or the District of Columbia.

"Days Cash on Hand" shall have the meaning given in Section 4.07 of this Indenture.

"Debt Service Coverage Ratio" means for any period of time the ratio determined by dividing the Net Income Available for Debt Service for such period by Long-Term Indebtedness.

"Debt Service Reserve Fund" means the fund by that name created pursuant to Section 5.02 herein.

"Debt Service Reserve Fund Requirement" means an amount equal to the least of: (a) the maximum annual principal and interest requirements on the Bonds, excluding the annual Principal and Interest Requirement in the last year the Bonds are Outstanding, and any Additional Bonds for the then-current or any succeeding Bond Year; (b) 125% of the average annual principal and interest requirements on the Bonds and any Additional Bonds; or (c) 10% of the original principal amount of the Bonds and any Additional Bonds (net of original issue discount), determined at the time of initial issuance of the Bonds and any Additional Bonds and on the first day of each Fiscal Year thereafter while any Bonds or Additional Bonds are Outstanding. The initial amount of the Debt Service Reserve Fund Requirement shall be $_____.

"Department" means the Michigan Department of Treasury.

"Depository" means any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book entry system to record ownership of book entry interests in bonds, and to effect transfers of book entry interests in Bonds in book entry form, the use of which will not impair the federal tax exemption of interest on the Bonds, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York ("DTC").

"Determination of Taxability" means a determination that the interest on any of the Bonds is included in gross income for federal income tax purposes, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following:

(a) the day on which the Academy is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that, based upon any filings of the Academy, or upon any review or audit of the Academy, or upon any other grounds whatsoever, the interest on the Bonds is includable for federal income tax purposes in the gross income of any current or former Bondholder thereof;

(b) the day on which the Academy receives notice from the Trustee in writing that the Trustee has been advised in writing by any current or former Bondholder of a Bond that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice to such current or former Bondholder which asserts in effect that the interest on the Bonds received by such current or former Bondholder is includable for federal income tax purposes in the gross income of such current or former Bondholder;

(c) the day on which the Academy is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that there has been issued a public or private ruling of the Internal Revenue Service or a technical advice memorandum issued by the national office of the Internal Revenue Service that the interest on the Bonds is includable for federal income tax purposes in the gross income of any current or former Bondholder of a Bond;

(d) the day on which the Academy is advised in writing that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America in a proceeding with respect to which the Academy has been given written notice and an opportunity to participate and defend that the interest on the Bonds is includable for federal income tax purposes in the gross income of any current or former Bondholder of a Bond; or

(e) the date specified in a written opinion to the Academy from Bond Counsel as the day on which interest on the Bonds first became or will become includable for federal income tax purposes in the gross income of any current or former Bondholder of a Bond;

provided, however, no Determination of Taxability shall occur under subparagraph (a), (b) or (c) of this paragraph unless the Academy has been afforded the opportunity, at its expense, to contest any such conclusion and/or assessment after furnishing the Trustee, within 30 days after the occurrence of an event described in subparagraph (a), (b) or (c) of this paragraph, with an opinion of Bond Counsel to the effect that there is a reasonable likelihood that the Academy will prevail in such contest, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined. The Academy shall promptly notify the Trustee of any event described in subparagraph (a), (c), (d) or (e) of this paragraph and shall further promptly notify the Trustee of any final determination if the Academy has contested under subparagraph (a), (b) or (c) of this paragraph. The Academy shall be deemed to have been afforded the opportunity to contest the occurrence of a Determination of Taxability if it shall have been permitted to commence and maintain any action in the name of any current or former Bondholder of a Bond to judgment and through any appeals therefrom or other proceedings related thereto.

"Disbursement Date" means a date not later than one Business Day after receipt by the Trustee of State Aid Payments pursuant to this Indenture.

"Educational Consultant" means an independent, professional firm or corporation experienced in providing educational consulting services to public charter schools and having a favorable reputation in the field.

"Eligible Investments" shall mean such of the following as shall mature, or shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates when the moneys will be required for the purposes intended:

(a) Governmental Obligations;

(b) Any bonds or other obligations of any state of the United States of America or of any local governmental unit of any such state which: (i) are rated at the time of purchase in the highest rating category by Standard & Poor's Ratings Services based on an irrevocable escrow; (ii) are not callable unless, if applicable, irrevocable instructions have been given to the trustee of such bonds to give due notice of redemption and to call such bonds for redemption on the date(s) specified in such instructions; and (iii) are secured by cash and/or Government Obligations;

(c) Direct and general obligations of any state of the United States of America, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, provided such obligations are rated at the time of purchase in either of the two highest rating categories by Standard & Poor's Ratings Services;

(d) Obligations of any state of the United States of America or any local governmental unit of any such state which shall be rated at the time of purchase in the highest rating category by Standard & Poor's Ratings Services;

(e) Certificates that evidence ownership of the right to payments of principal or interest on the obligations described in Subsection (i), provided that: (i) such obligations shall be held in trust by a bank or trust company or a national banking association meeting the requirements for a successor Trustee under Section 11.04 herein; (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying Government Obligations; and (iii) the underlying Government Obligations are held in a special account separate from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated;

(f) Certificates of deposit, whether negotiable or nonnegotiable, and banker's acceptances of any bank in the United States whose deposits are insured by the Federal Deposit Insurance Corporation or its successor, including the Trustee and its affiliates, or any savings and loan association in the United States whose deposits are insured by the Federal Deposit Insurance Corporation or its successor, provided that such certificate of deposit or banker's acceptance is from a bank or from a savings and loan association having a combined capital and surplus aggregating at least Fifty Million Dollars ($50,000,000) provided further that such certificate of deposit or banker's acceptance is secured by Government Obligations with a market value equal to the principal amount of such certificate of deposit or banker's

acceptance over the amount guaranteed by the Federal Deposit Insurance Corporation or its successor, and provided further that such certificate of deposit or banker's acceptance is rated at least A-1+ by Standard & Poor's Ratings Services at the time of purchase and has a maturity of not more than 365 days;

(g) U.S. dollar denominated deposit accounts, federal funds with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's Ratings Services and "P-1" by Moody's Investors Service (including the Trustee and its affiliates), and maturing no more than 360 days after the date of purchase, provided such investments are permitted by 1855 PA 105, as amended. (Ratings on holding companies are not considered as the rating of the bank). The Trustee may conclusively rely upon the Academy's instructions as to compliance with this Subsection (g);

(h) Commercial paper of a United States corporation or finance company, other than that issued by bank holding companies, rated at the date of investment in the highest rating category by Standard & Poor's Ratings Services;

(i) To the extent approved by the Department, debentures or notes issued by any of the following Federal agencies: Bank for Cooperatives, Federal Intermediate Credit Bank, Federal Loan Bank, Export-Import Bank of the United States, Government National Mortgage Association or Federal Land Bank (including participation certificates issued by such agencies) and all other obligations issued or in the opinion of the Attorney General of the United States unconditionally guaranteed as to principal and interest by any agency or person controlled or supervised by and acting as an instrumentality of the United States of America pursuant to authority granted by the Congress;

(j) Securities of, or other interests in, a no-load, open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. §§80a-1 to 80a-64, so long as the portfolio of the investment company or investment trust is limited to: (i) United States government obligations, U.S. agency obligations and repurchase agreements fully collateralized by United States government and agency obligations and the investment company or investment trust takes delivery of the collateral for any repurchase agreement either directly or through an authorized custodian; or (ii) securities of, or other investments in, an investment company or investment trust which meets the foregoing requirements, and is rated at least "AAAm" or "AAAm-G" by Standard & Poor's Ratings Services, including those for which the Trustee or an affiliate performs services for a fee, whether as a custodian, transfer agent, investment advisor or otherwise; and

(k) Any investment authorized under the Michigan Revised School Code, Act 451, Public Acts of Michigan, 1976, as amended.

Ratings of Eligible Investments referred to herein shall be determined at the time of purchase of such Eligible Investments and without regard to ratings subcategories. The Trustee shall have no responsibility to monitor the ratings of Eligible Investments after the initial purchase of such Eligible Investments, including at the time of the reinvestment of proceeds thereof.

"Environmental Damages" means all claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability), encumbrances, liens, privileges, costs, and expenses of investigation and defense of any claim, whether or not such claim is ultimately defeated, and of any good faith settlement or judgment, of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, including without limitation reasonable attorneys' fees and expert consultants' fees and disbursements, any of which are incurred at any time as a result of the existence of Regulated Chemicals upon, about, beneath or migrating, or threatening to migrate, onto or from the Facilities, or the existence of a violation of Environmental Requirements pertaining to the Facilities, regardless of whether or not such Environmental Damages were caused by or within the control of the Academy, but only to the extent that such Environmental Damages were caused by conditions existing at the Facilities before or during the Academy's use thereof.

"Environmental Indemnification Agreement" means the Environmental Indemnification Agreement, dated as of _____ 1, 2018, entered into by the Academy in favor of the Trustee.

"Environmental Law" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by SARA, 42 U.S.C. §§ 9601 *et seq*., the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1810 *et seq*., the Toxic Substances Control Act, 15 U.S.C. §§ 2601 *et seq*., the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §§ 6901 *et seq.*, the Clean Water Act, 33 U.S.C. §§ 1251 *et seq*. and the Clean Air Act, 42 U.S.C. §§ 7412 *et seq*., and any other applicable federal or state laws pertaining to the protection of the environment, as any such laws may be amended, modified or supplemented and any regulations promulgated pursuant to any of the foregoing.

"Environmental Report" means any Environmental Assessment or Tests (each as defined in Section 7.08 herein), or other environmental report or audit conducted at the Facilities for any reason.

"Environmental Requirements" means all applicable federal, State, regional or local laws, statutes, rules, regulations or ordinances, concerning public health, safety or the environment, including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601, *et seq*., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Solid and Hazardous Waste Amendments of 1984, 42 U.S.C. §§ 6901, *et seq*., the Federal Water Pollution Control Act,

as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251, *et seq*., the Toxic Substances Control Act of 1976, 15 U.S.C. §§ 2601, *et seq*., the Emergency Planning and Community Right-To-Know Act of 1986, 42 U.S.C. §§ 11001, *et seq*., the Clean Air Act of 1966, as amended, 42 U.S.C. §§ 7401, *et seq*., the National Environmental Policy Act of 1975, 42 U.S.C. § 4321, the Rivers and Harbors Act of 1899, 33 U.S.C. §§ 401 *et seq.*, the Endangered Species Act of 1973, as amended 16 U.S.C. §§ 1531, *et seq*., the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651, *et seq.*, the Safe Drinking Water Act of 1974, as amended 42 U.S.C. §§ 300(f), *et seq*., and all rules and regulations promulgated thereunder, and any State, regional, parish or local statute, law, rule, regulation or ordinance relating to public health, safety or the environment, including, without limitation those relating to:

(a) releases, discharges, emissions or disposals to air, water, land or groundwater;

(b) the withdrawal or use of groundwater;

(c) the use, handling, or disposal of polychlorinated biphenyls ("PCBs"), asbestos or urea formaldehyde;

(d) the transportation, treatment, storage, disposal, release or management of hazardous substances or materials (including, without limitation, petroleum, its derivatives, by-products or other hydrocarbons), and any other solid, liquid, or gaseous substance, exposure to which is prohibited, limited or regulated, or may or could pose a hazard to the health and safety of the occupants of the Facilities or any property adjacent to or surrounding the Facilities;

(e) the exposure of persons to toxic, hazardous, or other controlled, prohibited or regulated substances; and

(f) any other Regulated Chemical.

"Escrow Fund" means the Escrow Fund established pursuant to the Section 5.09 herein.

"Expense Fund" means the fund by that name created pursuant to Section 5.02 herein.

"Event of Default" means any of the events specified in Section 10.01 herein.

"Facilities" means school facilities located at 15740 Racho Road, Taylor, Michigan 48180.

"Fiscal Year" means the Academy's fiscal year, which currently begins on July 1 and ends on June 30 of each calendar year.

"Funds" means the Bond Principal Fund, the Bond Interest Fund, the Debt Service Reserve Fund, the Cost of Issuance Fund, the Expense Fund, the Rebate Fund, the Repair and

Replacement Fund, the Revenue Fund, and any other funds, accounts or subaccounts held by the Trustee as set forth in Article V hereunder.

"Government Obligations" means obligations of the United States, its agencies, or United States government sponsored enterprises, or obligations the payment of principal of and interest on which is unconditionally guaranteed by the United States or its agencies.

"Indebtedness" means all Long-Term Indebtedness, Short Term Indebtedness and Capital Leases.

"Indenture" means this Trust Indenture, as amended or supplemented from time to time as permitted herein.

"Insider" means an "insider" as defined in Title 11 of the United States Code, as amended from time to time, or any substitute or replacement legislation (the "Bankruptcy Code").

"Interest Payment Date" means each [May 1 and November 1, commencing November 1, 2018].

"Issue Date" means the date on which the Bonds are delivered to the purchaser or purchasers thereof upon original issuance.

"Letter of Representations" means the blanket agreements of the Academy to comply with the operational arrangements of The Depository Trust Company and any similar agreements with respect to a successor Depository.

"Long-Term Indebtedness" means all indebtedness, other than Capital Leases, the final maturity of which (taking into account any extensions available at the sole option of the Academy) is greater than one year after the initial incurrence thereof.

"Management Agreement" means an agreement between the Academy and a management company relating to the management of the Academy's operations.

"Management Consultant" means an independent professional firm or corporation hired by the Academy per the terms of Sections 4.07 and 4.08 of this Indenture.

"Maximum Rate" means the maximum interest rate permitted by law.

"Mortgage" means the Mortgage, dated as of _____ 1, 2018, between the Academy, as mortgagor, and the Trustee, as mortgagee.

"Net Income Available for Debt Service" means, for any period of determination thereof, Pledged Revenues of the Academy for such period, minus Operating Expenses for such period but excluding: (a) any profits or losses which would be regarded as extraordinary items under generally accepted accounting principles of governmental entities in Michigan; (b) cancellation of

indebtedness; (c) proceeds of the Bonds, Additional Bonds and any other Long-Term Indebtedness permitted by this Indenture; (d) proceeds of insurance policies, other than policies for business interruption insurance, maintained by or for the benefit of the Academy, the proceeds of any sale, transfer or other disposition of the Facilities or any other of the Academy's assets by the Academy, and any condemnation or any other damage award received by or owing to the Academy; and (e) interest due on the Bonds.

"Net Proceeds" means, when used with respect to any insurance payment or condemnation award, the gross proceeds thereof less the expenses (including attorneys' fees) incurred in the collection of such gross proceeds.

"Operating Expenses" means fees and expenses of the Academy incurred with respect to the operation of the Academy, including interest payments, maintenance, repair expenses**,** utility expenses, real estate taxes, if any, insurance premiums, administrative and legal expenses, miscellaneous operating expenses, advertising and promotion costs, payroll expenses (including taxes), the cost of material and supplies used for current operations of the Academy, the cost of vehicles, equipment leases and service contracts, taxes, if any, upon the operations of the Academy not otherwise mentioned herein, charges for the accumulation of appropriate reserves (excluding deposits to the Repair and Replacement Fund) for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with generally accepted accounting principles of governmental entities in Michigan, all in such amounts as reasonably determined by the Academy; provided, however, "Operating Expenses" shall <u>not</u> include: (a) spending for items which could reasonably be accounted for as capital expenditures under generally accepted accounting principles of governmental entities in Michigan; (b) deposits into and expenditures from the Repair and Replacement Fund; (c) depreciation and amortization expenses; or (d) replenishments of the Debt Service Reserve Fund.

"Outstanding", when used with reference to the Bonds at any date as of which the amount of outstanding Bonds is to be determined, means all Bonds which have been authenticated and delivered by the Trustee hereunder, except:

(a) Bonds canceled or delivered for cancellation at or prior to such date;

(b) Bonds deemed to be paid in accordance with Section 9.02 herein;

(c) Bonds in lieu of which others have been authenticated under Sections 3.09 or 3.10 herein; and

(d) For purposes of any consent, request, demand, authorization, direction, notice, waiver or other action to be taken by the Bondholders of a specified percentage of Outstanding Bonds hereunder, all Bonds held by or for the account of the Academy, except that for purposes of any such consent, request, demand, authorization, direction, notice, waiver or action the Trustee shall be obligated to consider as not being Outstanding only Bonds of which the Trustee has actual notice to be so held.

"Participant" or **"Participants"** means securities brokers and dealers, banks, trust companies and clearing corporations which participate in the Depository with respect to the Bonds.

"Permitted Encumbrance" means, as of any particular time, those items described in the Mortgage and any of the following:

(a) liens for taxes and special assessments on the Facilities not then delinquent;

(b) the Mortgage;

(c) purchase money security interests and leases with respect to any item of equipment related to the Facilities;

(d) utility, access, and other easements and rights-of-way, mineral rights and reservations, restrictions and exceptions which would not in the aggregate (i) materially interfere with or impair any present use of the Facilities or any reasonably probable future use of the Facilities, or (ii) materially reduce the value which would be reasonably expected to be received for the Facilities upon any sale (including any foreclosure of the security interest granted by the Mortgage);

(e) mechanics' and materialmen's liens related to the Facilities when payment of the related bill is not overdue;

(f) mechanics' and materialmen's liens, security interests or other encumbrances related to the Facilities to the extent permitted in Section 8.01 herein;

(g) judgment liens against the Academy so long as such judgment is being contested and execution thereon is stayed or while the period for responsive pleading has not lapsed;

(h) (i) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license or permit, or provision of law, affecting the Facilities, to: (A) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of the Facilities or materially and adversely affect the value thereof; or (B) purchase, condemn, appropriate, or recapture, or designate a purchaser of, the Facilities; (ii) liens on the Facilities for taxes, assessments, levies, fees, water and sewer charges, and other governmental and similar charges not yet due or delinquent; (iii) easements, rights-of-way, servitudes, restrictions and other minor defects, encumbrances and irregularities in the title to the Facilities which do not materially impair the use of the Facilities or materially and adversely affect the value thereof; or (iv) rights reserved to or vested in any municipality or public authority to control or regulate the Facilities or to use the Facilities in any manner, which rights do not materially impair the use of the Facilities or materially and adversely affect the value thereof;

(i) liens and any other restrictions, exceptions, leases, easements or encumbrances which are existing on the date of initial issuance and delivery of the Bonds as set forth in the Mortgage, provided that no such lien (or the amount of Indebtedness secured thereby), restriction, exception, lease, easement or encumbrance may be increased, extended, renewed or modified to apply to the Facilities not subject to such lien on such date, unless such lien as so extended, renewed or modified or otherwise qualified as a Permitted Encumbrance hereunder or is otherwise permitted pursuant to Section 4.06 herein;

(j) liens on the Facilities and the Pledged Revenues or any Indebtedness which meet the conditions described in Section 4.06 herein; and

(k) liens on the Facilities and the Pledged Revenue (subordinate to the Mortgage) to secure payment of indebtedness subordinate to the obligations of the Academy under Section 4.06 herein.

"Person" means any natural person, firm, partnership, association, limited liability company, corporation, or public body.

"Pledged Revenues" means, regardless of the source, all revenues, rentals, fees, third-party payments, receipts, donations, contributions or other income of the Academy, to the extent permitted thereby and by law, including accounts receivables or other rights to receive such revenues, including, without limitation, State Aid Payments, proceeds derived from insurance, condemnation proceeds, accounts, contract rights and other rights and assets, whether now or hereafter owned, held or possessed by the Academy; and all gifts, grants, bequests and contributions (including income and profits therefrom) to the extent permitted by the terms thereof and by law.

"Principal and Interest Requirement on Long-Term Indebtedness" means, for any Fiscal Year, and subject to the provisions of this Indenture, the amount required to pay the interest and principal for Long-Term Indebtedness in such Fiscal Year, excluding "funded interest" from the proceeds of such Long-Term Indebtedness and excluding interest earnings on the Debt Service Reserve Fund at the then current interest rate per annum, to be determined on the assumption that all Bonds will be retired at their stated maturities except for those Bonds which are required by this Indenture to be redeemed prior to their stated maturities from sinking fund payments the Academy is required by this Indenture to make for such a purpose, which Bonds will be assumed to be retired on their respective scheduled mandatory redemption dates.

"Principal Payment Date" means each [November 1, commencing November 1, 2019].

"Prior Obligations" mean, collectively, the Academy's Full Term Certificates of Participation, Series 2005 in the original principal amount of $7,200,000, dated as of September 1, 2005 and its Full Term Certificates of Participation, Series 2007 in the original principal amount of $5,065,000, dated as of November 1, 2007.

"Rating Agency" means Moody's Investors Service, Fitch Ratings and/or Standard & Poor's Ratings Services or their successors and assigns, according to which of such rating agencies then rates the Bonds; and provided that if none of such rating agencies then rates the Bonds, the term "Rating Agency" shall be deemed to refer to any nationally recognized securities rating agency.

"Rebate Amount" means the amount of arbitrage computed periodically and as required for payment as of the last day of every fifth Rebate Year and required to be rebated to the United States pursuant to Section 148 of the Code and the Treasury Regulations promulgated thereunder and any successor regulation as may be applicable thereto.

"Rebate Analyst" means an independent certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution, experienced in making the arbitrage and rebate calculations required pursuant to Section 148(f) of the Code, selected and retained and compensated by the Academy to make the computations and give the directions required under Section 5.16 of this Indenture and the Tax Certificate.

"Rebate Fund" means the fund by that name created pursuant to Section 5.02 herein.

"Rebate Year" means the period beginning on the Issue Date and ending on [_____ 30/31, 2023], and for all other Rebate Years, the five year period beginning on the day after the end of the preceding Rebate Year and ending on [_____ 30/31] in the fifth year of such period, as the case may be, unless the Academy, and the Trustee are advised by the Rebate Analyst that another period is required by law; provided, however, that the last Rebate Year for the Bonds shall end on the Retirement Date.

"Record Date" means with respect to each Interest Payment Date the fifteenth day of the calendar month next preceding such Interest Payment Date, regardless whether such day is a Business Day.

"Redemption Date" means _____, 2018.

"Registered Owner" means the person or persons in whose name or names a Bond is registered on the registration books of the Academy maintained by the Trustee for that purpose in accordance with the terms of this Indenture.

"Regulated Chemicals" means any substance, the presence of which requires investigation, permitting, control or remediation under any federal, State or local statute, regulation, ordinance or order, including without limitation:

(a) any substance defined as "hazardous waste" under the Resource Conservation and Recovery Act, as amended (42 U.S.C. §§ 6901 *et seq*.);

(b) any substance defined as a "hazardous substance" under the Comprehensive Environmental Response, Compensation and Liability Act, as amended (42 U.S.C. §§ 9601 *et seq*.);

(c) any substance defined as a "hazardous material" under the Hazardous Materials Transportation Act (49 U.S.C. §§ 1800 *et seq*.);

(d) any substance defined under any Michigan statute analogous to (a), (b) or (c), to the extent that said statute defines any term more expansively;

(e) asbestos;

(f) urea formaldehyde;

(g) polychlorinated biphenyls;

(h) petroleum, or any distillate or fraction thereof;

(i) any hazardous or toxic substance designated pursuant to the laws of the State; and

(j) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority.

"Repair and Replacement Fund" means the fund by that name created pursuant to Section 5.02 herein.

"Repair and Replacement Fund Requirement" means the amount of $250,000 subject to the payment requirements and limitations set forth in Section 5.25 herein

"Retirement Date" means the date on which the last Bond is paid or redeemed and cancelled.

"Revenue Fund" means the fund by that name created pursuant to Section 5.02 herein.

"Security" means the revenues, funds, rights and interests specified in Section 4.01 herein.

"Short-Term Indebtedness" means any indebtedness other than Long-Term Indebtedness and Capital Leases, evidenced by notes, commercial paper, a bank line of credit or any other instrument to finance operating or other costs of the Academy, subject to the limitations set forth in Section 4.06 herein.

"Short-Term Indebtedness Repayment" means the repayment of Short-Term Indebtedness from the Revenue Fund as provided in Section 5.26 herein.

"State" means the State of Michigan.

"State Aid Payments" means the payments received by the Academy from the State under the State School Aid Act (Act 94, Public Acts of Michigan, 1979, as amended), as directed to the Trustee pursuant to the State School Aid Payment Agreement.

"State School Aid Payment Agreement" means the State School Aid Payment Agreement, dated as of _____ 1, 2018, between the Trustee and the Academy, as acknowledged by the Authorizer.

"Tax Certificate" means the Non-Arbitrage and Tax Compliance Certificate as to the federal arbitrage rules under Sections 103 and 141-150 of the Code and the Treasury Regulations promulgated thereunder, dated the Closing Date.

"Treasury Regulations" means the regulations promulgated by the United States Department of Treasury for the interpretation of the Code.

"Trustee" means U.S. Bank National Association, a national banking association, acting in its capacity as the trustee under this Indenture, and any permitted successor trustee under Article XI of this Indenture.

"Trust Estate" means the Pledged Revenues, and property pledged, assigned and mortgaged to the Trustee pursuant to the Mortgage.

"Trustee's Expenses" means the reasonable expenses incurred by the Trustee under this Indenture, including reasonable counsel fees (including fees at trial or appellate proceedings).

"Trustee's Fees" means the annual fee of the Trustee payable to the Trustee as Trustee, Bond Registrar and Paying Agent under this Indenture, provided that such fee does not include amounts due, if any, for extraordinary services and expenses of the Trustee. The Academy shall pay the Trustee's Fee pursuant to this Indenture.

"UCC" means the Uniform Commercial Code of the State as now or hereafter amended, whether or not such code is applicable to the parties or the transaction.

"Underwriter" means Herbert J. Sims & Co., Inc.

ARTICLE II
THE REFUNDING

SECTION 2.01 Description of the Refunding.

The Proceeds of the Bonds will be used for the following purposes: (i) to refund the Prior Obligations; (ii) to fund the Debt Service Reserve Fund; and (iii) to pay certain costs associated with the issuance of the Bonds.

SECTION 2.02 Agreement to Issue Bonds; Application of Bond Proceeds and Other Moneys.

In order to provide funds to refund the Prior Obligations, the Academy will sell and cause to be delivered to the initial purchasers thereof the Bonds and hereby authorizes and directs the Trustee to deposit or transfer the proceeds of the Bonds as follows:

(i) into the Escrow Fund the amount of $_____ to currently refund the Prior Obligations;

(ii) into the Debt Service Reserve Fund the amount of $_____; and

(iii) into the Cost of Issuance Fund the amount of $_____.

The Academy will cause to be transferred into the Escrow Fund the amount of $_____ from debt service fund and $_____ from the debt service reserve fund relating to the 2005 Prior Obligation and $_____ from debt service fund and $_____ from the debt service reserve fund relating to the 2007 Prior Obligation, all to be used to refund the Prior Obligations.

SECTION 2.03 Reserved.

SECTION 2.04 Disbursements from the Cost of Issuance Fund.

The Academy has, in Section 5.12, authorized and directed the Trustee to make payments from the Cost of Issuance Fund for the payment of issuance expenses as provided in this Section. Payments shall be made from the Cost of Issuance Fund only for paying the costs of legal, accounting, organization, marketing, verification, trustee or other special services and other fees and expenses, permitted under the Code, incurred or to be incurred by or on behalf of the Academy in connection with the issuance of the Bonds. The Academy does not make any warranty either express or implied that the moneys in the Cost of Issuance Fund available for payment of the foregoing costs will be sufficient to pay such costs in full, and the Academy agrees to pay costs in excess of the amount in the Cost of Issuance Fund from any moneys legally available for such purpose. Each payment out of the Cost of Issuance Fund shall be made only upon receipt by the Trustee of a completed requisition in the form attached hereto as Exhibit B signed by the Academy stating the payee, the amount to be paid and certifying that such cost was incurred in connection with the issuance of the Bonds. The Trustee shall rely fully on any such requisition delivered pursuant to this Section and shall not be required to make any investigation in connection therewith and shall have no duty or obligation to confirm that such requested disbursements are for a permitted purpose as described herein.

SECTION 2.05 Title Insurance; UCC.

On the date of recordation of the Mortgage, the Academy shall provide the Trustee with a standard owner's title insurance policy insuring the Academy's interest in and an extended form mortgagee's title insurance policy insuring the Trustee's interest in and lien against the Facilities,

and any other property subject to the Mortgage, subject to Permitted Encumbrances, in an amount not less than the principal amount of the Bonds with respect to the mortgagee's policy, a copy of which shall be delivered to the Trustee. Each such policy shall be in the form of a standard or extended American Land Title Association Policy, as applicable, and may not permit the title insurer to purchase any Bonds in lieu of providing payment under the policy unless, upon purchase, such Bonds are cancelled. Upon the Closing Date, the Mortgage shall be recorded in the real property records of Wayne County and provide the Trustee with a perfected first priority lien interest in the Facilities and the other property subject to the Mortgage, subject to any Permitted Encumbrances. The Trustee has no duty or responsibility to review any such mortgagee's policy for its compliance with the provisions of this Section 2.05.

Upon the execution by the Academy of the Mortgage and its subsequent recording, and upon the execution and filing of UCC-1 financing statements or amendments thereto, if any, the Trustee will have a valid first priority lien on the Mortgaged Property (as defined in the Mortgage) and a valid security interest in the personal property subject only to the Permitted Encumbrances, and the Trustee may take all necessary actions including filing continuation statements to preserve such lien and security interest, at the Academy's sole cost.

The Trustee shall cause to be filed a continuation statement with respect to each Uniform Commercial Code financing statement relating to the Bonds which was filed at the time of the issuance thereof, in such manner and in such places as the initial filings were made, provided that a copy of the filed original financing statement is timely delivered to the Trustee. The Academy shall be responsible for the reasonable costs incurred and customary fees charged by the Trustee in the preparation and filing of all continuation statements hereunder. Notwithstanding anything to the contrary contained herein, the Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests, or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings required by any amendments to Article 9 of the Uniform Commercial Code, and unless the Trustee shall have been notified by the Academy that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in relying on such initial filing and descriptions in filing any financing or continuation statements or modifications thereto pursuant to this Section 2.05 and in filing any continuation statements in the same filing offices as the initial filings were made.

ARTICLE III
THE BONDS

SECTION 3.01 Authorized Amount of Bonds.

No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. Pursuant to the Bond Resolution, the total principal amount of Bonds that may be issued and outstanding hereunder is expressly limited to $[Par], subject to the provisions of Sections 3.08, 3.09, 3.10 and 4.06 herein.

SECTION 3.02 Issuance of Bonds.

The Bonds to be issued on the Closing Date: (a) shall be designated the Public School Academy Refunding Bonds, Series 2018; (b) shall be dated as of the Issue Date; (c) shall bear interest from the Issue Date or such later date to which interest has been paid, until paid, at the rate or rates set forth in the attached Exhibit C (computed on the basis of a 360-day year of twelve 30-day months thereafter), except that Bonds which are reissued upon the registration of transfer, exchange or other replacement shall bear interest from the most recent interest payment date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the Bonds; and (d) shall be issued in the principal amounts shall bear interest at the rate or rates, and shall mature on the dates as set forth in the attached Exhibit C, subject to the provisions of Section 3.13 herein. Any Additional Bonds shall be designated and issued pursuant to terms and conditions set forth in separate or supplemental indentures.

The Bonds shall be issued as registered bonds without coupons and shall be issued in Authorized Denominations. The Bonds shall be numbered consecutively from one (1) upwards bearing numbers not then contemporaneously outstanding (in order of issuance) according to the records of the Trustee.

The principal of and the redemption premium, if any, and the interest on the Bonds shall be payable in lawful money of the United States of America. The schedule of net debt service for the Bonds is set forth in the attached Exhibit D. The principal of and redemption premium, if any, on the Bonds shall be payable upon presentation and surrender at the principal corporate trust office or other designated office of the Trustee. The interest on the Bonds shall be paid by check or draft of the Trustee mailed to the Persons in whose names the Bonds are registered at the close of business on the Record Date next preceding the applicable Interest Payment Date; provided, however, any Bondholder in the aggregate principal amount of $1,000,000 or more as of the close of business on the Record Date preceding any Interest Payment Date may, by prior written instructions filed with the Trustee on or before the second Business Day preceding such Record Date (which instructions shall remain in effect until revoked by subsequent written instructions), instruct that interest payments for any period be made by wire transfer to any bank located in the continental United States.

If any payment of interest or principal or redemption premium on the Bonds is due on a date not a Business Day, payment shall be made on the next succeeding Business Day with the same force and effect as if made on the date which is fixed for such payment, and no interest shall accrue on such amount for the period after such due date.

When the Bonds are in the book-entry only system payments of principal and interest shall be paid in accordance with the terms of the Letter of Representations.

THE PROVISIONS OF THE BONDS SHALL CONTROL TO THE EXTENT OF ANY CONFLICT WITH THE PROVISIONS HEREIN.

SECTION 3.03 Interest Rates on Bonds.

The interest rate on the Bonds shall be determined as provided in Section 3.02 herein, provided that the interest rate shall not exceed the maximum rate permitted by applicable law.

SECTION 3.04 Execution; Full Faith and Credit Obligation.

(a) The Bonds shall be executed on behalf of the Academy with the manual or facsimile signature of the President of the Academy's Board of Directors. All authorized facsimile signatures shall have the same force and effect as if manually signed. In case any official of the Academy whose signature or facsimile signature shall appear on the Bonds shall cease to be such official before the delivery of such Bonds, such signature or facsimile signature shall nevertheless be valid and sufficient for all purposes, the same as if such official had remained in office until delivery and the Bonds may be signed on behalf of the Academy by such persons who, at the time of the execution of such Bonds, are duly authorized or hold the appropriate office of the Academy, although on the date of the Bonds such persons were not so authorized or did not hold such offices.

(b) The Bonds, together with interest thereon and any redemption premium with respect thereto, are payable solely from and secured by the Academy's revenues and receipts and other funds pledged as security therefor, under this Indenture and to the payment of which the full faith and credit obligations of the Academy are hereby also pledged. The Bonds and the obligation to pay interest thereon and redemption premiums, if any, with respect thereto do not now and shall never constitute an obligation, either general, special or moral, of the State or the Authorizer or any political subdivision of the State, within the meaning of any Constitutional or statutory provisions or limitation. Neither the full faith and credit nor any taxing powers of the State or any other political subdivision of the State, nor the full faith and credit of the Authorizer are pledged for the payment of the Bonds. No owner of the Bonds shall have the right to compel the exercise of the taxing power, if any, of the State to pay any principal installment of, redemption premium, if any, or interest on the Bonds. The Academy has no taxing power.

SECTION 3.05 Certificate of Authentication.

No Bonds shall be secured hereby or entitled to the benefit hereof or shall be or become valid or obligatory for any purpose unless there shall be endorsed thereon a certificate of authentication, substantially in the form as set forth in the form of the Bond attached hereto as Exhibit A, executed by an authorized officer of the Trustee; and such certificate on any Bond issued by the Academy shall be conclusive evidence and the only competent evidence that it has been duly authenticated and delivered hereunder.

SECTION 3.06 Form of Bonds.

(a) The Bonds, the Trustee's certificate of authentication and the form of assignment shall be in substantially the form set forth in Exhibit A attached hereto, with such appropriate variations, omissions, substitutions and insertions as are permitted or required hereby or are required by law and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon as may be required to comply with any applicable laws or rules or regulations, or as may, consistently herewith, be determined by the officers executing such Bonds, as evidenced by their execution of the Bonds.

(b) The Bonds shall be in either typewritten or printed form, as the Academy shall direct provided that any expenses incurred in connection therewith shall be paid by the Academy.

SECTION 3.07 Delivery of Bonds.

Upon the execution and delivery of this Indenture, the Academy shall execute the Bonds and deliver them to the Trustee, and the Trustee shall authenticate the Bonds and deliver them to such purchaser or purchasers as shall be directed by the Academy as hereinafter in this Section provided.

Prior to or simultaneously with the authentication and delivery of the Bonds by the Trustee, there shall be filed with or delivered to the Trustee the following:

(a) A copy, certified by an Authorized Officer, of all resolutions adopted and proceedings had by the Academy authorizing the issuance and delivery of the Bonds, including the Bond Resolution;

(b) An original executed counterpart of this Indenture, the Bond Purchase Agreement, the Mortgage, the Tax Certificate, the Escrow Agreement, the Environmental Indemnification Agreement and the Continuing Disclosure Agreement;

(c) Closing certificates of the Academy in form and substance satisfactory to Bond Counsel the satisfaction of which shall be evidenced by the delivery of the opinion of Bond Counsel required under (f) below;

(d) A copy of completed IRS Form 8038-G to be filed by or on behalf of the Academy pursuant to Section 149(e) of the Code;

(e) An original executed counterpart of the Tax Certificate of the Academy establishing its reasonable expectations to the effect that the Bonds will not be "arbitrage bonds" within the meaning of Section 148(a) of the Code;

(f) An opinion of Bond Counsel addressed to the Academy and the Trustee to the effect that the interest on the Bonds is excludable from gross income of the Holders thereof for federal income tax purposes (other than any interest which may be includable as a preference item or adjustment item in computing any minimum tax) and that this Indenture and the Bonds have been duly authorized, executed and delivered by the Academy and are valid and binding agreements of the Academy;

(g) A request and authorization to the Trustee on behalf of the Academy and signed by an Authorized Officer directing the Trustee to authenticate and deliver the Bonds in such specified denominations as permitted herein to the Underwriter upon payment to the Trustee, but for the account of the Academy, of the aggregate principal amount of the Bonds, plus accrued interest, if any; and

(h) Evidence satisfactory to the Trustee that the Academy has delivered an executed Blanket Issuer Letter of Representations to the Depository.

Upon receipt of the foregoing, the Trustee shall authenticate and deliver the Bonds as provided above.

SECTION 3.08 Additional Bonds Authorized.

Additional bonds and other indebtedness of the Academy secured by and payable solely from the Trust Estate ("Additional Bonds") may be issued by the Academy in one or more additional series provided the following terms and conditions have been met:

(a) the Trustee has received a copy, duly certified by the Academy, of the resolution adopted by the Academy authorizing the issuance of such Additional Bonds and the execution and delivery of a supplemental indenture, supplementing and amending the Indenture, which supplemental indenture shall not require the approval of the Bondholders of the Bonds Outstanding, providing the date, interest rates and maturities of such Additional Bonds, options and requirements for redemption prior to maturity with respect to such Additional Bonds, deposit of proceeds to the various funds and accounts, including the Debt Service Reserve Fund, and such other terms as may be required by reason of the foregoing and which adopts the applicable provisions of the Indenture;

(b) the Trustee and the Academy have received an opinion of counsel to the Academy in form and substance acceptable to Bond Counsel the satisfaction of which shall be evidenced by the delivery of the opinion of bond counsel required under (d) below;

(c) the Trustee has received a certificate of an Authorized Officer of the Academy to the effect that the Academy is not in default under this Indenture, is not aware of any Events of Default under this Indenture and that such indebtedness may be issued under this Indenture;

(d) the Trustee and the Academy have received an opinion of Bond Counsel to the effect that: (i) the issuance of such Additional Bonds will not affect adversely the exclusion from gross income for federal income tax purposes of interest on any Outstanding Bonds; and (ii) the Additional Bonds to be delivered will be valid and legal full faith and credit obligations of the Academy in accordance with their terms and will be secured hereunder equally and on a parity with all other Bonds at the time Outstanding hereunder as to the assignment to the Trustee of the Trust Estate;

(e) the Trustee has received original executed counterparts of the agreement supplementing and amending the Mortgage (if necessary), and the supplemental indenture supplementing and amending this Indenture;

(f) the Trustee has received a request and authorization to the Trustee on behalf of the Academy and signed by the Authorized Officer of the Academy to authenticate and deliver such Additional Bonds to the purchasers therein identified, upon payment to the Trustee, but for the account of the Academy, of a sum specified in such request and authorization, plus accrued interest thereon, if any, to the date of delivery;

(g) the Trustee will receive from the proceeds of the Additional Bonds or otherwise on the date of delivery of the Additional Bonds an amount equal to the amount by which the Debt Service Reserve Fund Requirement, as re-calculated upon the issuance of the Additional Bonds, exceeds the amount then on deposit in the Debt Service Reserve Fund for deposit into the Debt Service Reserve Fund;

(h) the Trustee and the Academy have received an executed opinion of Bond Counsel to the effect that (i) the Additional Bonds have been duly authorized, executed and delivered and constitute the legal full faith and credit obligations of the Academy, enforceable in accordance with their terms, subject to normal bankruptcy exceptions, and (ii) the interest on such Additional Bonds is excluded from gross income for federal income tax purposes (unless it is intended that such interest be taxable);

(i) the proceeds of the Additional Bonds are to be used to finance the improvement of the Academy's Facilities or the acquisition or installation of equipment therein or the acquisition, construction and/or renovation of, an additional school facility of the Academy and/or the acquisition or installation of equipment thereon, and the Academy obtains a written report from an independent consultant selected by the Academy who is not within the regular employ of the Academy and has a reputation for skill and experience in such work, which report sets forth and states that: (i) the Net Income Available for Debt Service for the most recent fiscal year for which audited financial statements are available, is not less than the maximum Principal and Interest Requirement on Long-Term Indebtedness payable in any fiscal year in which the Additional Bonds will be Outstanding (excluding the final year of maturity for the Bonds); and (ii) the estimated Net Income Available for Debt

Service for each of the fiscal years following the fiscal year in which it is estimated the improvements, additions, equipment or new facilities financed by the Additional Bonds are to be placed in service, will not be less than one- hundred twenty- five percent (125%) of the estimated Principal and Interest Requirement on Long-Term Indebtedness, in any fiscal year after which such improvements, additions, equipment or new facilities are expected to be placed in service;

(j) The report of independent consultant obtained pursuant to Subsection (i) above also provides a statement of projected revenues and expenditures of the Academy for each of the three fiscal years following the fiscal year in which it is estimated the improvements, additions, equipment or new facilities financed by the Additional Bonds are to be placed in service, showing that projected revenues will exceed projected expenditures in each such fiscal year; and

(k) the rating on the Bonds, if any, will not be adversely affected.

Indebtedness subordinate to the obligations of the Academy and liens on the Facilities, Pledged Revenues or other assets of the Academy securing such subordinate indebtedness are permitted, so long as the same are in amounts not exceeding $350,000.00. Additionally, any notes issued in anticipation of State School Aid shall not exceed thirty-five percent (35%) of the Academy's previous Fiscal Year's audited State School Aid revenues unless approved in writing by the holders of a majority in aggregate principal amount of the Bonds then Outstanding. The Academy may incur Short-Term Indebtedness, provided it is in accordance with State law.

The provisions, covenants and agreements herein set forth to be performed by or on behalf of the Academy shall be for the equal benefit, protection and security of any and all of the Bondholders, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in this Indenture.

Notwithstanding Subsections (i) and (j) above, the Academy may issue Additional Bonds for the purpose of refunding (whether in advance of maturity or otherwise) any Outstanding Bonds (such Bonds being referred to as "Refunding Bonds"). The issuance of Refunding Bonds shall otherwise comply with the requirements for the issuance of Additional Bonds set forth in the Indenture, with the exception of Subsections (i) and (j) above which shall not be applicable. An authorized officer of the Academy shall provide a certification to the Trustee of compliance with the limitations of the first sentence of this paragraph as a condition to the issuance of such Refunding Bonds.

SECTION 3.09 Mutilated, Lost, Stolen or Destroyed Bonds.

If any Bond is mutilated, lost, stolen or destroyed, the Academy may execute and the Trustee may authenticate and deliver a new Bond of the same maturity, interest rate, principal amount and tenor in lieu of and in substitution for the Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to

the Academy and the Trustee evidence satisfactory to each of them of the ownership of such Bond and of such loss, theft or destruction, together with indemnity satisfactory to the Trustee and the Academy and compliance with such other reasonable requirements as the Academy and Trustee may prescribe. The replacement of any Bond under this Section shall be in accordance with Michigan Compiled Laws Annotated Section 129.131 *et. seq.* If any such Bond shall have matured or a redemption date pertaining thereto shall have passed, instead of issuing a new Bond the Academy may pay the same without surrender thereof. The Academy and the Trustee may charge the Holder of such Bond with their reasonable fees and expenses in this connection.

SECTION 3.10 Exchangeability and Registration of Transfer of Bonds; Persons Treated as Owners.

The Academy shall cause the Bond Register to be kept by the Trustee, which is hereby constituted and appointed the bond registrar for the Bonds.

Any holder of a Bond, in person or by his duly authorized attorney, may register the transfer of his Bond on the Bond Register, upon surrender thereof at the designated corporate trust office of the Trustee, together with a written instrument of transfer (in substantially the form of assignment attached to the Bond) executed by the holder or his duly authorized attorney. Upon surrender for registration of transfer of any Bond, the Academy shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of the same aggregate principal amount and tenor as the Bond surrendered and of any Authorized Denomination.

Bonds may be exchanged upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee executed by the Bondholder or his attorney duly authorized in writing, for an equal aggregate principal amount of Bonds of the same aggregate principal amount and tenor as the Bonds being exchanged and of any Authorized Denomination. The Academy shall execute and the Trustee shall authenticate and deliver Bonds which the Bondholder making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding.

Such registrations of transfers or exchanges of Bonds shall be without charge to the holders of such Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the holder of the Bond requesting such registration of transfer or exchange as a condition precedent to the exercise of such privilege. Any service charge made by the Trustee for any such registration, transfer or exchange shall be paid by the Academy.

The Trustee shall not register the transfer of any Bond (or portion thereof) after notice calling such Bond (or portion thereof) for redemption or partial redemption has been given unless the holder delivers to the Trustee a written statement acknowledging that such Bond has been called for redemption and the date of such redemption.

The Person in whose name any Bond is registered on the Bond Register shall be deemed and regarded as the absolute owner thereof for all purposes, except that payment of or on account

of either principal, premium, if any, or interest shall be made only to or upon the order of the holder of record as of the Record Date or its duly authorized attorney, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

So long as the Bonds are held in book-entry form, the Academy shall execute and the Trustee shall authenticate a Bond to be held by the Depository, which: (i) shall be denominated in an amount equal to the aggregate principal amount of Bonds to be held by the Depository (provided that, unless such Bond is being issued on the Issue Date, the Trustee has received a like aggregate principal amount of Bonds for transfer in accordance with this Section 3.10); (ii) shall be registered in the name of the Depository or its nominee in accordance with this Section 3.10; (iii) shall be delivered by the Trustee to the Depository or pursuant to the Depository's instructions; and (iv) shall bear a legend substantially to the effect that unless the Bond is presented by an Authorized Officer of the Depository to the Academy or its agent for registration of transfer, exchange or payment, any transfer, exchange, pledge or other use for value or otherwise is wrongful.

All Bonds issued upon any registration of transfer or exchange of Bonds shall be valid and binding limited obligations of the Academy, evidencing the same debt, and entitled to the same security and benefits under this Indenture, as the Bonds surrendered upon such transfer or exchange.

In executing any Bond upon any exchange or registration of transfer provided for in this Section, the Academy may rely conclusively on a representation of the Trustee that such execution is required.

SECTION 3.11 Cancellation.

All Bonds which have been surrendered pursuant to Section 3.09 or 3.10 herein or for payment upon maturity or redemption prior to maturity shall be canceled by the Trustee.

SECTION 3.12 Ratably Secured.

All Bonds issued hereunder and Additional Bonds issued under Section 3.08 herein are and are to be, to the extent provided in this Indenture, equally and ratably secured by this Indenture without preference, priority or distinction on account of the actual time or times of the authentication or delivery or maturity of the Bonds or Additional Bonds so that, subject as aforesaid, all Bonds and Additional Bonds at any time outstanding hereunder shall have the same right, lien and preference under and by virtue of this Indenture and shall all be equally and ratably secured hereby with like effect as if they had all been executed, authenticated and delivered simultaneously on the date hereof, whether the same, or any of them, shall actually be disposed of at such date, or some future date.

SECTION 3.13 Redemption of Bonds.

The Bonds shall be subject to redemption prior to maturity as follows:

(a) Optional Redemption

The Bonds maturing on or after November 1, 20___ are subject to redemption prior to maturity at the option of the Academy upon written request by the Academy to the Trustee in whole or in part on any day commencing on or after November 1, 20___, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, and in such order of maturity as the Academy shall direct, provided that no Bond may be redeemed in part if the principal amount to be Outstanding following such partial redemption is not an Authorized Denomination.

(b) Mandatory Redemption of Term Bonds

The Bonds maturing November 1, 2026, are subject to mandatory redemption on November 1, 2022, and on each November 1 thereafter, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Principal Fund as follows:

Redemption Dates	Principal Amounts
November 1, 2022	$
November 1, 2023	
November 1, 2024	
November 1, 2025	
November 1, 2026 (Maturity)	

The Bonds maturing November 1, 2037, are subject to mandatory redemption on November 1, 2027, and on each November 1 thereafter, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Principal Fund as follows:

Redemption Dates	Principal Amounts
November 1, 2027	$
November 1, 2028	
November 1, 2029	
November 1, 2030	
November 1, 2031	
November 1, 2032	
November 1, 2033	
November 1, 2034	
November 1, 2035	
November 1, 2036	
November 1, 2037 (Maturity)	

(c) Purchase in Lieu of Redemption.

The Bonds are subject to purchase in lieu of redemption by the Academy prior to their respective maturity dates at any time, in whole or in part, if the following conditions are satisfied:

(i) The Academy and the Bondholders negotiate and agree upon a purchase price that is communicated to the Trustee in writing, provided that the purchase price so negotiated, together with the expense of such purchase, may not exceed the redemption price of the Bonds to be purchased;

(ii) Upon written agreement as described in (i) above, the Academy shall direct the Trustee to purchase certain Bonds and will provide funds to the Trustee for deposit in the Bond Interest Fund and Bond Principal Fund in the amount necessary to pay the purchase price of the selected portion of the Bonds in excess of that required to fully satisfy the next scheduled interest and principal payments due on the Bonds, and provided there is deposited into the Expense Fund such amount as the Trustee may require to cover the accrued and anticipated fees and expenses;

(iii) The Trustee confirms that the amount provided for by the Academy pursuant to (ii) above is sufficient to warrant such purchase at the purchase price agreed to by the Academy and the Bondholders pursuant to (i) above; and

(iv) To the extent permitted by law, the Academy shall indemnify and hold harmless the Trustee, in a form and with such security as may be satisfactory to the Trustee, from and against any and all liabilities, claims, or losses arising out

of, by virtue of, or in connection with, the tender of Bonds, up to the amount of the value of the Bonds tendered, except in the case of negligence, willful misconduct, or bad faith on the part of the Trustee.

As Bonds are purchased pursuant to this Indenture, such purchase of Bonds will be considered to have satisfied, in whole or in part, the redemption requirements as set forth in this Indenture. Once purchased, such Bonds shall be delivered to the Trustee and cancelled.

(d) Mandatory Redemption Upon Determination of Taxability.

The Bonds are subject to mandatory redemption prior to maturity, as a whole and not in part, on the earliest practicable date for which notice can be given following the occurrence of a Determination of Taxability, at a redemption price equal to 103% of the principal amount thereof plus accrued interest to the redemption date.

(e) Redemption of Bonds Upon Occurrence of Certain Events.

Subject to Section 8.01 and 8.02 herein, the Bonds are redeemable at the option and upon the direction of the Bondholders of at least two-thirds (2/3) of the Outstanding Bonds, in whole at any time or in part on any Business Day from and to the extent of funds on deposit under this Indenture and available for this purpose at a redemption price equal to the principal amount of each Bond to be redeemed plus accrued interest to the redemption date, upon the occurrence of any of the following events:

(i) The Facilities shall have been damaged or destroyed in whole or in part to such extent that, as expressed in a Consulting Architect's Certificate filed with the Trustee, either: (A) the Facilities cannot reasonably be restored within a period of 12 consecutive months to the condition thereof immediately preceding such damage or destruction; (B) the Academy is thereby prevented from carrying on its normal operations for a period of 12 consecutive months; (C) the cost of restoration thereof would exceed the Net Proceeds of insurance carried thereon pursuant to the requirements of Section 7.03 herein; or (D) the final maturity of the Bonds is within five years of the date of such damage or destruction.

(ii) Title to, or the temporary use of, all or any substantial part of the Facilities shall have been taken under the exercise of the power of eminent domain by any governmental entity, or Person, firm or corporation acting under governmental authority or because of a defect in title.

(iii) As a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree,

judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Academy in good faith, the Indenture shall have become void or unenforceable or impossibility of performance in accordance with the intent and purposes of the parties as expressed in the Indenture. Redemption pursuant to this subsection (iii) shall be in whole only.

Only Net Proceeds of insurance or a condemnation award shall be used for a partial redemption of Bonds pursuant to Subsections (e)(i) or (ii) of this Section 3.13.

SECTION 3.14 Partial Redemption of Bonds.

If less than all the Outstanding Bonds are called for redemption, the Academy may designate maturities of the Bonds to be redeemed first, or if the Academy does not so designate, the Trustee shall select, or arrange for the selection of, the Bonds to be redeemed by lot or in such other manner as it shall in its discretion determine; provided that any such Bonds or portions thereof selected for redemption shall be in Authorized Denominations and no Bond may be redeemed in part if the principal amount to be outstanding following such partial redemption is not an Authorized Denomination. If less than the principal amount of a Bond is called for redemption, the Academy shall execute and the Trustee shall authenticate and deliver, upon surrender of such Bond, without charge to the Holder thereof, in exchange for the unredeemed principal amount of such Bond, at the option of such Holder, Bonds in any Authorized Denominations equal to the unredeemed portion of such Bonds.

SECTION 3.15 Notice of Redemption.

Notice of redemption shall be mailed by the Trustee by first class mail at least 30 days but not more than 45 days before any redemption date to the Bondholder of each Bond to be redeemed in whole or in part at its last address appearing on the Bond Register; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bond, or portion thereof with respect to which no such failure or defect has occurred. Any notice mailed as provided in this Section 3.15 shall be conclusively presumed to have been duly given whether or not the Bondholder receives the notice.

All notices of redemption shall state:

(a) the redemption date;

(b) the redemption price;

(c) the identifying information, including complete designation, Issue Date and the CUSIP number (and in the case of partial redemption, the respective principal amounts), interest rate and maturity date of the Bonds to be redeemed;

(d) that on the redemption date the redemption price will become due and payable upon each such Bond, and that interest thereon shall cease to accrue from and after such date; and

(e) the name and address of the Trustee for such Bonds, including the name and telephone number of a contact person and the place where such Bonds are to be surrendered for payment of the redemption price.

Except as provided below for a Conditional Redemption, all Bonds so called for redemption will cease to bear interest on the specified date set for redemption, provided sufficient moneys for their redemption have been duly deposited with the Trustee. Thereafter, the holders of such Bonds called for redemption shall have no rights in respect thereof except to receive payment of the redemption price from the Trustee and a new Bond in an Authorized Denomination for any portion not redeemed.

In the case of an optional redemption pursuant to Section 3.13(a), the notice may state: (a) that it is conditioned upon the deposit of moneys, in an amount sufficient to effect the redemption, with the Trustee on or before the redemption date; or (b) that the Academy retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as hereinafter described. On or before the redemption date, funds sufficient to redeem such Bonds, including accrued interest thereon to the redemption date, shall be deposited with the Trustee. The Bonds thus called shall not, on or after the specified redemption date, bear any interest and, except for the purpose of payment, shall not be entitled to the lien of this Indenture. Any Conditional Redemption may be rescinded in whole or in part at any time on or before the redemption date if the Academy delivers a certificate of the Academy to the Trustee at least five days prior to the effective date of the rescission, which shall be no later than five days prior to the redemption date, instructing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected Bondholders. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a Conditional Redemption, the failure of the Academy to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default, and the Trustee shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding. Any extraordinary costs incurred by the Trustee in connection with a rescission of a redemption shall be paid by the Academy.

SECTION 3.16 Book-Entry Only Registration of the Bonds.

(a) Except as provided in Subsection (c) of this Section 3.16, the Registered Owner of all of the Bonds shall be, and the Bonds shall be registered in the name of, Cede & Co. ("Cede"), as nominee of the Depository. Payment of interest on any Bond, as applicable, shall be made in accordance herewith for the account of Cede on each Interest Payment Date at the address indicated for Cede in the Bond Register.

(b) The Bonds shall be initially issued in the form of a single fully registered Bond for each maturity in the total aggregate principal amount of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered on the Bond Register in the name of Cede, as nominee of the Depository. With respect to the Bonds so registered in the name of Cede, the Academy and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, Cede or any Participant or any nominee of a Beneficial Owner with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any Participant, Beneficial Owner or other person, other than the Depository, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any Participant, Beneficial Owner or other person, other than Cede, as nominee of the Depository, of any amount with respect to the principal, or redemption price of, or interest on, the Bonds. The Academy and the Trustee may treat and deem Cede, as nominee of the Depository, as the absolute owner of each Bond for all purposes whatsoever, including (but not limited to) (i) payment of the principal, redemption price of, and interest on, each such Bond, (ii) giving notices of redemption and other matters with respect to such Bonds and (iii) registering transfers with respect to such Bonds. The Trustee shall pay the principal redemption price of, and interest on, all Bonds only to or upon the order of Cede, and all such payments shall be valid and effective to fully satisfy and discharge the Academy's obligations with respect to such principal, redemption price and interest, to the extent of the sum or sums so paid. So long as the Bonds are book-entry-only, no person other than the Depository shall receive a Bond evidencing the obligation of the Academy to make payments of principal of and interest on, the Bonds pursuant to this Indenture. Upon delivery by the Depository to the Trustee of written notice to the effect that the Depository has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions of this Indenture, the word "Cede" herein shall refer to such new nominee of the Depository; provided that, notwithstanding any provision of this Indenture to the contrary, until the termination of the book-entry-only system, the Bonds may be transferred in whole, but not in part, only to a nominee of the Depository, or by a nominee of the Depository to the Depository or any nominee thereof.

(c) (1) The Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving reasonable notice to the Academy or the Trustee and discharging its responsibilities with respect thereto under applicable law.

(2) The Academy, at its sole discretion and without the consent of any other person but with prior written notice to the Trustee, may terminate the services of the Depository with respect to the Bonds if the Academy determines that the continuation of the system of book-entry-only transfer through the Depository is not in the best interests of the Beneficial Owners of the Bonds or is burdensome to the Academy.

(3) Upon the termination of the services of the Depository with respect to the Bonds pursuant to Subsection (c)(1) or (2) herein, the Bonds shall no longer be restricted to being registered on the Bond Register in the name of Cede as nominee of the Depository. In such event, the Academy shall issue and the Trustee shall transfer and exchange Bond certificates of like principal amount, in Authorized Denominations to the Participants or the identifiable Beneficial Owners (as identified by the Depository or the Participants) in replacement of such Beneficial Owners' beneficial interests in the Bonds. Notwithstanding the preceding sentence, if the Academy designates a successor Depository, the Academy shall issue and the Trustee shall transfer and exchange a Bond certificate, in such name as is directed by the successor Depository, in the amount of Bonds then Outstanding and the Trustee shall take such other action as is necessary so that the beneficial ownership interests of the Beneficial Owners are properly reflected on the records of the successor Depository and its Participants. In such event, references herein to "Cede" shall be deemed to refer to the successor Depository, or its nominee, as the context requires.

(d) The Academy and the Trustee may conclusively rely on (i) a certificate of the Depository as to the identity of the Participants in the book-entry only system, and (ii) a certificate of such Participants as to the identity of, and the respective principal amounts of Bonds beneficially owned by, the Beneficial Owners.

(e) Whenever, during the term of the Bonds, Beneficial Ownership thereof is determined by a book entry at the Depository, the requirements in this Indenture of holding, delivering or transferring Bonds shall be deemed modified to require the appropriate person to meet the requirements of the Depository as to registering or transferring the book entry to produce the same effect.

(f) Notwithstanding anything in this Indenture to the contrary, the Academy and the Trustee hereby agree as follows with respect to the Bonds, if and to the extent any Bond is registered in the name of Cede as nominee of the Depository: (i) the Trustee shall give the Depository all special notices required by the Letter of Representations at the times, in the forms and by the means required by the Letter of Representations; (ii) the Trustee shall make payments to Cede at the times and by the means specified in the Letter of Representations; (iii) Cede shall not be required to surrender Bonds which have been partially paid or prepaid to the extent permitted by the Letter of Representations; and (iv) the Trustee shall set a special record date (and shall notify the registered owners of the Bonds thereof in writing) prior to soliciting any Bondholder consent or vote, such notice to be given not less than 15 calendar days prior to such record date (any Bond transferred by a registered owner subsequent to the establishment of the special record date and prior to obtaining such consent or vote shall have attached to it a copy of the notice to Bondholders by the Trustee).

(g) NEITHER THE ACADEMY, NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS WITH RESPECT TO (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY THE DEPOSITORY OR ANY PARTICIPANT; (ii) THE PAYMENT BY THE DEPOSITORY TO ANY PARTICIPANT OR BY ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (iii) THE DELIVERY OF ANY NOTICE BY THE DEPOSITORY TO ANY PARTICIPANT OR BY ANY PARTICIPANT TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO BONDHOLDERS UNDER THE TERMS OF THIS INDENTURE; (iv) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (v) ANY OTHER ACTION TAKEN BY THE DEPOSITORY AS OWNER OF THE BONDS.

SECTION 3.17 CUSIP Numbers.

All payments of principal, premium and interest, whether by check or draft or wire transfer, shall be accompanied by the appropriate CUSIP number identification with appropriate dollar amounts for each CUSIP number. The Academy and the Trustee shall not be responsible for the selection of CUSIP numbers and make no representations as to their correctness on the Bonds.

ARTICLE IV
SECURITY; COVENANTS AND AGREEMENTS OF ACADEMY

SECTION 4.01 Security.

The Bonds and the interest and any premium thereon shall be a full faith and credit obligation of the Academy as provided in Section 3.04 herein, and shall be secured by and payable only from the following:

(a) the full faith and credit obligation pledge of the Academy;

(b) all moneys in the Bond Principal Fund, Bond Interest Fund and Debt Service Reserve Fund;

(c) all of the proceeds of the foregoing, including without limitation, investments thereof; and

(d) the Trust Estate and any and all other interest in real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged or hypothecated, as and for additional security for the Bonds by the Authorized Officer of the Academy.

The foregoing are collectively the "Security." In consideration of the purchase of the Bonds and to secure payment of the principal of, premium, if any, and interest on the Bonds and any other cost or pecuniary liability of the Academy relating to the Bonds or any proceeding, document or certification incidental to the issuance of the Bonds, and to secure performance and observance of all covenants, terms and conditions upon which the Bonds are to be issued, including without limitation this Indenture, the Academy, without warranty, pursuant to law hereby conveys, assigns and pledges all of its right, title and interest in, and grants a security interest in, the Security to the Trustee, and its successors and assigns, in trust for the benefit of the Bondholders and their successors and assigns.

SECTION 4.02 Financial Statements; Reports.

(a) *Maintenance of Books and Accounts*. The Academy agrees that it will maintain and make available to the Trustee proper books of records and accounts of all of its operations with full, true and correct entries of all of its dealings substantially in accordance with practices generally used for public school accounting in the State and such other data and information as may reasonably be requested from time to time by the Trustee on behalf of itself or for the benefit of or at the request of the Bondholders.

(b) *Financial and Miscellaneous Reports*. The Academy shall provide to the Trustee the following information:

(i) simultaneously with delivery to the Authorizer, but not later than one hundred fifty (150) days after the close of each Fiscal Year, its audited financial statements for such Fiscal Year reflecting in reasonable detail the financial position and results of operation of the Academy, together with the audit report by a certified public accountant or firm of independent certified public accountants of suitable experience and responsibility, together with a copy of any management letter delivered by the auditors in connection with such financial statements. The Trustee shall have no duty to review or analyze such financial statements and shall hold such financial statements solely as a repository for the benefit of the Bondholders. The Trustee shall not be deemed to have notice of any information contained therein or deemed to have notice of an event of default which may be disclosed therein in any manner;

(ii) simultaneously with delivery to the Authorizer, or if no interim reporting is required under the contract with the Authorizer, within 45 days of the end of each fiscal quarter, unaudited financial statements for such fiscal quarter reflecting revenues and expenses in comparative form with the Academy's operating budget; and

(iii) promptly, upon receipt by the Academy from the Authorizer, a copy of any report or notification required under the charter contract with the Authorizer

regarding a violation or possible violation of the terms of the charter contract which would give grounds for the Authorizer to begin the revocation process, as well as any response by the Academy required under the terms of the charter contract with the Authorizer.

Upon the written request of any Bondholder, the Trustee shall transmit the information contained in (i) through (iii) above to such Bondholder and without further authorization may transmit the information to all Bondholders. The Trustee shall have no duty regarding such information other than to retain any such information that it receives and to transmit same in accordance herewith.

SECTION 4.03 Authority of Authorized Officer of the Academy.

Whenever under the provisions of this Indenture the approval of the Academy is required, or the Trustee at the request of the Academy is required to take some action, such approval or such request shall be made by the Authorized Officer of the Academy unless otherwise specified in this Indenture. The Trustee shall be authorized to act on any such approval or request and the Academy shall have no complaint against the Trustee as a result of any such action taken in accordance with such approval or request. The execution of any document or certificate required under the provisions of this Indenture by an Authorized Officer of the Academy shall be on behalf of the Academy and shall not result in any personal liability of such Authorized Officer.

SECTION 4.04 Licenses and Qualifications.

The Academy will do, or cause to be done, all things necessary to obtain, renew and secure all permits, licenses and other governmental approvals and to comply, or cause its lessees, if any, to comply, with such permits, licenses and other governmental approvals necessary for operation of the Academy as a public school academy.

SECTION 4.05 Right to Inspect.

Following reasonable notice to the Academy, at any and all reasonable times during business hours, the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect the Facilities, including all books and records of the Academy (excluding records the confidentiality of which may be protected by law), and to make such copies and memoranda from and with regard thereto as may be desired; provided, however, that they shall maintain these books and records in confidence unless required by applicable law to do otherwise and it is necessary to distribute the information to some other third party under applicable law.

SECTION 4.06 Limitations on Incurrence of Additional Indebtedness.

The Academy shall be precluded from incurring additional Indebtedness secured by liens on the Facilities or the Pledged Revenues that are senior to the Mortgage and the security interest in the Pledged Revenues granted by this Indenture. The Academy may incur other Indebtedness secured by the Mortgage and the security interest in the Pledged Revenues granted by this

Indenture *only* upon providing to the Trustee a certificate of an Authorized Officer of the Academy, accompanied by a confirming certificate from the Academy's accountant, to the effect that the requirements of Section 3.08 have been met.

Indebtedness subordinate to the obligations of the Academy under this Indenture and liens on the Facilities, Pledged Revenues or other assets of the Academy securing such subordinate indebtedness shall be permitted, so long as the same are in amounts not exceeding $350,000.00. Additionally, any notes issued in anticipation of State School Aid shall not exceed thirty-five percent (35%) of the Academy's previous Fiscal Year's audited State School Aid revenues unless approved in writing by the holders of a majority in aggregate principal amount of the Bonds then Outstanding. The Academy may incur Short-Term Indebtedness, provided it is in accordance with State law.

SECTION 4.07 Operating Reserve Balance Covenant.

The Academy covenants and agrees to maintain at least thirty (30) Days Cash on Hand, as measured on the last day of each Fiscal Year of the Academy based on its audited financial statements, commencing June 30, 2019 and each June 30 thereafter (the "Cash on Hand Requirement"). "Days Cash on Hand" means: (a) Cash on Hand of the Academy, as shown on the audited financial statements for the fiscal year; divided by; (b) the quotient of Operating Expenses, as shown on the audited financial statements for such fiscal year, divided by 365.

The Academy will provide to the Trustee with a certification that the Cash on Hand Requirement has been met no later than December 31 of each year. The foregoing is subject to the qualification that if applicable State or federal laws or regulations, or the rules and regulations of agencies having jurisdiction, shall not permit the Academy to maintain the Cash on Hand Requirement, then the Academy shall, in conformity with the then prevailing laws, rules or regulations, maintain its Days Cash on Hand equal to the maximum permissible level. If a change in the required amount of Days Cash on Hand is adjusted due to then prevailing law, rules or regulations, the Academy shall provide the Trustee with a certification or an opinion to such effect.

If the Cash on Hand for any testing date is less than the Cash on Hand Requirement, then, upon the written direction of a the holders of a majority in aggregate principal amount of the Bonds then Outstanding, the Academy will promptly employ a Management Consultant to review and analyze the operations and administration of the Academy, inspect the Facilities, and submit to the Academy and the Trustee written reports, and make such recommendations as to the operation and administration of the Academy as such Management Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Academy agrees to consider any recommendations by the Management Consultant and, to the fullest extent practicable and allowed by law and consistent with its covenants hereunder, to adopt and carry out such recommendations.

So long as the Academy is otherwise in full compliance with its obligations under this Indenture, including following the recommendations of the Management Consultant to the fullest extent practicable and allowed by law and consistent with its covenants hereunder, it shall not

constitute an Event of Default if the Cash on Hand for any testing date is less than the Cash on Hand Requirement. The Trustee has no duty or obligation to monitor the Academy's compliance with any recommendations of the Management Consultant and the Trustee's sole responsibility is to forward such recommendations to the Bondholders. If requested, the Academy shall provide the Trustee with a written certification that the Academy is, to the fullest extent practicable and allowed by law and consistent with its covenants hereunder, in compliance with the recommendations of the Management Consultant and the Trustee is entitled to rely on such written certification.

SECTION 4.08 Days Cash on Hand and Debt Service Coverage Ratio Covenants.

The Academy further covenants and agrees to comply with either of the following covenants: (a) maintain sixty (60) Days Cash on Hand and a Debt Service Coverage Ratio that will be at least one times (1.00x) during such fiscal year, commencing with the fiscal year ending June 30, 2019; or (b) if the Academy maintains fewer than sixty (60) Days Cash on Hand, then the Academy will maintain a Debt Service Coverage Ratio that will be at least one point one times (1.10x) during such fiscal year. All determinations required pursuant to these covenants shall be made utilizing the Academy's audited financial statement for the appropriate fiscal year.

If (i) the Academy does not maintain sixty (60) Days Cash on Hand and the Debt Service Coverage Ratio for any fiscal year ending on or after June 30, 2019 is less than one point one times (1.10x) during such fiscal year, or (ii) the Academy is maintaining sixty (60) Days Cash on Hand, but the Debt Service Coverage Ratio for any fiscal year ending on or after June 30, 2019 is less than one times (1.00x) during such fiscal year; then, upon the written direction of the holders of a majority in aggregate principal amount of the Bonds then Outstanding, the Academy will promptly employ a Management Consultant to review and analyze the operations and administration of the Academy, inspect the Facilities, and submit to the Academy and Trustee written reports, and make such recommendations as to the operation and administration of the Academy as such Management Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Academy agrees to consider any recommendations by the Management Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations. The Trustee has no duty or obligation to monitor the Academy's compliance with any recommendations and the Trustee's sole responsibility is to forward such recommendations to the Bondholders.

So long as the Academy is otherwise in full compliance with its obligations under this Indenture, including following, to the fullest extent practicable, the recommendations of the Management Consultant, it shall not constitute an Event of Default if Debt Service Coverage Ratio for any fiscal year is less than one point one times (1.10x) for such fiscal year (as evidenced by the Academy's audited financial statements for such fiscal year). The Trustee has no duty or obligation to monitor the Academy's compliance with any recommendations of the Management Consultant and the Trustee's sole responsibility is to forward such recommendations to the Bondholders. If requested, the Academy shall provide the Trustee with a written certification that the Academy is, to the fullest extent practicable, in compliance with the recommendations of the Management Consultant and the Trustee is entitled to rely on such written certification.

Notwithstanding the immediately preceding paragraph, if the Debt Service Coverage Ratio as of the end of any fiscal year commencing with the fiscal year ending June 30, 2019 is less than one times (1.00x) for such fiscal year (as evidenced by the Academy's audited financial statements for such fiscal year), then the holders of a majority in aggregate principal amount of the Bonds then Outstanding, if the Trustee is indemnified as provided in the this Indenture, may: (a) direct the Trustee to declare an Event of Default; and (b) direct the Trustee to exercise one or more of the remedies permitted under the Indenture. If the Debt Service Coverage Ratio is at least one times (1.00x) for such fiscal year as of the end of the fiscal year following the fiscal year in which the Management Consultant's recommendations were implemented, then any subsequent failures to meet the requirements set forth above will give the Bondholders the option to again initiate the procedures set forth above.

SECTION 4.09 Authority.

The Academy represents and warrants that: (a) pursuant to Part 6A of the Revised School Code, as amended (Act 451, Public Acts of Michigan, 1976, as amended), it is a public school academy authorized to borrow money and issue its bonds; (b) it has authority to execute, deliver and perform the terms of this Indenture; (c) all action on its part for the issuance of the Bonds and this Indenture has been duly taken; (d) the Bonds upon issuance and authentication and this Indenture upon delivery, shall be valid and enforceable against the Academy in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights and by general principles of equity; (e) it has not heretofore conveyed, assigned, pledged, granted a security interest in or otherwise disposed of the Security; and (f) the execution, delivery and performance of this Indenture are not in contravention of law or any agreement, instrument, indenture or other undertaking to which it is a party or by which it is bound.

SECTION 4.10 No Litigation.

The Academy represents and warrants that: (a) no litigation or administrative action of any nature has been served upon the Academy for the purpose of restraining or enjoining the issuance or delivery of the Bonds or the execution and delivery of this Indenture or in any manner questioning the proceedings or authority under which they have occurred, or affecting their validity or its existence or authority of its present officers; (b) no authority or proceeding for the issuance of the Bonds or for the payment or security thereof has been repealed, revoked or rescinded; (c) no petition seeking to initiate any resolution or other measure affecting the same or the proceedings therefore has been filed and (d) to the best of the knowledge of the officers of the Academy executing this Indenture, none of the foregoing actions is threatened.

SECTION 4.11 Further Assurances.

The Academy covenants that it will cooperate to the extent necessary with the Trustee in its defenses of the Security against the claims and demands of all Persons, and will do, execute, acknowledge and deliver or cause to be done, such indentures supplemental hereto and such further

acts, instruments and transfers as the Trustee may reasonably require for the better pledging of the Security.

SECTION 4.12 No Other Encumbrances.

The Academy covenants that except as otherwise provided herein, it will not sell, convey, mortgage, encumber or otherwise dispose of any portion of the Security.

SECTION 4.13 No Recourse.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in this Indenture or the Bond Purchase Agreement, against any past, present or future member, official, officer, director or employee of the Academy, or any successor organization, as such, either directly or through the Academy or any successor organization, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such member, official, officer, director, agent or employee as such is hereby expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of the Bonds.

SECTION 4.14 No Personal Liability.

No director, member, officer or employee of the Academy, including any person executing this Indenture or the Bonds, shall be liable personally on the Bonds or subject to any personal liability for any reason relating to the issuance, sale or repayment of the Bonds.

SECTION 4.15 Academy to Maintain Existence.

The Academy covenants and agrees that for so long as any Bonds remain outstanding under this Indenture, it shall maintain its existence as a public school academy under Michigan law, including without limitation maintain, renew and/or extend its charter contract with the Authorizer or another authorizing body and shall continue to operate the Facilities as a public school which will produce sufficient available revenues to pay the debt service and all other amounts due and owing under the Bonds and this Indenture. Notwithstanding the foregoing, the Academy shall have the right to cease operations at the Facilities and obtain from the Trustee a release and discharge of the Mortgage with respect thereto upon: (a) prepayment in full of the debt service; and (b) filing an opinion of Bond Counsel that such prepayment and release will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

SECTION 4.16 Covenant as to Non-Impairment of Tax-Exempt Status.

Notwithstanding any other provision of any rights of the Academy under this Indenture, the Academy hereby covenants that, to the extent permitted by law, it shall take all actions within its control and shall not fail to take any action as may be necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, including but not

limited to, actions relating to the rebate of arbitrage earnings and the expenditure and investment of Bond proceeds and moneys deemed to be Bond proceeds, all as more fully set forth in the Tax Certificate.

SECTION 4.17 Transfer, Assignment and Leasing.

The Academy may not transfer or sell the Facilities without the prior written consent of sixty-six and 2/3 percent (66.66%) of the Bondholders. The Academy may not lease any portion of the Facilities without the prior written consent of the Trustee and sixty-six and 2/3 percent (66.66%) of the Bondholders provided that the Academy delivers to the Trustee in connection with any such leasing an opinion of Bond Counsel to the effect that such lease will not affect adversely the exclusion from gross income for federal income tax purposes of interest on any Outstanding Bonds. No leasing shall relieve the Academy from primary liability for any of its obligations hereunder, and in the event of any such leasing the Academy shall continue to remain primarily liable for the payment of debt service and for performance and observance of the other agreements herein on its part to be performed and observed.

SECTION 4.18 Management Agreement.

The Academy shall not amend its current Management Agreement or enter into a new Management Agreement relating to its operations, unless prior to entering into such an amendment or new Management Agreement, the Academy obtains an opinion of Bond Counsel to the effect that such amendment or new Management Agreement will not affect adversely the exclusion from gross income for federal income tax purposes of interest on any Outstanding Bonds.

SECTION 4.19 Capital Needs Assessment.

The Academy agrees to prepare and deliver to the Trustee, on or before April 1, 2023, and on every fifth anniversary thereafter, a needs assessment for the ensuing five-year period with respect to the Facilities (the "Capital Needs Assessment"). The Capital Needs Assessment will include the projected costs of the required capital expenditures for such period identified in the Capital Needs Assessment. The Academy agrees to budget for and complete any capital repairs relating to the Facilities identified by the Capital Needs Assessment. The Trustee has no duty or obligation to review the Capital Needs Assessments and shall receive such reports solely as repository on behalf of the Bondholders. The Trustee's receipt of the foregoing shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Academy's compliance with any of its covenants herein or in any other transaction document.

SECTION 4.20 Academic Performance.

The Academy covenants and agrees that, beginning with the 2018-19 school year and each year thereafter, it will maintain its academic performance at a level above the lowest achieving public schools in the State as determined by the State under Section 1280c of the Revised School Code (MCL §380.1280c). In addition if Section 1280c is subsequently amended to provide a letter

grade accountability system (or similar academic accountability system) the Academy further covenants and agrees to maintain a letter grade of a "C" or above (or a comparable measure to a "C"). For a further discussion of Section 1280c see "RISK FACTORS"- "State School/Reform Officer ("SRO") and Priority Schools" herein.

In the event the Academy is determined under Section 1280c to be among the lowest achieving public schools in the State or alternatively receives a letter grade under Section 1280c below a "C" or a comparable measure, the Academy will promptly employ, at its sole expense, an Educational Consultant to review and analyze the instructional program and curriculum of the Academy, and submit to the Academy and the Trustee a compliance plan wherein the Educational Consultant and the Academy will create benchmarks to assist the Academy so that it is not determined to be among the lowest achieving public schools in the State and receives a letter grade not below a "C" . The Academy agrees to consider all reasonable recommendations by the Educational Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations. The Trustee has no duty or obligation to monitor the Academy's compliance with any recommendations and the Trustee's sole responsibility is to forward such recommendations to the Bondholders. Prior to hiring such Educational Consultant, the Academy shall provide the Trustee with a brief written description of its proposed Educational Consultant. Within 3 Business Days of receipt, the Trustee shall provide a copy of such description to the Bondholders and notify Bondholders that if they have any objections to the hiring of such Educational Consultant they must notify the Trustee in writing within 20 Business Days or they will be deemed to have accepted the hiring of such Educational Consultant by the Academy. The Trustee shall notify the Academy whether or not the Trustee receives any objections. In the event such Educational Consultant is objected to by a Majority Bondholder, the Academy shall promptly choose another Educational Consultant and the same process shall be followed. The Trustee shall certify to the Academy the results of each Bondholder consent process.

So long as the Academy is otherwise in full compliance with its obligations under the Indenture, including following, to the fullest extent practicable, the recommendations of the Education Consultant, it shall not constitute an Event of Default under the Indenture if the Academy fails to meet the academic performance covenant set forth in this section. If requested, the Academy shall provide the Trustee with a written certification that the Academy is, to the fullest extent practicable, in compliance with the recommendations of the Education Consultant and the Trustee shall be fully protected in relying on such written certification.

ARTICLE V
REVENUES AND FUNDS

SECTION 5.01 Pledge of Trust Estate.

Subject only to the rights of the Academy to apply amounts under the provisions of this Article, a pledge of the Security to the extent provided herein is hereby made to secure the payment of the principal of, premium, if any, and interest on the Bonds. The pledge hereby made shall be valid and binding from and after the time of the delivery by the Trustee of the first Bond authenticated and delivered under this Indenture. The Security so pledged and then or thereafter

received by the Academy shall immediately be subject to the lien of such pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the Academy with respect to the Security and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Academy irrespective of whether such parties have notice thereof.

SECTION 5.02 Establishment of Revenue Fund and Revenue Sub-Funds; Irrevocable Direction of State Aid Payments.

The Academy hereby establishes and creates the Revenue Fund which shall be held by the Trustee but in the name of the Academy. The funding of and disbursement from the Revenue Fund shall be in accordance with the provisions of Section 5.22 herein. In order to administer the disbursement of funds from the Revenue Fund, the Trustee shall establish the following sub-funds within the Revenue Fund, which shall be special trust funds held by the Trustee:

(a) Bond Principal Fund;

(b) Bond Interest Fund;

(c) Debt Service Reserve Fund;

(d) Escrow Fund;

(e) Cost of Issuance Fund;

(f) Rebate Fund;

(g) Expense Fund; and

(h) Repair and Replacement Fund.

The Academy has pursuant to this Indenture and the State School Aid Payment Agreement irrevocably directed that the Authorizer transfer twenty percent (20%) of each of the State Aid Payments to be received by the Academy directly to the Trustee, commencing after the Issue Date, so long as any obligations of the Academy under this Indenture remain outstanding or unsatisfied. The Trustee shall apply the funds comprising the State Aid Payments as set forth in Section 5.22 herein. Immediately thereafter, any State Aid Payments remaining on deposit with the Trustee after each payment required by Section 5.22 herein has been made shall be transferred within one Business Day by the Trustee to the general fund of the Academy, which account information shall be provided in writing to the Trustee by the Academy. The Trustee shall be fully protected in transferring such excess to the account identified by the Authorized Officer of the Academy.

SECTION 5.03 Payments into the Bond Principal Fund and the Bond Interest Fund.

The Trustee shall deposit into the Bond Principal Fund or the Bond Interest Fund, as appropriate, as and when received: (a) disbursements from the Revenue Fund as provided in

Section 5.22 herein; (b) all moneys transferred to the Bond Principal Fund or Bond Interest Fund pursuant to Section 5.07, 5.10 or 6.03 herein; (c) all other moneys deposited into the Bond Principal Fund or Bond Interest Fund pursuant to this Indenture; and (d) all other moneys received by the Trustee when accompanied by written directions from an Authorized Officer of the Academy not inconsistent with this Indenture that such moneys are to be paid into the Bond Principal Fund or Bond Interest Fund. There shall also be retained in the Bond Principal Fund and Bond Interest Fund, respectively, interest and other income received on investment of moneys in the Bond Principal Fund and Bond Interest Fund to the extent provided in Section 6.03.

SECTION 5.04 Use of Moneys in the Bond Principal Fund and the Bond Interest Fund.

Except as provided in this Section and in Sections 5.16, 5.21, 6.03 and 10.07 herein, moneys in the Bond Principal Fund shall be used solely for the payment of the principal of and premium, if any, on the Bonds as due, and moneys in the Bond Interest Fund shall be used solely for the payment of the interest on the Bonds as due.

SECTION 5.05 Custody of the Bond Principal Fund and the Bond Interest Fund.

The Bond Principal Fund and the Bond Interest Fund shall be special trust funds, established by the Trustee and held in the custody of the Trustee, solely for the benefit of the Bondholders. The Trustee shall withdraw sufficient funds from the Bond Principal Fund to pay the principal of and premium, if any, on the Bonds as the same become due and payable, to withdraw sufficient funds from the Bond Interest Fund to pay the interest on the Bonds as the same becomes due and payable and to withdraw sufficient funds from the Bond Interest Fund or the Bond Principal Fund for other purposes authorized in Section 5.04 herein.

Amounts on deposit in the Bond Principal Fund and the Bond Interest Fund shall: (a) be held in trust solely for the benefit of the Bondholders; (b) be applied only in accordance with the provisions of this Indenture; and (c) except as otherwise set forth herein, the Academy shall have no legal, equitable nor reversionary interest in, or right to, such amounts.

SECTION 5.06 Payments into the Debt Service Reserve Fund.

There shall be deposited into the Debt Service Reserve Fund, pursuant to Section 2.02, an aggregate amount equal to $_____ (representing the initial "Debt Service Reserve Fund Requirement"). There shall also be deposited into the Debt Service Reserve Fund all other moneys required to be deposited therein pursuant to this Indenture, and moneys received by the Trustee when accompanied by written directions from an Authorized Officer of the Academy that such moneys are to be paid into the Debt Service Reserve Fund. Amounts on deposit in the Debt Service Reserve Fund shall be invested pursuant to Section 6.01 herein. Interest and other income received on investments of Debt Service Reserve Fund moneys shall be transferred to the Bond Interest Fund so long as the Debt Service Reserve Fund is funded to an amount equal to the Debt Service Reserve Fund Requirement, as provided in Section 6.03 herein.

SECTION 5.07 Use of Moneys in the Debt Service Reserve Fund.

Except as provided in Sections 5.16, 5.21 and 6.03 herein, moneys in the Debt Service Reserve Fund shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds in the event moneys in the Bond Principal Fund and in the Bond Interest Fund are insufficient to make such payments when due, whether on an Interest Payment Date, maturity date or otherwise. Upon the occurrence of an Event of Default hereunder and the exercise by the Trustee of the remedies specified in Sections 10.02 and 10.03 herein, any moneys in the Debt Service Reserve Fund shall be transferred by the Trustee to the Bond Interest Fund, and with respect to any moneys in excess of the amount required to be transferred to the Bond Interest Fund, to the Bond Principal Fund and applied in accordance with Section 10.07 herein. On the final maturity date of the Bonds any moneys in the Debt Service Reserve Fund may be used to pay the principal of and interest on the Bonds on such final maturity date. In the event of the redemption of the Bonds in whole, any moneys in the Debt Service Reserve Fund shall be transferred to the Bond Principal Fund and applied to the payment of the principal of and premium, if any, on the Bonds. The Trustee shall value the Eligible Investments in the Debt Service Reserve Fund on the dates and in accordance with the requirements of Section 6.01 hereof. The weighted average maturity of the Eligible Investments in the Debt Service Reserve Fund shall not exceed two years. If on any valuation date the amount in the Debt Service Reserve Fund (determined pursuant to this Section) is greater than the Debt Service Reserve Fund Requirement, such excess shall be transferred by the Trustee to the Bond Interest Fund and credited in accordance with Section 5.03 herein. If on any valuation date the amount in the Debt Service Reserve Fund (determined pursuant to this Section) is less than the Debt Service Reserve Fund Requirement, the Trustee shall immediately notify the Academy in writing of the amount of such deficit and the Academy shall deposit with the Trustee such amount, subject to the limitation set forth in Section 5.25 herein, equal to such deficiency no later than six months from the date of its receipt of such notice in six equal monthly installments.

Within five Business Days of any transfer of funds from the Debt Service Reserve Fund to the Bond Principal Fund or the Bond Interest Fund because of a deficiency therein, the Trustee shall give written notice to the Academy of such transfer and of the amount of the deficiency, if any, of amounts then on deposit in the Debt Service Reserve Fund as of such date and the Academy shall deposit with the Trustee an amount, subject to the limitations set forth in Section 5.25 herein, equal to such deficiency no later than six months from the date of its receipt of such notice in six equal monthly installments. The Academy hereby directs the Trustee to disburse amounts on deposit in the Revenue Fund into the Debt Service Reserve Fund, pursuant to Section 5.22 herein, in amounts necessary to eliminate the deficiency set forth in any such notice(s) in six equal monthly installments.

Amounts on deposit in the Debt Service Reserve Fund shall be: (a) held in trust solely for the benefit of the Bondholders; and (b) be applied only in accordance with the provisions of this Indenture. In the event of any Act of Bankruptcy by the Academy, the Academy shall in no event assert, claim or contend that any portion of the Debt Service Reserve Fund is property of its bankruptcy estate as defined by 11 U.S.C. § 541.

SECTION 5.08 Custody of the Debt Service Reserve Fund.

The Debt Service Reserve Fund shall be in the custody of the Trustee but in the name of the Academy and the Academy hereby authorizes and directs the Trustee to withdraw sufficient funds from the Debt Service Reserve Fund to pay the principal of, redemption premium, if any, and interest on the Bonds and for the purpose described in Section 5.16 herein, which authorization and direction the Trustee hereby accepts. In the event there shall be a deficiency in the Bond Principal Fund or the Bond Interest Fund on any payment date for the Bonds, the Trustee shall promptly transfer an amount equal to such deficiency from the Debt Service Reserve Fund.

SECTION 5.09 Escrow Fund.

There shall be deposited into the Escrow Fund the amount of $_____ of Bond Proceeds and the amount of $_____ from the Academy, pursuant to Section 2.02 herein. The Escrow Fund shall be in the custody of the Trustee but in the name of the Academy and the Academy authorizes and directs the Trustee to transfer on the Redemption Date the amount of $_____ from the Escrow Fund to U.S. Bank National Association, as trustee for the Prior Obligations, for deposit into the Redemption Account under the Trust Indentures for the Prior Obligations, all as set forth by written direction of the Academy in a closing memorandum. In the event of any Act of Bankruptcy by the Academy, the Academy shall in no event assert, claim or contend that any portion of the Escrow Fund is property of its bankruptcy estate as defined by 11 U.S.C. § 541.

SECTION 5.10 Reserved.

SECTION 5.11 Reserved.

SECTION 5.12 Payments Into and Use of Moneys in the Cost of Issuance Fund.

There shall be deposited into the Cost of Issuance Fund the amount of $_____, pursuant to Section 2.02 herein. There shall also be retained in the Cost of Issuance Fund interest and any other income received on investments of Cost of Issuance Fund moneys, if any, as provided in Section 6.03 herein. Such moneys shall be expended to pay issuance expenses in accordance with the provisions of Section 2.04 herein. The Trustee is hereby authorized and directed to issue its payments on the Cost of Issuance Fund for each requisition in accordance with Section 2.04 herein.

The Trustee shall keep and maintain records pertaining to the Cost of Issuance Fund and all payments therefrom, which shall be open to inspection by the Academy, or its duly authorized agents during normal business hours of the Trustee.

SECTION 5.13 Termination of Cost of Issuance Fund.

Any amounts remaining on deposit in the Cost of Issuance Fund on _____, 2018, shall be transferred to the Bond Interest Fund.

SECTION 5.14 Custody of the Cost of Issuance Fund.

The Cost of Issuance Fund shall be in the custody of the Trustee but in the name of the Academy and the Academy authorizes and directs the Trustee to withdraw sufficient funds from the Cost of Issuance Fund for the purposes set forth in Section 2.04 and Section 5.12 herein, which authorization and direction the Trustee hereby accepts.

SECTION 5.15 Payments into and Custody of the Repair and Replacement Fund; Disbursements from the Repair and Replacement Fund.

There shall be deposited into the Repair and Replacement Fund as and when received: (a) if the amount in the Repair and Replacement Fund is less than the Repair and Replacement Fund Requirement, on each Disbursement Date, the Academy will deposit the amount of $2,273 into the Repair and Replacement Fund, provided that, the maximum amount the Academy shall be required to deposit in any Fiscal Year shall not be more than $25,000 until the amount on deposit in the Repair and Replacement Fund equals the Repair and Replacement Fund Requirement; (b) all other moneys deposited into the Repair and Replacement Fund pursuant this Indenture; and (c) all other moneys received by the Trustee when accompanied by written directions not inconsistent with this Indenture that such moneys are to be paid into the Repair and Replacement Fund. There shall also be retained in the Repair and Replacement Fund, interest and other income received on investment of moneys in the Repair and Replacement Fund to the extent provided in Section 6.03 herein. Any amounts on deposit in the Repair and Replacement Fund in excess of the Repair and Replacement Fund Requirement shall be transferred by the Trustee to the Academy; provided, however, that the amount remaining in the Repair and Replacement Fund immediately after such transfer shall not be less than the Repair and Replacement Fund Requirement.

The Repair and Replacement Fund shall be in the custody of the Trustee, but in the name of the Academy. Absent an Event of Default hereunder, the Academy hereby authorizes and directs the Trustee to make each disbursement authorized or required by the provisions of this Section 5.15 and to issue its checks therefor. The Trustee shall keep and maintain accurate records pertaining to the Repair and Replacement Fund and all disbursements therefrom and shall annually file an accounting thereof with the Academy.

Payments shall be made from the Repair and Replacement Fund upon receipt by the Trustee of a written requisition from an Authorized Officer of the Academy setting forth the amount and the payee for the purpose of paying the cost of extraordinary maintenance and replacements which may be required to keep the Facilities in sound condition, including but not limited to replacement of equipment, replacement of any roof or other structural component, exterior painting and the replacement of heating, air conditioning, plumbing and electrical equipment, architectural, engineering, legal and other services and other costs reasonably necessary and incidental thereto. Upon the receipt of prior written approval from the holders of a majority in aggregate principal amount of the Bonds then Outstanding, the Academy may requisition funds from the Repair and Replacement Fund for operating expenses. The Trustee shall rely fully on any such requisition delivered pursuant to this Section and shall not be required to

make any investigation in connection therewith, including, but not limited to, whether or not any such requested disbursement constitutes an operating expense.

SECTION 5.16 Rebate Fund.

There shall be deposited into the Rebate Fund as and when received: (a) investment income on moneys in the Funds to the extent provided in the direction of the Academy pursuant to Section 6.03 herein; (b) moneys received pursuant to Section 5.22 herein; (c) moneys transferred to the Rebate Fund from the Debt Service Reserve Fund (but only to the extent that the amount on deposit therein is in excess of the Debt Service Reserve Fund Requirement), the Bond Principal Fund or the Bond Interest Fund pursuant to the provisions of this Section; and (d) all other moneys received by the Trustee when accompanied by written directions not inconsistent with this Indenture that such moneys are to be paid into the Rebate Fund. The Trustee shall cause amounts on deposit in the Rebate Fund to be forwarded to the United States Treasury (at the address provided in the Tax Certificate) at the times and in the amounts as directed, in writing, by the Academy.

If upon receipt by the Trustee of a report of the Rebate Analyst to the effect that the moneys on deposit in the Rebate Fund are insufficient for the purposes thereof, notwithstanding Section 6.03 herein, the Trustee, after first delivering a demand for such deficiency to the Academy, shall transfer moneys to the Rebate Fund from the following Funds in the following order of priority: the Cost of Issuance Fund, the Repair and Replacement Fund, the Bond Principal Fund, the Bond Interest Fund and the Debt Service Reserve Fund. Upon receipt by the Trustee of a report of the Rebate Analyst to the effect that the amount in the Rebate Fund is in excess of the amount required to be therein, such excess shall be transferred to the Bond Interest Fund. The Trustee shall be entitled to rely conclusively upon such report of the Rebate Analyst in making determinations in accordance with this Section 5.16. This Section shall supersede all other Sections of this Indenture, to the end that the exclusion from gross income for the purposes of federal income taxation of interest on the Bonds shall not be adversely affected as a result of the inadequacy at any time of the Rebate Fund, unless the total amount held by the Trustee under all Funds established hereunder is insufficient, and no money for such purpose is provided by the Academy.

If, at any time when the Trustee is required to retain or pay the Rebate Analyst, there is an insufficient amount of money in the Rebate Fund to retain or pay for the fees and expenses of the Rebate Analyst, then the Trustee shall deliver to the Academy a demand for an amount sufficient to pay the Rebate Analyst, and the Academy shall pay such amount forthwith.

SECTION 5.17 Custody of the Rebate Fund.

The Rebate Fund shall be in the custody of the Trustee but in the name of the Academy and the Academy authorizes and directs the Trustee to withdraw funds from the Rebate Fund for the purposes set forth in Section 5.16 herein, which authorization and direction the Trustee hereby accepts.

SECTION 5.18 Non-Presentment of Bonds.

In the event any Bonds, or portions thereof, shall not be presented for payment when the principal thereof becomes due, either at maturity, the date fixed for redemption thereof, or otherwise, if funds sufficient for the payment thereof, including accrued interest thereon, shall have been deposited into the Bond Principal Fund and Bond Interest Fund or otherwise made available to the Trustee for deposit therein, then on and after the date said principal becomes due, all interest thereon shall cease to accrue and all liability of the Academy to the Bondholders thereof for the payment of such Bonds, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds in a separate trust account for the benefit of the Bondholders of such Bonds, who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his, her or their part under this Indenture with respect to said Bond. Such moneys shall not be required to be invested during such period by the Trustee. If any Bond shall not be presented for payment within the period of three years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall return to the Academy such funds theretofore held by it for payment of such Bond and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Academy. The obligations of the Trustee under this Section shall be subject, however, to any law applicable to the unclaimed funds or the Trustee providing other requirements for the disposition of unclaimed property.

SECTION 5.19 Moneys to be Held in Trust.

All moneys required to be deposited with or paid to the Trustee under any provision of this Indenture shall be held by the Trustee in trust for the purposes specified in this Indenture and, except for moneys deposited in the Repair and Replacement Fund, moneys deposited with or paid to the Trustee for the payment or redemption of specific Bonds, moneys held by the Trustee in the Rebate Fund and in the separate trust accounts pursuant to Sections 5.18 and 5.20 herein (to the extent, in the case of moneys held pursuant to Section 5.20 herein, such moneys are held pending disbursement for repair or replacement of the Facilities), shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien hereof. Moneys held in the Rebate Fund shall be held in trust by the Trustee and shall be applied as provided in Section 5.16 herein.

SECTION 5.20 Insurance and Condemnation Proceeds.

Reference is hereby made to the provisions of this Indenture wherein it is provided that under certain circumstances the Net Proceeds of insurance payments and condemnation awards are to be paid to the Trustee and to be disbursed and paid out as therein provided. The Trustee hereby accepts and agrees to perform such duties and obligations specified in this Indenture. The Trustee shall fully cooperate with the Academy in the handling and conduct of any prospective or pending insurable event or condemnation proceeding with respect to the Facilities or any part thereof. The Trustee may also establish temporary funds or accounts, as necessary, in its books or records in order to facilitate compliance with the provisions of Section 8.01 herein.

SECTION 5.21 Repayment to the Academy from the Funds.

Any amounts remaining in the Funds after payment in full of the Bonds (or the establishment of an irrevocable trust for such payment), the fees and expenses of the Trustee and all other amounts required to be paid hereunder to the Trustee (including payments into the Rebate Fund and to the United States), shall be paid to the Academy upon the expiration of the term of this Indenture.

SECTION 5.22 Revenue Fund.

There shall be deposited in the Revenue Fund as and when received, all State Aid Payments and other amounts required to be deposited by the Academy with the Trustee into the Revenue Fund pursuant to the State School Aid Payment Agreement and all of the other monies deposited in the Revenue Fund pursuant to this Indenture.

All monies held on deposit in the Revenue Fund shall be disbursed by the Trustee on the following dates in the following order of priority:

FIRST: on each Disbursement Date for State School Aid Payments received in October through August: (i) (a) commencing _____ 2018 and continuing through and including _____, for deposit in the Bond Interest Fund an amount (after taking into consideration earnings and other moneys then on deposit in the Bond Interest Fund) equal to one-_____ (1/___) of annual interest payments due on the Bonds on _____ 1, 2018; and (b) commencing _____ 1, 2018, for deposit in the Bond Interest Fund an amount (after taking into consideration earnings and other moneys then on deposit in the Bond Interest Fund) equal to one-eleventh (1/11th) of the annual interest payments due on the Bonds; plus (ii) all amounts due as to interest on the Bonds on the Disbursement Date or any previous Disbursement Date pursuant to this paragraph which have not otherwise been credited to the Bond Interest Fund pursuant to this paragraph or transferred to the Bond Interest Fund pursuant to Sections 5.07, 5.10, 5.13 and 6.03 herein;

SECOND: on each Disbursement Date for State Aid Payments received in October through August: (i) (a) commencing _____ 2018 and continuing through and including _____ 2018, for deposit in the Bond Principal Fund an amount (after taking into consideration earnings and other moneys then on deposit in the Bond Principal Fund) equal to one-_____ (1/____) of the principal due on the Bonds on the next succeeding Principal Payment Date; and (b) commencing _____ 2018, for deposit in the Bond Principal Fund an amount (after taking into consideration earnings and other moneys then on deposit in the Bond Principal Fund) equal to one-eleventh (1/11) of the principal due on the Bonds on the next succeeding Principal Payment Date; plus (ii) all amounts due as to principal on the Bonds on the Disbursement Date or any preceding Disbursement Date which have not

otherwise been credited to the Bond Principal Fund pursuant to this paragraph or transferred to the Bond Principal Fund pursuant to Section 5.07 herein;

THIRD: on each Disbursement Date, commencing after the Issue Date, to the Debt Service Reserve Fund, an amount required, if any, under Section 5.06 herein, for amounts therein to be equal to the Debt Service Reserve Fund Requirement, subject to the limitations set forth in Section 5.25 herein;

FOURTH: on the last Disbursement Date of every Rebate Year and continuing until the full amount is so paid, to the Rebate Fund, any amount, as calculated by the Rebate Analyst, required of the Academy to be deposited in the Rebate Fund;

FIFTH: on each Disbursement Date, commencing after the Issue Date, to the Repair and Replacement Fund, the amount required under Section 5.15 herein, subject to the limitations set forth in Section 5.25 herein and all amounts which were previously due but have not otherwise been transferred pursuant to this paragraph.

SIXTH: on each Disbursement Date for State Aid Payments received in October through August, commencing after the Issue Date, to the Expense Fund, an amount equal to one-eleventh (1/11th) of the Trustee's Fees and Trustee's Expenses due on November 1 of each year, plus (ii) any amount previously due under (i) of this paragraph but that remains unpaid because of an insufficiency in Revenues available therefore;

SEVENTH: on each Disbursement Date for State Aid Payments received in October through August, commencing after the Issue Date to the Expense Fund, an amount equal to one one-eleventh (1/11th) of the estimated amount owed as payment for the services of the Rebate Analyst on the next succeeding Principal Payment Date;

EIGHTH: on each Disbursement Date, the Short-Term Indebtedness Repayment amount necessary to service Short-Term Indebtedness, if any, pursuant to Section 5.26 herein;

NINTH: on each Disbursement Date, the Capital Lease Repayment amount necessary to service Capital Leases, if any, pursuant to Section 5.27 herein.

TENTH: on each Disbursement Date, commencing after the Issue Date, all amounts remaining on deposit in the Revenue Fund after the Trustee has made the disbursements required in FIRST through NINTH above, to the Academy at such account as may be designated in writing by the Academy to the Trustee.

In the event that frequency of State Aid Payments is changed in a calendar year such that State Aid Payments are not received in eleven substantially equal monthly installments, the fraction of one-eleventh ($1/11^{th}$) as used in the above provisions shall be replaced by a fraction the numerator of which is one and the denominator is the number of Disbursement Dates in a calendar year and the Trustee shall be authorized to make any further modification with respect to such fraction and the timing of transfers as the Trustee shall deem necessary or appropriate as a result of such changes in frequency of State Aid Payments in order to provide for the full funding of each fund or account as and when periodic payments are required to be made from such fund or accounts.

SECTION 5.23 Expense Fund.

There shall be deposited into the Expense Fund as and when received (a) all moneys transferred from the Revenue Fund to the Expense Fund pursuant to Section 5.22 herein, (b) all other moneys required to be deposited therein pursuant to this Indenture, and (c) all other moneys received by the Trustee when accompanied by written directions from an Authorized Officer of the Academy not inconsistent with this Indenture that such moneys are to be paid into the Expense Fund.

SECTION 5.24 Use of Moneys in the Expense Fund.

The Academy authorizes and directs the Trustee to withdraw sufficient funds from the Expense Fund to pay: (a) on November 1, 2018, an amount equal to the annual Trustee's Fees and Trustee's Expenses and, thereafter, on each Interest Payment Date, commencing November 1, 2018, to the Trustee an amount equal to one-half (1/2) of the annual Trustee's Fees and Trustee's Expenses; and (b) on November 1, 2018 and on each November 1 thereafter so long as any Bonds remain Outstanding, to the Rebate Analyst, any amount owed as payment for its services.

SECTION 5.25 Limitation on Transfers to the Debt Service Reserve Fund and the Repair and Replacement Fund.

Section 18 of the State School Aid Act of 1979, as amended (Act 94, Public Acts of Michigan, 1979, as amended) provides that not more than 20% of the total amount of State Aid Payments received by a public school academy for a given Fiscal Year may be transferred to either a capital projects fund or a debt retirement fund for debt service. The Debt Service Reserve Fund and the Repair and Replacement Fund are subject to the above limitations. Therefore transfers of State Aid Payments in total to the Debt Service Reserve Fund and the Repair and Replacement Fund cannot exceed 20% of the Academy's State Aid Payments for a Fiscal Year. All deposits and transfers of State Aid Payments shall be accomplished in accordance with State law.

SECTION 5.26 Short-Term Debt Repayment.

The Trustee shall, upon the written direction of the Academy, make the required debt service payments on the Academy's Short-Term Debt at the times and in the amounts directed by

the Academy from funds on deposit in the Revenue Fund, provided that the deposits required by clauses "First" through "Seventh" of Section 5.22 herein have first been made.

SECTION 5.27 Capital Lease Payments.

The Trustee shall, upon the written direction of the Academy, make the required payments on the Academy's Capital Leases at the times and in the amounts directed by the Academy from funds on deposit in the Revenue Fund, provided that the deposits required by clauses "First" through "Eighth" of Section 5.22 herein have first been made.

ARTICLE VI
INVESTMENTS

SECTION 6.01 Investment of Bond Principal Fund, Bond Interest Fund, Debt Service Reserve Fund, Cost of Issuance Fund, Rebate Fund and Repair and Replacement Fund.

So long as no Event of Default exists, on written instructions received by the Trustee from an Authorized Officer of the Academy on which instructions the Trustee may conclusively rely as to the legality and the suitability of such the directed investments contained therein, any moneys held as part of the Funds shall be invested by the Trustee in Eligible Investments (a) with respect to the Expense Fund, and the Cost of Issuance Fund, maturing in the amounts and at the times necessary to provide funds to make the payments to which such moneys are applicable, (b) with respect to the Bond Principal Fund and the Bond Interest Fund, maturing in the amounts and at the times necessary to provide funds to make the necessary principal and interest payments, as applicable, and with respect to the Rebate Fund, maturing in the amounts and at the times necessary to provide funds to make the payments to which such moneys are applicable as determined by the Trustee, and (c) with respect to the Debt Service Reserve Fund, and Repair and Replacement Fund, maturing in the amounts and at the times necessary to provide funds to make the payments to which such moneys are applicable. All such Eligible Investments purchased shall mature or be redeemable on a date or dates prior to the time when the moneys so invested will be required for expenditure or could be so required under the terms of this Indenture. If the Academy fails to provide the Trustee with written investment instructions, the Trustee shall hold such amounts uninvested in cash, without liability for interest. The Trustee shall value the Eligible Investments held within the Funds on each [October 1 and April 1 of each year, commencing October 1, 2018]. In computing for any purpose hereunder the amount in any Fund on any date, Eligible Investments purchased shall be valued at the lesser of their market value or cost. The Academy acknowledges and agrees that the Trustee shall (i) only be required to report the value of any assets on statements, books, and records according to the price provided by pricing services and sources relied upon by the Trustee, and (ii) not have any duty to independently value any asset or an obligation to report a value other than the price provided by pricing services and sources relied upon by Trustee. The Trustee shall sell and reduce to cash a sufficient portion of such investments whenever the cash balance in a Fund is insufficient for the purposes of such Fund. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries,

and may charge its ordinary and customary fees for such trades, including cash sweep account fees.

The Trustee may elect, but shall not be obligated, to credit the funds and accounts held by it with moneys representing income or principal payments due on, or sales proceeds due in respect of, Eligible Investments in such funds and accounts, or to credit to Eligible Investments intended to be purchased with such moneys, in each case before actually receiving the requisite moneys from the payment source, or to otherwise advance funds for account transactions. The Academy acknowledges that the legal obligation to pay the purchase price of any Eligible Investments arises immediately at the time of the purchase. Notwithstanding anything else in this Indenture, (i) any such crediting of funds or assets shall be provisional in nature, and the Trustee shall be authorized to reverse any such transactions or advances of funds in the event that it does not receive good funds with respect thereto, and (ii) nothing in this Indenture shall constitute a waiver of any of trustee's rights as a securities intermediary under Uniform Commercial Code §9-206.

Although the Academy recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Academy hereby agrees that confirmations of permitted investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month.

SECTION 6.02 Tax Status of the Interest on the Bonds.

The Academy has agreed to certain covenants in the Tax Certificate in order to ensure that the tax status of the interest on the Bonds is not adversely affected, which covenants are hereby incorporated.

SECTION 6.03 Allocation and Transfers of Investment Income.

Any investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Fund from which the investment was made. Any loss resulting from such investments shall be charged to such Fund or appropriate subaccount therein and the Trustee shall have no liability for such loss. Any interest or other gain from any Fund from any investment or reinvestment pursuant to Section 6.01 herein realized shall be retained therein or shall be allocated and transferred as follows:

(a) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Bond Principal Fund and the Bond Interest Fund shall be retained in the respective Fund unless a deficiency exists in the Debt Service Reserve Fund at the time such interest is received or other gain is realized in the Bond Principal Fund or Bond Interest Fund, as the case may be, in which case such interest or other gain shall be paid into the Debt Service Reserve Fund forthwith;

(b) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Debt Service Reserve Fund shall be credited

to the Debt Service Reserve Fund if the amount therein is less than the Debt Service Reserve Fund Requirement. If the amount in the Debt Service Reserve Fund on the valuation dates set forth in Section 5.07 herein is greater than the Debt Service Reserve Fund Requirement, such amount in excess of the Debt Service Reserve Fund Requirement shall be paid into the Bond Interest Fund;

(c) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Repair and Replacement Fund shall be credited to the Repair and Replacement Fund if the amount therein is less than the Repair and Replacement Fund Requirement. If the amount in the Repair and Replacement Fund on the valuation date set forth in Section 6.01 herein is greater than the Repair and Replacement Fund Requirement, such amount in excess of the Repair and Replacement Fund Requirement shall be paid monthly into the Bond Interest Fund; and

(d) Any interest or other gain actually realized in cash (as opposed to unrealized market increases) as a result of any investments or reinvestments of moneys in the Cost of Issuance Fund, the Expense Fund, and the Revenue Fund shall be retained in the respective Fund.

Notwithstanding the provisions of this Section, any interest or other gain from any Fund shall be transferred to the Rebate Fund to the extent required on behalf of the Academy pursuant to Section 5.16 herein, except that no such transfer shall be made from any Fund if such transfer would cause the amount then on deposit in such Fund to be less than required by the provisions of this Indenture.

ARTICLE VII
MAINTENANCE, TAXES AND INSURANCE

SECTION 7.01 Maintenance and Modifications of Facilities by Academy.

The Academy agrees that during the term of this Indenture the Facilities shall be operated and maintained, in compliance with all governmental laws, building codes, ordinances, and regulations and zoning laws as shall be applicable to the Facilities, unless the same are being contested in good faith by appropriate proceedings which operate to stay any action to foreclose or otherwise realize on any property of the Academy. The Academy agrees that during the term of this Indenture it will at its own expense (a) keep the Facilities in as safe condition as required by law and (b) except to the extent the Academy has determined that any portion of the Facilities is obsolete or not useful in its operations, keep the Facilities in good repair and in good operating condition, making from time to time all necessary repairs thereto (including external and structural repairs) and renewals and replacements thereof all of which shall be accomplished in a workmanlike manner in accordance with all applicable laws. The Academy may dispose of portions of the Facilities that the Academy determines to be obsolete or not useful to operations of the Facilities. The Academy may also, at its own expense, make from time to time any additions,

modifications or improvements to the Facilities (including modifications to the Facilities, if any) it may deem desirable for its purposes that do not substantially reduce its value; provided that all such additions, modifications and improvements made by the Academy which are affixed to the Facilities shall become a part of the Facilities. The Academy will not permit the removal of any personal property from the Facilities unless such personal property is obsolete, sold for fair market value or will be replaced with personal property of an equal or greater value. The Academy will not permit any liens, security interests or other encumbrances other than Permitted Encumbrances to be established or to remain against the Facilities including those for labor or materials furnished in connection with the Facilities or any additions, modifications, improvements, repairs, renewals or replacements made by it to the Facilities; provided that if the Academy first notifies the Trustee of its intention to do so, the Academy may, so long as no Event of Default has occurred and is continuing, diligently prosecute, in good faith, at its own expense, a contest of any mechanics' or other liens filed or established against the Facilities and in such event may permit the items contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Facilities or any part thereof will be subject to loss or forfeiture, in which event the Academy shall promptly pay and cause to be satisfied and discharged all such unpaid items. In the event that the Academy shall fail to pay any of the foregoing items required by this Section to be paid by the Academy, the Trustee may (but shall be under no obligation to) pay the same, and any amounts so advanced therefor by the Trustee shall become an additional obligation of the Academy under this Indenture and the Mortgage which amount the Academy agrees to pay on demand together with interest thereon at a rate which shall be 2% per annum above the highest rate of interest borne by any of the Bonds or the Maximum Rate if less than such rate.

SECTION 7.02 Taxes, Other Governmental Charges and Utility Charges.

The Academy will pay, before any interest, collection fees or penalties shall accrue, (a) all taxes and governmental charges of any kind whatsoever or payments in lieu of taxes that may at any time be lawfully assessed or levied against or with respect to the Facilities or any interest therein, or any machinery, equipment, or other property installed or brought by the Academy therein or thereon which, if not paid, will become a lien on the Facilities or a charge on the Pledged Revenues prior to or on a parity with the charge thereon under this Indenture, (b) all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Facilities and (c) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Facilities provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Academy shall be obligated to pay only such installments as may have become due during the term of this Indenture.

The Academy may, at its own expense, but only if no Event of Default hereunder has occurred and is continuing, diligently prosecute and in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges contested to remain unpaid during the period of such contest and any appeal therefrom if, in the opinion of counsel to the Academy, the Facilities shall not be subject to loss or forfeiture. In the event that the Academy is not able to obtain such an opinion of counsel, such taxes, assessments or charges shall be paid promptly or secured by posting a bond or cash

deposit with the Trustee equal to at least the amount so contested. In the event that the Academy shall fail to pay any of the foregoing items required by this Section to be paid by the Academy, the Trustee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the Trustee shall become an additional obligation of the Academy, which amount the Academy agrees to pay on demand together with interest thereon at a rate which shall be 2% per annum above the highest rate of interest borne by the Bonds or the Maximum Rate if less than such rate.

SECTION 7.03 Insurance Required.

Throughout the term of this Indenture, the Academy shall keep, or cause to be kept, the Facilities insured against the following risks, paying as the same become due and payable all premiums with respect thereto:

(a) A mortgagee's title insurance policy in an amount equal to the original principal amount of the Bonds in a form acceptable to the Academy;

(b) Insurance against loss or damage to the Facilities and all improvements therein (including, during any period of time when the Academy is making alterations, repairs or improvements to the Facilities, improvements and betterments coverage), all subject to standard form exclusions, with uniform standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at the time in use in the State, in an amount equal to the full replacement value of the Facilities;

(c) Automobile liability insurance, Commercial general liability insurance and professional liability insurance, if applicable, against claims relating to the maintenance, use or operation of the Facilities or any part thereof arising in, on or about the Facilities, including in, on or about the sidewalks or premises adjacent to the Facilities, providing coverage limits not less than the coverage limits customarily carried by owners or operators of facilities of similar size and character within the State; provided that such general and public liability insurances shall be in amounts not less than $1,000,000 for bodily injury or death per occurrence and $1,000,000 for property damage per occurrence and the aggregate combined limits of not less than $2,000,000 and will cause all contractors to maintain similar insurance against all similar liabilities on their part;

(d) Business interruption insurance in an amount sufficient to make the disbursements relating to principal and interest payments on the Bonds pursuant to Section 5.22 herein for a period of twelve (12) months; and

(e) Such other forms of insurance as are customary in the industry or as the Academy is required by law to provide with respect to the Facilities, including, without limitation, any legally required worker's compensation insurance and disability benefits insurance.

All the insurance coverage required by this Section may be subject to deductible clauses in such amounts as are customary for public school academy or public school academy facilities of similar size, type and character within the State.

All policies maintained (or caused to be maintained) by the Academy pursuant to this Section shall be taken out and maintained with generally recognized, responsible insurance companies rated not less than "A" by A.M. Best, authorized to do business in the State, which may include "captive" insurance companies or governmental insurance pools, selected by the Academy. The insurance policies required by subsections (a), (b) and (c) of this Section to the extent not in conflict with the Academy's Contract to operate as a public school academy shall name the Trustee and the Academy as insureds as their respective interests may appear, and, provided further that all insurance proceeds for losses, and except for worker's compensation, fidelity insurance and liability insurance, shall be paid in accordance with Sections 7.04 and 8.01 herein. Such policies or certificates of insurance shall provide that (except as to insurance required pursuant to subsection (d) of this Section) the insurer will mail 30 days written notice to the Trustee of any reduction in amount, material change in coverage or cancellation prior to expiration of such policy.

The Academy shall deliver to the Trustee (a) upon the commencement of the term of this Indenture, and (b) annually thereafter, an Academy certificate as to compliance with the provisions of this Section 7.03. The Trustee shall be entitled to rely upon said Academy certificate as to the Academy's compliance with the insurance requirements. The Trustee shall not be responsible for the sufficiency of coverage or amounts of such policies.

SECTION 7.04 Application of Net Proceeds of Insurance.

The Net Proceeds of the insurance carried pursuant to this Indenture shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds have been paid, subject to the requirements provided in this Indenture.

SECTION 7.05 Advances by Trustee.

In the event the Academy shall fail to maintain the full insurance coverage required by this Indenture or shall fail to keep the Facilities in the condition required hereby (except as otherwise herein permitted), the Trustee may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same, or make the required repairs, renewals and replacements; and all amounts advanced therefor by the Trustee shall become an additional obligation of the Academy under this Indenture to the one making the advance, which amounts the Academy agrees to pay on demand together with interest thereon at a rate which shall be 2% per annum above the highest interest rate borne by any of the Bonds or the Maximum Rate if less than such rate.

SECTION 7.06 Environmental Indemnity.

(a) To the extent permitted by law, Academy and its successors and permitted assigns, shall and do hereby indemnify and hold harmless the Bondholders and the Trustee, their successors, assigns, trustees, directors, officers, employees, agents,

contractors, subcontractors, licensees, and invitees (collectively referred to in this Section 7.06 as "Indemnified Parties"), for, from and against any and all Environmental Damages that the Indemnified Parties may incur as well as any and all loss, costs, damages, exemplary damages, natural resources damages, liens, and expenses, (including, but not limited to, attorneys' and paralegals' fees and any and all other costs incurred in the investigation, defense and settlement of claims) that Indemnified Parties may incur as a result of or in connection with the assertion against Indemnified Parties, or against all or a portion of the Facilities, of any claim, civil, criminal or administrative, which:

(i) arises out of the actual, alleged or threatened discharge, dispersal, release, storage, treatment, generation, disposal or escape of any Regulated Chemical in violation of Environmental Requirements, including, but not limited to, any solid, liquid, gaseous or thermal irritant or contaminant, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals, medical waste and waste (including materials to be recycled, reconditioned or reclaimed); or

(ii) actually or allegedly arises out of the use of any Regulated Chemical in violation of Environmental Requirements, the existence or failure to detect the existence or proportion of any Regulated Chemical in the soil, air, surface water or groundwater, or the performance or failure to perform the abatement or removal of any Regulated Chemical or of any soil, water, surface water or groundwater containing any Regulated Chemical; or

(iii) arises out of the actual or alleged existence of any Regulated Chemical in violation of Environmental Requirements on, in, under, or affecting all or a portion of the Facilities; or

(iv) arises out of any misrepresentations of the Academy concerning any matter involving Regulated Chemicals or Environmental Requirements; or

(v) arises out of the Academy's failure to provide all information, make all submissions and filings, and take all steps required by appropriate government authority under any applicable Environmental Law, regulation, statute or program, whether federal, state or local, whether currently existing or hereinafter enacted.

Without prejudice to the survival of any other agreements of the Academy hereunder, this indemnification shall survive any termination, payment, or satisfaction of the Indebtedness and the termination of this Indenture, and any foreclosure or any other transfer of any kind of the Facilities and shall continue and survive *ad infinitum*.

The Academy's indemnification contained herein shall be effective not only with any existing Environmental Requirements affecting the Academy, the Indemnified Parties and/or the

Facilities, but also for any hereinafter enacted environmental law, regulation, statute or program, whether federal, State or local affecting the Academy, the Indemnified Parties and/or the Facilities.

The Academy's indemnification contained herein shall extend to any and all like claims which arise from the acts or omissions of any user, tenant, lessee, agent or invitee of the Academy.

The obligations under this Section shall not be affected by any investigation by or on behalf of the Indemnified Parties, or by any information which the Indemnified Parties may have or obtain with respect thereto.

The Academy's indemnification shall include the duty to defend any and all claims, and Indemnified Parties may participate in the defense of any claim without relieving the Academy of any obligation hereunder. This duty to defend shall apply and constitute an obligation of the Academy regardless of any challenge by the Academy to this provision, the indemnification contained herein, or any other provision of this Indenture. This duty to defend shall apply regardless of the validity of the Academy's indemnification, as may ultimately be determined by a court of competent jurisdiction.

Notwithstanding anything to the contrary contained in this Section 7.06, no indemnification shall be required for any Environmental Damage incurred solely as the result of the negligence or willful misconduct of the party seeking indemnification or Environmental Damage caused by or through the party seeking indemnification.

SECTION 7.07 Environmental Representations and Covenants.

(a) Environmental Representations.

The Academy and its successors and assigns hereby represent and warrant as follows:

(i) To the best of its present knowledge, and after due inquiry, the Facilities, including all personal property, is free from contamination by Regulated Chemicals, including, but not limited to, friable asbestos, and there has not been thereon a release, discharge or emission, or a threat of release, discharge or emission, of any Regulated Chemical on, under, in, or about the Facilities in violation of any applicable Environmental Requirements, nor has any such Regulated Chemical migrated or threatened to migrate from other properties upon, about or beneath the Facilities in violation of any applicable Environmental Requirements.

(ii) To the best of the its present knowledge, and after due inquiry, neither the Academy nor any previous owner, tenant, occupant or user of the Facilities, nor any other Person, has engaged in or permitted any operations or activities upon, or any use or occupancy of the Facilities, or any portion thereof, whether legal or illegal, accidental or intentional, for the purpose of

or in any way involving the handling, manufacture, treatment, storage, use, generation, release, discharge, refining, dumping or disposal of any Regulated Chemical, on, under, in or about the Facilities, nor has any such party transported any Regulated Chemical to, from or across the Facilities.

(iii) To the best of its present knowledge, and after due inquiry, any adjoining property has not been used as a manufacturing, storage or disposal site for Regulated Chemicals nor is any other property adjoining the Facilities affected by a violation of Environmental Requirements.

(iv) To the best of its present knowledge, the Facilities owned by the Academy is in compliance with and has at all times been in compliance with all applicable Environmental Requirements and the Academy has all permits and licenses required to be issued under the Environmental Requirements and is in full compliance with the terms and conditions of such permits and licenses; such permits and licenses are in full force and effect; and no changes exist in the facts or circumstances reported or assumed in the application for or granting of such permits or licenses.

(v) The Academy has not received any notice, whether written or oral, concerning the Facilities owned by the Academy, for any alleged violation or requiring compliance of Environmental Requirements, whether or not corrected to the satisfaction of the appropriate authority, or notice or other communication concerning alleged liability for Environmental Damages in connection with the Facilities owned by the Academy, and to the best of Academy's knowledge there exists no investigation, administrative order, consent order and agreement, litigation, settlement or judgment, whether proposed, threatened, anticipated or in existence with respect to the Facilities owned by the Academy.

(vi) The representations and warranties set forth in this Section 7.07 shall survive the expiration or termination of the Academy Documents, the payment of the Bonds, and the discharge of any obligations owed by the parties to each other and will survive any transfer of title to the Facilities, whether by foreclosure, or otherwise and shall not be affected by any investigation by or on behalf of the Academy or the Trustee or any information which the Academy or the Trustee may have or obtain with respect thereto.

Moreover, the Academy does hereby and specifically represent and warrant that it has no affirmative knowledge or reason to believe that any condition, previous use, compliance or violation of Environmental Requirements are contrary to the description in Subsections (i), (ii), (iii), (iv), and (v) above.

(b) Use of Facilities.

The Academy will not intentionally or unintentionally conduct, or allow to be conducted, any business, operation, or activity on, under, or in the Facilities, or employ or use the Facilities or allow for it to be employed or used, to manufacture, transport, treat, store, or dispose of any Regulated Chemical which would violate or potentially violate Environmental Requirements, including, but not limited to, any action which would:

(i) bring the Academy, or the Facilities, within the corrective action requirements, or otherwise violate, the Resource Conservation and Recovery Act of 1976, as amended by the Solid and Hazardous Waste Amendments of 1984, 42 U.S.C. §§ 6901, *et seq*.;

(ii) cause, or allow to be caused, a release or threat of release, of hazardous substances on, under, in, or about the Facilities as defined by, and within the ambit of, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601, *et seq*.; or

(iii) violate the Clean Air Act of 1970, as amended, 42 U.S.C. §§ 7401, *et seq*., or other similar state, regional or local statute, law, regulation, rule or ordinance, including without limitation, the laws of the State, or any other statute providing for the financial responsibility for cleanup for the release or threatened release of substances provided for thereunder.

The Academy will not do or permit any act or thing, business or operation, that materially increases the dangers, or poses an unreasonable risk of harm, or impairs, or may impair, the value of the Facilities, or any part thereof.

(c) Maintenance of Facilities.

The Academy shall maintain the Facilities free from contamination by Regulated Chemicals in violation of Environmental Requirements and shall not intentionally or unintentionally allow a release, discharge or emission, or threat of release, discharge or emission, of any Regulated Chemical in violation of Environmental Requirements on, under, in or about the Facilities, and shall not consent to the migration or threatened migration from other properties upon, about or beneath the Facilities.

(d) Notice of Environmental Problem.

The Academy (provided that the Academy shall only forward to the Trustee those notices, letters, citations, orders, warnings, complaints, inquiries, claims or demands actually received by the Academy) shall promptly provide a copy to Trustee, and in no event later than 15 days from Academy's receipt of any written notice, letter, citation, order, warning, complaint, inquiry, claim or demand that:

(i) the Academy and/or any tenants or sublessees have violated, or are about to violate, any federal, state, regional, parish or local environmental, health, or safety statute, law, rule, regulation, ordinance, judgment or order;

(ii) there has been a release, or there is a threat of release, of any Regulated Chemical from the Facilities;

(iii) the Academy and/or any tenants or sublessees may be or are liable, in whole or in part, for the costs of cleaning up, remediating, removing or responding to a release of any Regulated Chemical;

(iv) any portion of the Facilities is subject to a lien in favor of any governmental entity for any liability, costs or damages, under Environmental Requirements arising from, or costs incurred by such governmental entity in response to, a release of any Regulated Chemical.

(e) Response Action.

The Academy shall take all appropriate responsive action, including any removal and remedial action ("Response Action"), in the event of a release, emission, discharge or disposal of any Regulated Chemical in violation of Environmental Requirements in, on, under or about the Facilities, so as to remain in compliance with the above. The Academy shall: (i) provide Trustee, within 30 days after providing the notice required under Section 7.07(d) above, with a bond, letter of credit or similar financial assurance which is equal to the cost of the Response Action and which may be drawn upon by the Trustee without restriction for the purpose of completing the Response Action if an Event of Default occurs or if the Response Action is not completed within six months of the issuance of the financial assurance or reasonable term thereafter agreed to by the parties in writing; and (ii) discharge any assessment, lien or encumbrance which may be established on the Facilities as a result thereof.

(f) No Liens or Encumbrances.

The Academy shall prevent the imposition of any liens or encumbrances against the Facilities for the costs of any response, removal, or remedial action or cleanup of any Regulated Chemicals. Should such a lien or encumbrance be levied on the Facilities, the Academy shall follow the procedures set forth in Subsections (d) and (e) above.

(g) Compliance with Environmental Requirements.

The Academy shall carry on the business and operations at the Facilities to comply in all respects and will continue to remain in compliance with all applicable Environmental Requirements and maintain all permits and licenses required thereunder.

(h) Additional Environmental Reports.

As long as there are any Bonds Outstanding, the Academy shall provide the Trustee with a copy of any Environmental Report prepared during that time. Without any further direction or approval the Trustee may provide any such reports to the Bondholders.

SECTION 7.08 Additional Environmental Provisions.

(a) Right to Notify Agencies.

To the extent the Trustee receives written notice, whether from the Academy or any other party, stating that the Academy is in violation of any Environmental Law, statute, regulation, ordinance, rule or order, whether federal, state, or local, or that there has been a release or threat of release of any Regulated Chemical from or upon the Facilities, and such notice requires notification to the respective governmental agency(ies), under applicable law, the Trustee retains the right without any obligation to so notify the respective agency(ies). The Trustee may, but shall not be obligated to make written demand upon the Academy, as circumstances may require, to notify the respective agency(ies), however, the Trustee retains the right to separately notify the respective agency(ies), and the Academy shall have no cause of action against the Trustee as a result of any such notification or failure to notify.

(b) Right of Inspection.

(i) Trustee at any time and from time to time, with reasonable cause and notice, either prior to or after the occurrence of any Event of Default hereunder may require the Academy to submit to the Trustee within 90 days of either the notice required under Section 7.07(d) herein or a written request from the Trustee or the Bondholders, a written report of a site assessment and environmental audit ("Environmental Assessment"), in scope, form and substance, and prepared by an independent, competent and qualified engineer, satisfactory to the Trustee or the requesting Bondholders, showing that the engineer made all appropriate inquiry consistent with good commercial and customary practice, such that consistent with generally accepted engineering practice and procedure, no evidence or indication came to light which would suggest there was a release of Regulated Chemicals on, under, in, or about any Facilities which could necessitate an environmental response action, and which demonstrates that the Facilities complies with, and does not deviate from, all applicable environmental statutes, laws, ordinances, rules and regulations, including any licenses, permits or certificates required thereunder, and that the Academy is in compliance with, and has not deviated from, the representations and warranties set forth in Section 7.07 herein. However, neither the Trustee nor the Bondholders shall require such Environmental Assessment more often than biannually absent an Event of Default.

(ii) In the event the Academy has not complied with subsection (i) above, the Academy hereby grants, and will cause any tenants or users of the Facilities to grant, to Trustee, its agents, attorneys, employees, consultants and contractors, upon reasonable notice, and under reasonable conditions established by Academy, which do not impede the performance of the Environmental Assessment, an irrevocable license and authorization to enter upon and inspect the Facilities, and perform such sampling, tests, and analysis ("Tests") including without limitation, subsurface testing, soils and groundwater testing, and other tests which may physically invade the Facilities, as the Bondholders or the Trustee or its agent determines is necessary.

(iii) In the event Tests are required, the Academy will cooperate with the consultants and supply to the consultants such historical and operational information as may be reasonably requested by the consultants, together with any notices, permits or other written communications pertaining to violations of Environmental Requirements and make available personnel having knowledge of such matters as may be required by the Bondholders, the Trustee, Trustee's agents, consultants and engineers to complete an Environmental Assessment.

(iv) Should the Academy fail to perform an Environmental Assessment within the time period set forth in this Section 7.08(b)(i) herein, Trustee shall have the right but not the obligation to retain an environmental consultant to perform said Environmental Assessment.

(v) The cost of performing any Environmental Assessment shall be paid by the Academy upon demand of Trustee and any such obligations shall be included in the Indebtedness.

(c) Event of Default.

If an Environmental Assessment reveals any violations of Environmental Requirements or the Academy receives a notice of a violation of Environmental Requirements, and the Academy fails to cure the violation in the time period and the manner specified in Section 10.01 herein, such action will constitute an Event of Default.

(d) No Assumption of Risk.

The Trustee's rights under this Section shall be exercised by it in its sole discretion and not for the benefit of the Academy. The Trustee shall have no obligation (unless directed and indemnified as provided in this Indenture) to enter into the Facilities or to take any other action which is authorized by this Article for the protection of its security interest. The Academy specifically agrees and acknowledges that any action permitted under this Section shall not be construed to be the management or control of the Facilities by the Trustee.

ARTICLE VIII

DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 8.01 Damage, Destruction and Condemnation.

In the event of a casualty or condemnation with respect to the Facilities, and so long as no Event of Default exists and is continuing, the proceeds from any insurance policy or the proceeds of any condemnation award resulting from such casualty or condemnation, shall be used to repair or replace the portion of the Facilities damaged, destroyed or taken or to prepay the Bonds in accordance with the terms herein and in accordance with the following provisions:

(a) In the event of a casualty or condemnation that results in an award less than or equal to $250,000 (which amount shall be increased as of each January 1 by a percentage equal to the past year's increase in the Consumer Price Index for Wayne County (the "CPI Adjustment") (as provided by the Academy to the Trustee at the time of the occurrence of any of the specified events) from any insurance policy or condemnation awards, such proceeds shall be paid directly to the Academy to provide for the repair, replacement or restoration of the Facilities to substantially the same condition as it was prior to such damage, destruction or condemnation.

(b) Whenever such Net Proceeds from any insurance policy or condemnation award are greater than $250,000 (plus the applicable CPI Adjustment) (as provided to the Trustee in accordance with subparagraph (a) hereof) such Net Proceeds shall be paid to the Trustee and held in a fund to be established by the Trustee pursuant to this Section 8.01(b) (the "Repair Fund") to be applied to repair, replace or restore the Facilities or, if applicable, to the prepayment of the Bonds as provided in Section 8.02 herein. The Net Proceeds deposited into the Repair Fund from such insurance policy or condemnation award, but excluding those deposits required under Section 5.22 herein, shall be disbursed by the Trustee periodically at the written request of the Academy for the repair, restoration or replacement of the Facilities upon the receipt by the Trustee from the Academy of a certificate of an Authorized Officer of the Academy stating that: (i) the Academy has received a Consulting Architect's Certificate which substantially states that such repairs, replacements or restorations will restore the Facilities to substantially its original condition, will be completed in accordance with plans and specifications, and that such repairs, replacements or restorations when completed in accordance with the plans and specifications will comply with all applicable statutes, codes and regulations; (ii) sufficient moneys are available in the Repair Fund to pay for such repair, restoration or replacements to be completed and together with available business interruption insurance and other available Pledged Revenues, to pay debt service on the Bonds and Operating Expenses of the Facilities during the restoration period; (iii) the Academy has obtained all applicable lien waivers; (iv) a construction contract has been entered into by the Academy; and (v) all permits and licenses necessary for such construction have been obtained; and, if such net

proceeds are in excess of $500,000, in addition to delivery of the written request and certificate of the Academy outlined above: the Academy shall provide the Trustee with (A) an endorsement to the applicable title insurance policy with an accompanying opinion of Counsel stating that the endorsement insures the continued priority of the lien of the Mortgage; and (B) an opinion of Bond Counsel to the effect that neither such repairs, replacements nor restorations nor such use of such casualty or condemnation proceeds adversely affects the exclusion from gross income for federal income tax purposes of interest on the Bonds. The Trustee shall retain 10% of the requested disbursements to be disbursed upon final completion of the repairs, replacements, restorations or improvements as evidenced by the delivery to the Trustee of a certification by the Consulting Architect the repairs have been completed and, if such net proceeds are in excess of $500,000, an endorsement to the title policy for the Facilities with an accompanying opinion of Counsel stating that the endorsement insures the continued priority of the Mortgage. If at any time during the restoration, the insurance or casualty proceeds are less than the estimated costs to restore, repair or replace the Facilities, the Academy shall provide the Trustee with cash or cash equivalents in an amount equal to the shortfall. If after completion of any such repairs, replacements, or improvements any funds remaining in the Repair Fund shall be transferred by the Trustee to the Bond Interest Fund and Bond Principal Fund, accordingly, and to redeem Bonds pursuant to the provisions of Section 8.02 herein. Notwithstanding the above provisions, all available proceeds of business interruption insurance shall be paid to the Trustee and deemed to be Pledged Revenues for purposes of this Indenture.

(c) Notwithstanding any of the foregoing, if net proceeds from the casualty or condemnation of all or any portion of the Facilities exceeds $250,000 (plus the applicable CPI Adjustment as provided to the Trustee in accordance with subparagraph (a) hereof), and the Bonds are not otherwise to be prepaid pursuant to Section 8.02 herein, the Academy shall immediately notify the Trustee and the Bondholders regarding such casualty or condemnation and shall, no later than 90 days following the occurrence of the events resulting in the casualty or condemnation, notify the Trustee in writing whether or not the Academy intends to repair and/or rebuild the Facilities. If the Academy does not intend to repair and/or rebuild the Facilities, the Trustee shall cause such insurance proceeds to be used to prepay the Bonds as provided in Section 8.02 herein. If the Academy intends to repair and/or rebuild the Facilities, said notice from Academy shall contain the following additional information, together with a statement from the Academy certifying to the accuracy of such information:

(i) a description of the damaged, destroyed or taken portion of the Facilities;

(ii) the estimated time to complete repair, replacement or restoration of the damaged, destroyed or taken portion of the Facilities, as determined by a qualified independent contractor retained by the Academy;

(iii) the total estimated cost of such replacement, repair or restoration, as determined by a qualified independent contractor retained by the Academy; and

(iv) the source of funds the Academy has available (including, but not limited to, insurance proceeds), to complete the repair, replacement or restoration and to make payments due under this Indenture during the period of repair, replacement or restoration.

SECTION 8.02 Mandatory Prepayment from Insurance or Condemnation Proceeds.

The Bonds are subject to redemption as a whole or in part at the principal amount thereof plus accrued interest thereon to the date of redemption, but without premium, from the Net Proceeds of any insurance policy or condemnation award, if one or more of the events set forth in Section 3.13(e)(i) or (ii) herein are applicable to the Academy.

SECTION 8.03 Investment of Net Proceeds.

Any Net Proceeds of insurance payments or condemnation awards held by the Trustee pending restoration, repair or rebuilding shall be invested in Eligible Investments in the same manner as provided in Article VI. Any earnings or profits on such investments shall be considered part of the Net Proceeds.

ARTICLE IX
DISCHARGE OF LIEN

SECTION 9.01 Discharge of Lien and Security Interest.

Subject to the next paragraph, upon payment in full of the Bonds, the lien of this Indenture upon the Security shall cease, terminate and be void, and thereupon the Trustee, upon determining that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, and upon payment of the Trustee's fees, costs and expenses hereunder, shall: (a) cancel and discharge this Indenture and the security interests; (b) execute and deliver to the Academy such instruments in writing as shall be required to cancel and discharge this Indenture and the security interests; (c) reconvey, as applicable, to the Academy the Security; and (d) assign and deliver to the Academy so much of the Security as may be in its possession or subject to its control, except, in the event of a defeasance of the Bonds, moneys and Government Obligations held in the Bond Principal Fund and Bond Interest Fund for the purpose of paying Bonds provided, however, such cancellation and discharge of this Indenture shall not terminate the powers and rights granted to the Trustee with respect to the payment, registration of transfer and exchange of the Bonds; and provided, further, that the rights of the Trustee to indemnity and payment of all reasonable fees and expenses shall survive.

SECTION 9.02 Provision for Payment of Bonds.

Bonds shall be deemed to have been paid within the meaning of Section 9.01 if:

(a) there have been irrevocably deposited in the Bond Principal Fund and Bond Interest Fund or other applicable fund noncallable Government Obligations of such maturities and interest payment dates and bearing such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon (such earnings to be held in trust also), be sufficient for the payment at their respective maturities or redemption dates prior to maturity, of the principal thereof and the redemption premium (if any) and interest to accrue thereon to such maturity or redemption dates, as the case may be; and

(b) there have been paid all fees, costs and expenses of, and the Trustee due or to become due or there are sufficient moneys in the Bond Principal Fund and Bond Interest Fund to make such payments; and

(c) if any Bonds are to be redeemed on any date prior to their maturity, the Trustee has received in form satisfactory to it irrevocable instructions to redeem such Bonds on such date and either evidence satisfactory to the Trustee that all redemption notices required by this Indenture have been given or irrevocable power authorizing the Trustee to give such redemption notices; and

(d) the Trustee shall have received a written opinion of Bond Counsel to the effect that such deposit (and the payment of the Bonds therefrom) will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes.

In determining the sufficiency of the moneys and/or Government Obligations deposited pursuant to subsection (a) of this Section 9.02, the Trustee shall be entitled to receive, at the expense of the Academy, and may rely on a verification report of a firm of nationally recognized independent certified public accountants.

Limitations elsewhere specified herein regarding the investment of moneys held by the Trustee under this Indenture shall not be construed to prevent the depositing and holding of the obligations described in the preceding subparagraph (a) for the purpose of defeasing the lien of this Indenture as to Bonds which have not yet become due and payable. In addition, all moneys so deposited with the Trustee as provided in this Section 9.02 may also be invested and reinvested, at the written direction of the Academy, in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations in the hands of the Trustee pursuant to this Section 9.02 which is not required for the payment of the Bonds and interest and redemption premium, if any, thereon with respect to which such moneys shall have been so deposited under this Section 9.02 shall be deposited in the Revenue Fund as and when realized and collected for use and application as are other moneys deposited in the Revenue Fund.

SECTION 9.03 Discharge of this Indenture.

Notwithstanding the discharge and cancellation of the lien of this Indenture upon the Security under Section 9.01, this Indenture and the rights granted and duties imposed hereby, to the extent not inconsistent with such discharge and cancellation of the lien upon the Security, shall nevertheless continue and subsist after payment in full of the Bonds until the Trustee shall have returned to the Academy all funds held by the Trustee pursuant this Indenture.

SECTION 9.04 Unclaimed Moneys.

Any moneys deposited with the Trustee in accordance with the terms and provisions of this Indenture, or any moneys held by any paying agent, in trust for the payment of the principal of and redemption premium, if any, or interest on the Bonds and remaining unclaimed by the Bondholders for five years after the final maturity of all Bonds issued hereunder or the redemption date of all the Bonds, as the case may be, shall be applied by the Trustee in accordance with the Uniform Unclaimed Property Act, Act. No. 29, Public Acts of Michigan, 1995, as amended from time to time. The Academy and the Trustee shall have no responsibility with respect to such moneys.

ARTICLE X
DEFAULT PROVISIONS AND REMEDIES

SECTION 10.01 Events of Default.

Any one of the following shall constitute an Event of Default hereunder:

(a) Default in the payment of any interest on any Bond when and as the same is due;

(b) Default in the payment of the principal of or any premium on any evidence of Indebtedness when and as the same is due, whether at the stated maturity or redemption date thereof or by acceleration;

(c) Default in the observance or performance of any other of the covenants, agreements or conditions on the part of the Academy included in this Indenture or in the Bonds and the continuance thereof for a period of 30 days after the Trustee gives written notice to the Academy; provided, however, if such Default is such that it cannot be cured within such 30 day period, it shall not constitute an Event of Default if the Default is correctable and if corrective action is instituted within such 30 day period and diligently pursued until the Default is corrected and the Academy provides the Trustee with a certification to that effect, but in no event shall the period allowed for correction exceed one hundred twenty (120) days; or

(d) Receipt by the Academy of a written notification from the Authorizer or other authorizing body of the termination or nonrenewal of the charter contract.

(e) The occurrence of an Act of Bankruptcy.

SECTION 10.02 Acceleration.

Upon the occurrence and continuation of any Event of Default hereunder, the Trustee may and upon the written request of the holders of not less than fifty-one (51%) percent in aggregate principal amount of Bonds then Outstanding the Trustee shall immediately, by notice in writing sent to the Academy, declare the principal of and any premium on all Bonds then Outstanding (if not then due and payable) and the interest accrued thereon to be due and payable immediately, and, upon such declaration, such principal and premium, if any, and interest shall become and be immediately due and payable. Interest on the Bonds shall cease to accrue on the date of such declaration.

Immediately following any such declaration of acceleration, the Trustee shall mail notice of such declaration by first class mail to each Bondholder at his last address appearing on the Bond Register. Any defect in or failure to give such notice of such declaration shall not affect the validity of such declaration.

SECTION 10.03 Other Remedies; Rights of Bondholders.

Upon the happening and continuance of an Event of Default hereunder the Trustee may with or without taking action under Section 10.02 herein, pursue any available remedy to enforce the performance of or compliance with any other obligation or requirement of this Indenture.

Subject to Section 10.02 herein, upon the happening and continuance of an Event of Default, and if requested to do so by the holders of at least sixty-six and 2/3 percent (66 2/3%) in aggregate principal amount of Bonds then Outstanding and the Trustee is indemnified as provided in this Indenture, the Trustee shall exercise such of the rights and powers conferred by this Section and by Section 10.02 herein as the Trustee, being advised by Counsel, shall deem most effective to enforce and protect the interests of the Bondholders.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholders hereunder or now or hereafter existing.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

SECTION 10.04 Right of Bondholders to Direct Proceedings.

Anything in this Indenture to the contrary notwithstanding the Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture, and provided that the Trustee shall be indemnified to its satisfaction (except for actions required under Section 10.02 herein).

No Bondholder shall have the right to institute any proceeding for the enforcement of this Indenture unless such Bondholder has given the Trustee and the Academy written notice of an Event of Default, the holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have requested the Trustee in writing to institute such proceeding, the Trustee shall have been afforded a reasonable opportunity to exercise its powers or to institute such proceeding, and there shall have been offered to the Trustee indemnity and the Trustee shall have thereafter failed or refused to exercise such powers or to institute such proceeding within a reasonable time.

SECTION 10.05 Discontinuance of Default Proceedings.

In the event that the Trustee has proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or have been determined adversely, then and in every such case the Academy, and the Trustee shall be restored to their former positions and rights hereunder and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken subject to the limits of any adverse determination.

SECTION 10.06 Waiver.

The Trustee, with the consent of the Bondholders of a majority in aggregate principal amount of the Outstanding Bonds may waive any default or Event of Default hereunder and its consequences and rescind any declaration of acceleration of maturity of principal; provided, however, that there shall be no such waiver or rescission unless all principal, premium, if any, and interest on the Bonds in arrears together with interest thereon (to the extent permitted by law) at the applicable rate of interest borne by the Bonds and all fees and expenses of the Trustee and the Academy shall have been paid or provided for.

SECTION 10.07 Application of Moneys.

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article X shall be deposited in the Bond Principal Fund and Bond Interest Fund. After payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities, and advances incurred or made by the Trustee and the

creation of a reserve for anticipated fees, costs and expenses, including reasonable attorneys' fees, and all other current outstanding fees and expenses of the Trustee, such moneys shall be applied in the order set forth below:

(a) to the Bondholders for the payment of the principal, premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority as between principal, premium or interest, installments of interest or Bonds, ratably according to the amounts due respectively for principal, premium and interest to the Persons entitled thereto; and

(b) to the Academy subject to Section 10.02 herein.

Whenever moneys are to be applied pursuant to this Section, the Trustee shall fix the date of declaration of acceleration (which shall be the earliest practical date, in the sole discretion of the Trustee, for which the requisite notice to the Bondholders can be given) upon which such application is to be made and upon such date of declaration interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date.

ARTICLE XI
THE TRUSTEE

SECTION 11.01 Appointment.

The Trustee is hereby appointed and does hereby agree to act in such capacity, and to perform the express duties of the Trustee under this Indenture, but only upon and subject to the following express terms and conditions (and no implied covenants or other obligations shall be read into this Indenture against the Trustee):

(a) The Trustee may execute any of its trusts or powers and perform any of its duties herein by or through attorneys, agents, receivers or employees, and shall be entitled to rely on advice of Counsel and other professionals concerning all matters of such trusts, powers and duties. The Trustee shall not be answerable for the default or misconduct of any attorney, agent, receiver or employee selected by it with reasonable care, and may in all cases pay such Persons reasonable compensation. The Trustee shall not be answerable for the exercise of any discretion or power under this Indenture or for anything whatsoever in connection with its trusts, powers and duties herein, except only for its gross negligence or willful misconduct.

(b) The Trustee shall not be responsible for any recital herein or in the Bonds (except with respect to the certificate of authentication of the Trustee endorsed on the Bonds), or for the validity of the execution by the Academy of this Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the Security for the Bonds. The Trustee shall not be liable for any loss suffered

in connection with any investment of funds made by it in accordance with Article VI herein, except for losses suffered due to the Trustee's gross negligence or willful misconduct. The Trustee shall have no duty or responsibility to examine or review and shall have no liability for the contents of any documents submitted to or delivered to any Bondholder in the nature of a preliminary or final official statement, offering circular or similar disclosure document.

(c) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder after such Bonds shall have been delivered in accordance with instructions of the Academy or for the use by the Academy of the proceeds of the Bonds.

(d) The Trustee shall be protected in acting upon opinions of counsel and upon any notice, request, consent, certificate, order, affidavit, letter, telegram, or other paper or document believed to be genuine and correct and to have been signed or sent by an Authorized Officer of such Person or Persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any Person who at the time of making such request or giving such authority or consent is the owner of any Bond (such ownership to be established as provided in Section 3.10 herein), shall be conclusive and binding upon all future owners or holders of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(e) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as duties. The Trustee shall only be responsible for the performance of the duties expressly set forth herein and shall not be answerable for other than its gross negligence or willful misconduct in the performance of those express duties.

(f) The Trustee shall not be personally liable for any debts contracted or for damages to Persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts, relating to the Facilities.

(g) The Trustee shall not be required to give any bond or surety in respect of the execution of its trusts and powers or otherwise hereunder.

(h) Before taking any action requested hereunder (except for acceleration of the Bonds as required by Section 10.02 herein) the Trustee may require that satisfactory security or indemnity be furnished to it for the reimbursement of all fees and expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its own gross negligence or willful misconduct by reason of any action so taken.

(i) All moneys received by the Trustee, until used or applied or invested as herein provided, shall be held as trust funds for the purposes specified in this Indenture and for the benefit and security of the Bondholders as herein provided. Such

moneys need not be segregated from other funds except to the extent required by law or herein provided, and the Trustee shall not otherwise be under any liability for interest on any moneys received hereunder.

(j) The Trustee shall not be bound to ascertain or inquire as to the performance of the obligations of the Academy under this Indenture, and shall not be deemed to have, or required to take, notice of a Determination of Taxability or an Event of Default under this Indenture, except (i) in the event the Academy fails to make a principal or interest payment when due, (ii) in the event of an insufficient amount in the Bond Principal Fund or Bond Interest Fund to make a principal or interest payment on the Bonds, (iii) upon written notification actually received by the Trustee of a Determination of Taxability from the Academy or a Bondholder, (iv) upon written notification actually received by the Trustee of a default or Event of Default from the holders of not less than a majority of the principal amount of Outstanding Bonds. In the absence of such notice, the Trustee may conclusively presume there is no Determination of Taxability and no Event of Default except as aforesaid. The Trustee may nevertheless require the Academy to furnish information regarding performance of their obligations under this Indenture, but is not obligated to do so.

(k) The Trustee shall, prior to any Event of Default and after the curing of all Events of Default which may have occurred, perform such duties and only such duties of the Trustee as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs. The foregoing shall not limit the Trustee's obligations under Section 10.02 herein.

(l) In the event that the Trustee receives direction from Bondholders under any section of this Indenture which permits Bondholders to direct the actions of the Trustee, the Trustee shall only be required to act pursuant to the direction of the Bondholders which represent the largest percentage in aggregate principal amount of the Outstanding Bonds at the time such direction is issued to the Trustee (the "Majority Direction"). The Trustee shall not be liable for a failure to act upon any direction except the Majority Direction when acting pursuant to this Section 11.01(l). Nothing in this Section 11.01(l) shall be construed to modify or amend any section herein which requires a minimum number of Bondholders to direct the Trustee to take certain action before the taking of such action by the Trustee becomes mandatory.

(m) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(n) Notwithstanding the effective date of this Indenture or anything to the contrary in this Indenture, the Trustee shall have no liability or responsibility for any act or event relating to this Indenture which occurs prior to the date the Trustee formally executes this Indenture and commences acting as Trustee hereunder.

(o) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Academy shall provide to the Trustee an incumbency certificate listing designated persons with the authority to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Academy elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Academy agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(p) Trustee shall be under no responsibility to approve or evaluate any expert or other skilled person selected by the Academy for any of the purposes expressed in this Indenture.

SECTION 11.02 Fees, Expenses.

The Trustee shall be entitled to payment and/or reimbursement for reasonable fees for its ordinary services rendered hereunder and all advances, counsel fees and other ordinary expenses reasonably made or incurred by the Trustee in connection with such ordinary services. If it becomes necessary that the Trustee perform extraordinary services, it shall be entitled to reasonable extra compensation therefor, and to reimbursement for reasonable extraordinary expenses in connection therewith; provided, that if such extraordinary services or extraordinary expenses are occasioned by the gross negligence or willful misconduct of the Trustee it shall not be entitled to compensation or reimbursement therefor.

The Trustee recognizes that all fees (including extraordinary fees and expensed), charges and other compensations to which it may be entitled under this Indenture are required to be paid by the Academy from its own funds and from funds derived from the Facilities or from the proceeds of the Bonds. Accordingly, the Trustee agrees that except for moneys that the Academy may derive from the foregoing the Academy shall not be liable for any such fees, charges and other compensation to which the Trustee may be entitled. Payment of all such amounts shall however, be secured by the Security as set forth herein.

As security for the payment of the Trustee's fees, costs, advances and expenses and for the indemnity provided in this Section 11.02, the Trustee shall have a first lien on all moneys and property coming into its possession (except for any moneys on deposit with the Trustee which are

being held under this Indenture for the purpose of paying to Bondholders principal, premiums, if any, or interest which has previously or is about to become payable with respect to the Bonds).

When the Trustee incurs expenses or renders services after the occurrence of an Act of Bankruptcy with respect to the Academy, the expenses and the compensation for the services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

To the extent permitted by law, the Academy hereby agrees to indemnify, defend and hold harmless the Trustee from and against any and all costs, claims, liabilities, losses or damages whatsoever (including reasonable costs and fees of counsel, auditors or other experts), asserted or arising out of or in connection with the acceptance or administration of the trusts established pursuant to the Indenture, including the reasonable costs and expenses (including the reasonable fees and expenses of its counsel) of defending itself against any such claim or liability in connection with its exercise or performance of any of its duties hereunder and of enforcing this indemnification provision, except costs, claims, liabilities, losses or damages resulting from the negligence or willful misconduct of the Trustee. The indemnifications set forth herein shall survive the termination of the Indenture and/or the resignation or removal of the Trustee.

The Academy's payment obligations under this Section shall survive the discharge of this Indenture, and shall not be limited by any law affecting the compensation of a trustee of an express trust.

SECTION 11.03 Intervention in Litigation.

In any judicial proceeding to which the Academy is a party, and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of the Bondholders, the Trustee may intervene on behalf of the Bondholders and shall do so if requested in writing by the holders of a majority in aggregate principal amount of the Bonds then Outstanding, and when provided with sufficient indemnity pursuant to Section 11.01(h) herein.

SECTION 11.04 Resignation; Appointment of Successor Trustee; Successor Trustee Upon Merger, Consolidation or Sale.

(a) The Trustee and any successor Trustee may resign only upon giving 30 days' prior written notice to the Academy and the Bondholders. Such resignation shall take effect only upon the appointment of a successor Trustee as described in Section 11.04(b) below and the acceptance of such appointment by the successor Trustee. Upon appointment of a successor Trustee, the resigning Trustee shall, after payment of its fees, costs and expenses, assign all of its right, title and interest in the Security, and transfer and assign its right, title and interest in this Indenture to the successor Trustee. The successor Trustee shall meet the requirements of Section 11.04(b) below and shall accept in writing its duties and responsibilities hereunder and file such acceptance with the Academy.

(b) If the Trustee shall give notice of resignation or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or if it shall be taken under the control of any public office or offices, or of a receiver appointed by a court, a successor may with the prior written consent of the Academy be appointed by the owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their duly authorized attorneys in fact, a copy of which shall be delivered personally or sent by first class mail, postage prepaid, to the Academy, the retiring Trustee and the successor Trustee. In the absence of an appointment by the Bondholders, the Academy may appoint a successor Trustee, by an instrument in writing signed by an authorized officer of the Academy, a copy of which shall be delivered personally or sent by first class mail, postage prepaid, to the retiring Trustee and the successor Trustee. If the Bondholders and the Academy fail to so appoint a successor Trustee, hereunder within sixty (60) days after the Trustee has given notice of its resignation, has been removed, has been dissolved, has otherwise become incapable of acting hereunder or has been taken under control by a public officer or receiver, the Trustee shall have the right to petition a court of competent jurisdiction to appoint a successor hereunder. Every such Trustee appointed pursuant to the provisions of this Section 11.04 shall (i) at all times be a bank having trust powers or a trust company; (ii) at all times be organized and doing business under the laws of the United States of America or of any state' (iii) have, or be wholly owned by an entity having, a combined capital and surplus of at least $50,000,000; (iv) be authorized under such laws to exercise corporate trust powers' and (v) be subject to supervision or examination by federal or state authority.

(c) Any corporation or association into which the Trustee may be merged or converted or with or into which it may be consolidated, or to which it may sell or transfer its municipal corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any merger, conversion, sale, consolidation or transfer to which it is a party, provided such company shall be eligible under Section 11.04(b) herein, shall be and become successor Trustee hereunder and shall be vested with all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges hereunder as was its predecessor, without the execution or filing of any instrument or any further act on the part of any of the parties hereto.

SECTION 11.05 Removal of Trustee.

The Trustee may be removed at any time upon thirty (30) days notice by an instrument or concurrent instruments in writing delivered to the Trustee and the Academy and signed by the owners of a majority in aggregate principal amount of Bonds then Outstanding. No removal of the Trustee and no appointment of a successor Trustee shall become effective until the successor Trustee has accepted its appointment in the manner provided in Section 11.04 herein. Upon such removal and the payment of its fees, costs and expenses, the Trustee shall assign to the successor

Trustee all of its right, title and interest in the Security in the same manner as provided in Section 11.04 herein.

SECTION 11.06 Instruments of Bondholders.

Any instrument required by this Indenture to be executed by Bondholders may be in any number of writings of similar tenor and may be executed by Bondholders in person or by an agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent shall be sufficient for any of the purposes of this Indenture if it is established by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof. Proof of the ownership of Bonds shall be established by the ownership records noted in the Bond Register.

The Trustee may rely on such an instrument of Bondholders unless and until the Trustee receives notice in the form specified above that the original such instrument is no longer trustworthy.

SECTION 11.07 Appointment of Separate or Co-Trustee.

It is the intent of the parties to this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the rights of banking corporations or associations to transact business as a trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture and in particular in the case of the enforcement of this Indenture on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee, or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate trustee or co-trustee. The following provisions of this Section 11.07 are adapted to these ends.

If the Trustee appoints an additional individual or institution as a separate trustee or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, duty, obligation, title, interest and lien expressed or intended by this Indenture to be exercised by, vested in or conveyed to the Trustee with respect thereto shall be exercisable by, vested in and conveyed to such separate trustee or co-trustee, but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary for the exercise thereby by such separate trustee or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Academy be required by the separate trustee or co-trustee so appointed by the Trustee for more fully vesting in and confirming to them such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Academy. If any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting or not be

qualified to act, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a successor to such separate trustee or co-trustee.

ARTICLE XII
SUPPLEMENTS AND AMENDMENTS

SECTION 12.01 Supplements Not Requiring Consent of Holders.

The Academy and the Trustee may, without the consent of or notice to any of the Holders, enter into one or more amendments or supplements to this Indenture (collectively referred to herein as a "Supplement") executed by the Academy and the Trustee for one or more of the following purposes:

(a) to cure any ambiguity, formal defect or omission in this Indenture;

(b) to correct or supplement any provision herein that may be inconsistent with any other provision herein;

(c) to grant or confer upon the Trustee for the benefit of, or ratably upon, the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon it or them, subject to the limitations in the provision of Section 12.02(a) hereof;

(d) to qualify this Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect;

(e) to comply with the provisions of any federal or state securities law;

(f) to provide for the release in accordance with the provisions hereof of any Facilities subject to the Mortgage; and

(g) relating to the issuance of Additional Bonds in accordance with Section 3.08 hereof.

SECTION 12.02 Supplements Requiring Consent of Holders.

(a) Other than Supplements referred to in Section 12.01 hereof and subject to the terms and provisions and limitations contained in this Article and not otherwise, Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right to consent to and approve the execution by the Trustee and the Academy of such Supplements as shall be deemed necessary and desirable by the Trustee and the Academy for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained herein or in any Supplement; provided, however, nothing in this Section

shall permit or be construed as permitting a Supplement that would allow the following modifications without the consent of the Holders of one hundred percent (100%) in aggregate principal amount of the Bonds then Outstanding or, if an Event of Default has occurred and is continuing, with respect to (i), (ii), (iii), (v) or (vi) below, without the consent of the Holders of at least seventy percent (70%) in aggregate principal amount of the Bonds then Outstanding:

(i) an extension of the maturity of the principal of or the interest on any Bond;

(ii) a reduction in the principal amount of any Bond or the rate of interest thereon;

(iii) an extension of time or a reduction in amount of any payment required by any sinking fund that may be applicable to any Bond;

(iv) a privilege or priority of any Bond or Bonds over any other Bond or Bonds;

(v) a reduction in the aggregate principal amount of Bonds required for consent to such Supplement; or

(vi) a change in the optional redemption date or price as set forth in this Indenture.

Provided, however, no such Supplement shall become effective unless the Trustee shall have obtained an opinion of Bond Counsel to the effect that any such Supplement will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds and that such amendment is permitted hereunder, and in the case of action taken with less than 100% consent of Holders, received indemnity as provided for in Section 11.01(h) hereof.

(b) If the Academy shall request the Trustee to enter into a Supplement pursuant to this Section, which request is accompanied by the proposed Supplement; and if within such period of time following the request as prescribed by the Academy in such request, the Trustee shall receive an instrument or instruments executed by the Holders of not less than the aggregate principal amount of Bonds specified in subsection (a) hereof for the Supplement in question, which instrument or instruments shall refer to the proposed Supplement and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof as on file with the Trustee, the Trustee shall then execute such Supplement in substantially such form, without liability or responsibility to any Holder, whether or not such Holder shall have consented thereto.

(c) Any such consent shall be binding upon the Holder giving such consent and upon any subsequent Holder of such Bond and of any Bond issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such

consent is revoked in writing by the Holder of such Bond giving such consent or by a subsequent Holder thereof by filing with the Trustee, prior to the execution by the Trustee of such Supplement, such revocation. At any time after the Holders of the required principal amount Bonds shall have filed their consents to the Supplement, the Trustee shall make and file with the Academy a written statement to that effect. Such written statement shall be conclusive that such consents have been so filed.

(d) If the Holders of the required principal amount of the Bonds then Outstanding shall have consented to and approved the execution of such Supplement as herein provided, no Holder shall have any right to object to the execution thereof, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Academy from executing the same or from taking any action pursuant to the provisions thereof.

SECTION 12.03 Execution and Effect of Supplements**.**

(a) Prior to executing any Supplement permitted by this Article, the Trustee shall receive an opinion of Bond Counsel stating that the execution of such Supplement is authorized or permitted hereby, complies with the terms hereof, and will not adversely affect the excludability from gross income for federal income tax purposes of interest payable on any Bonds the interest on which is excludible from gross income for federal income tax purposes. The Trustee may, but shall not be obligated to, enter into any such Supplement that affects the Trustee's own rights, duties or immunities.

(b) Upon the execution and delivery of any Supplement in accordance with this Article, the provisions hereof shall be modified in accordance therewith and such Supplement shall form a part hereof for all purposes and every Holder of Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

(c) Any Bond authenticated and delivered after the execution and delivery of any Supplement in accordance with this Article may bear a notation in form approved by the Trustee as to any matter provided for in such Supplement. If the Academy or the Trustee shall so determine, new Bonds so modified as to conform in the opinion of the Trustee and the Academy to any such Supplement may be prepared and executed by the issuer and authenticated and delivered by the Trustee in exchange for and upon surrender of Bonds then Outstanding.

(d) After a Supplement or amendment under Section 12.01 or 12.02 becomes effective, the Academy shall mail or cause the Trustee to mail notice of such amendment to the affected Holders.

SECTION 12.04 Amendment of Mortgage Not Requiring Consent of Holders.

The Academy, with the consent of the Trustee may, without the consent of or notice to any of the Holders, enter into amendments to, and/or modifications, supplements or restatements of, the Mortgage for one or more of the following purposes:

(a) to cure any ambiguity, formal defect or omission in the Mortgage;

(b) to correct or supplement any provision herein that may be inconsistent with any other provision herein;

(c) to grant or confer upon the Trustee for the benefit of, or ratably upon, the Holders any additional rights, remedies, powers, or authority that may lawfully be granted or conferred upon it or them; or

(d) relating to the issuance of Additional Bonds in accordance with Section 3.08 hereof.

ARTICLE XIII
MISCELLANEOUS

SECTION 13.01 Limitation of Rights.

With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, and the Bondholders any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions herein being intended to be and being for the sole and exclusive benefit of the parties hereto, and the Bondholders as herein provided.

SECTION 13.02 Severability.

If any provision of this Indenture is held to be in conflict with any applicable statute or rule of law or is otherwise held to be unenforceable for any reason whatsoever, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other part or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever.

The invalidity of any one or more phrases, sentences, clauses or Sections of this Indenture contained, shall not affect the remaining portions of this Indenture, or any part thereof.

SECTION 13.03 Notices.

Except as otherwise provided herein, all notices, certificates, or other communications hereunder shall be in writing and shall be deemed given upon receipt, by hand delivery, mail, overnight delivery, telecopy or other electronic means addressed as follows:

If to the Academy: Trillium Academy
15740 Racho Road
Taylor, Michigan 48180
Attention: Superintendent
Telephone: (734) 374-8222
Facsimile: (734) _____

If to the Trustee: U.S. Bank National Association
Global Corporate Trust (EP-MN-WS3C)
60 Livingston Avenue
St. Paul, MN 55107
Attention: Global Corporate Trust Services
Telephone: (651) 466-6307
Facsimile: (651) 466-7429

Any person or entity listed above may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. For purposes of this Section, "electronic means" shall mean electronic mail, telecopy or facsimile transmission or other similar electronic means of communication which produces evidence of transmission.

SECTION 13.04 Additional Notices to Rating Agencies.

The Trustee hereby agrees that if at any time (a) there is a change in the Trustee; (b) there are any modifications, supplements or amendments to this Indenture; (c) all of the Bonds are paid in full; then, in each case, the Trustee shall promptly give notice of any such event to each Rating Agency then maintaining a rating on the Bonds, which notice in the case of an event described in clause (b) above shall include a copy of any such amendment, modification or supplement; provided, however, that failure to give such notice shall not affect the validity any such changes or modifications.

SECTION 13.05 Payments Due on Non-Business Days.

In any case where the date of maturity of interest on or premium, if any, or principal of the Bonds or the date fixed for redemption of any Bonds shall not be a Business Day, then payment of such interest, premium or principal need not be made on such date but shall be made on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, and, in the case of such payment, no interest shall accrue for the period from and after such date.

SECTION 13.06 Interest Computation.

The interest on the Bonds shall be computed on the basis of a 360-day year comprised of twelve 30-day months thereafter.

SECTION 13.07 Binding Effect.

This instrument shall inure to the benefit of and shall be binding upon the Academy and the Trustee and their respective successors and assigns, subject, however, to the limitations contained in this Indenture.

SECTION 13.08 Captions.

The captions or headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Indenture.

SECTION 13.09 Governing Law.

This Indenture shall be governed by and interpreted in accordance with the laws of the State.

SECTION 13.10 Execution in Counterparts.

This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[*Remainder of page intentionally left blank*]

Trust Indenture

Signature Page

IN WITNESS WHEREOF, the Academy has executed this Indenture by its President, and the Trustee has caused this Indenture to be executed in its name by its duly authorized officer, all as of the day and year first above written.

TRILLIUM ACADEMY

By: _____

Its: President

U.S. BANK NATIONAL ASSOCIATION
as Trustee

By: _____

Its: _____

EXHIBIT A

FORM OF 2018 BOND

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF WAYNE

TRILLIUM ACADEMY
PUBLIC SCHOOL ACADEMY REFUNDING BONDS, SERIES 2018

Registered Owner: Cede & Co.

Principal Amount: $_____

INTEREST RATE	MATURITY DATE	DATE OF ORIGINAL ISSUE	CUSIP
_____%	October 1, 20__	_____, 2018	_____ ___

FOR VALUE RECEIVED, Trillium Academy, County of Wayne, State of Michigan (the "Academy") hereby promises to pay to the Registered Owner specified above, or registered assigns, upon surrender hereof, at the principal corporate trust or other designated office of the Trustee named below, on the Maturity Date specified above, unless redeemed prior thereto, the Principal Amount specified above, together with interest thereon at the interest rate specified above from the authentication date hereof or such later date to which interest has been paid, but only from the sources and in the manner hereinafter provided on each [May 1 and November 1 (each an "Interest Payment Date"), commencing November 1, 2018], until the principal hereof is paid or duly provided for upon redemption or maturity. Payment of the principal of, premium, if any, and interest on this Bond shall be made in lawful money of the United States of America which at the time of payment is legal tender for payment of public and private debts. Unless other arrangements are made pursuant to Section 3.02 of the Indenture (as defined below), interest is payable by check or draft of the Trustee mailed when due to the registered holder hereof at the close of business on the 15th day of the month immediately preceding any Interest Payment Date at the address of such holder as it appears on the Bond registration books of the Academy maintained by the Trustee (the "Bond Register").

Interest on this Bond shall be computed on the basis of a 360-day year consisting of twelve months of thirty days each.

This Bond is one of an authorized series of bonds of the Academy designated Public School Academy Refunding Bonds, Series 2018, and issued in the aggregate principal amount of $[Par] (the "Bonds"). The proceeds of the Bonds will be used for the following purposes: (i) to refund the Academy's Full Term Certificates of Participation, Series 2005 in the original principal amount of $7,200,000, dated as of September 1, 2005 and its Full Term Certificates of Participation, Series 2007 in the original principal amount of $5,065,000, dated as of November 1, 2007 (collectively, the "Prior Obligations"); (ii) to fund a debt service reserve fund; and (iii) to pay certain costs associated with the issuance of the Bonds.

The Bonds are issued pursuant to Act 451, Public Acts of Michigan, 1976, as amended, and pursuant to a resolution of the Academy adopted on December 20, 2017 (the "Resolution") and a Trust Indenture (the "Indenture") dated as of _____ 1, 2018, between the Academy and U.S. Bank National Association, as Trustee (the "Trustee"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indenture.

THE BONDS ARE FULL FAITH AND CREDIT OBLIGATIONS OF THE ACADEMY PAYABLE SOLELY FROM THE ACADEMY'S REVENUES AND RECEIPTS AND OTHER FUNDS PLEDGED THEREFOR PURSUANT TO THE INDENTURE. ALL STATE SCHOOL AID IS SUBJECT TO ANNUAL APPROPRIATION BY THE STATE LEGISLATURE AND THE LEGISLATURE IS NOT REQUIRED TO APPROPRIATE MONIES FOR SUCH PURPOSE. THE BONDS DO NOT CONSTITUTE AN OBLIGATION, EITHER GENERAL, SPECIAL, OR MORAL, OF THE STATE, THE CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (THE AUTHORIZING BODY OF THE ACADEMY), OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE, AND NEITHER THE FULL FAITH AND CREDIT NOR ANY TAXING POWERS OF THE STATE, THE CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE ARE PLEDGED TO THE PAYMENT OF PRINCIPAL AND INTEREST WITH RESPECT TO THE BONDS. THE ACADEMY HAS NO TAXING POWER.

THE BONDHOLDER, BY THE ACCEPTANCE HEREOF, ASSENTS TO ALL PROVISIONS OF THE INDENTURE.

No recourse under or upon any obligation, covenant, acceptance or agreement contained in the Indenture, or in any of the Bonds, or under any judgment obtained against the Academy, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise, or under any circumstances, shall be had against any employee or officer, as such, past, present, or future, of the Academy or any receiver thereof, or for or to any Holder of any Bond, or otherwise, of any sum that may be due and unpaid by the Academy upon any of the Bonds. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such member or officer, as such to respond by reason of any act or omission on his or her part, or otherwise, for directly or indirectly, the payment for or to the Academy or any receiver thereof, or for or to the owner or any Holder of any Bond, or otherwise, of any sum that may remain due and unpaid upon any Bond, shall be

deemed to be and is hereby expressly waived and released as a condition of and consideration for the execution and delivery of the Indenture and the issuance of the Bonds.

The Bonds are issuable as fully registered Bonds in the denomination of $5,000 or any integral multiple in excess thereof (the "Authorized Denominations"). This Bond, upon surrender hereof at the principal corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee executed by the registered Holder hereof or his or her attorney duly authorized in writing, may, at the option of the registered Holder hereof, be exchanged for an equal aggregate principal amount of Bonds of any other Authorized Denomination. The transfer of this Bond may be registered as provided in the Indenture, subject to certain limitations therein contained, only upon the Bond Register and only upon surrender of this Bond for transfer to the Trustee duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed by the registered Holder hereof or his attorney duly authorized in writing. Thereupon, one or more new Bonds of Authorized Denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees.

The Academy has established a book-entry only system of registration for the Bonds. Except as specifically provided otherwise in the Indenture, a nominee of a securities depository will be the registered owner and will hold this Bond on behalf of the beneficial owners hereof. By acceptance of a confirmation of purchase, delivery or transfer, the beneficial owners of this Bond shall be deemed to have agreed to this arrangement. The nominee, as registered owner of this Bond, shall be treated as the owner hereof for all purposes.

REDEMPTION OF BONDS

The Bonds shall be subject to redemption prior to maturity as follows:

(a) Optional Redemption

The Bonds maturing on or after November 1, 20___ are subject to redemption prior to maturity at the option of the Academy upon written request by the Academy to the Trustee in whole or in part on any day commencing on or after November 1, 20___, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, and in such order of maturity as the Academy shall direct, provided that no Bond may be redeemed in part if the principal amount to be Outstanding following such partial redemption is not an Authorized Denomination.

(b) Mandatory Redemption of Term Bonds

The Bonds maturing November 1, 2026, are subject to mandatory redemption on November 1, 2022, and on each November 1 thereafter, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Principal Fund as follows:

Redemption Dates	Principal Amounts
November 1, 2022	$
November 1, 2023	
November 1, 2024	
November 1, 2025	
November 1, 2026 (Maturity)	

The Bonds maturing November 1, 2037, are subject to mandatory redemption on November 1, 2027, and on each November 1 thereafter, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Principal Fund as follows:

Redemption Dates	Principal Amounts
November 1, 2027	$
November 1, 2028	
November 1, 2029	
November 1, 2030	
November 1, 2031	
November 1, 2032	
November 1, 2033	
November 1, 2034	
November 1, 2035	
November 1, 2036	
November 1, 2037 (Maturity)	

(c) Purchase in Lieu of Redemption.

The Bonds are subject to purchase in lieu of redemption by the Academy prior to their respective maturity dates at any time, in whole or in part, if the following conditions are satisfied:

(i) The Academy and the Bondholders negotiate and agree upon a purchase price that is communicated in writing to the Trustee, provided that the purchase price so negotiated, together with the expense of such purchase, may not exceed the redemption price of the Bonds to be purchased;

(ii) Upon written agreement as described in (i) above, the Academy shall direct the Trustee to purchase certain Bonds and will provide funds to the Trustee for deposit in the Bond Interest Fund and Bond Principal Fund in the amount necessary to pay the purchase price of the selected portion of the Bonds in excess of that required to fully satisfy the next scheduled interest and principal payments due on the Bonds, and provided there is deposited into the Expense Fund such amount as the Trustee may require to cover the accrued and anticipated fees and expenses;

(iii) The Trustee confirms that the amount provided for by the Academy pursuant to (ii) above is sufficient to warrant such purchase at the purchase price agreed to by the Academy and the Bondholders pursuant to (i) above; and

(iv) To the extent permitted by law, the Academy shall indemnify and hold harmless the Trustee, in a form and with such security as may be satisfactory to the Trustee, from and against any and all liabilities, claims, or losses arising out of, by virtue of, or in connection with, the tender of Bonds, up to the amount of the value of the Bonds tendered, except in the case of negligence, willful misconduct, or bad faith on the part of the Trustee.

As Bonds are purchased pursuant to the Indenture, such purchase of Bonds will be considered to have satisfied, in whole or in part, the redemption requirements as set forth in the Indenture. Once purchased, such Bonds shall be delivered to the Trustee and cancelled.

(d) Mandatory Redemption Upon Determination of Taxability.

The Bonds are subject to mandatory redemption prior to maturity, as a whole and not in part, on the earliest practicable date for which notice can be given following the occurrence of a Determination of Taxability, at a redemption price equal to 103% of the principal amount thereof plus accrued interest to the redemption date.

(e) Redemption of Bonds Upon Occurrence of Certain Events.

Subject to Sections 8.01 and 8.02 of the Indenture, the Bonds are redeemable at the option and upon the direction of the Bondholders of at least two-thirds (2/3) of the Outstanding Bonds, in whole at any time or in part on any Business Day from and to the extent of funds on deposit under the Indenture and available for this purpose at a redemption price equal to the principal amount of each Bond to be redeemed plus accrued interest to the redemption date, upon the occurrence of any of the following events:

(i) The Facilities shall have been damaged or destroyed in whole or in part to such extent that, as expressed in a Consulting Architect's Certificate filed with the Trustee, either: (A) the Facilities cannot reasonably be restored within a period of 12 consecutive months to the condition thereof immediately preceding such damage or destruction; (B) the Academy is thereby prevented from carrying on its normal operations for a period of 12 consecutive months; (C) the cost of restoration thereof would exceed the Net Proceeds of insurance carried thereon pursuant to the requirements of Section 7.03 of the Indenture; or (D) the final maturity of the Bonds is within five years of the date of such damage or destruction.

(ii) Title to, or the temporary use of, all or any substantial part of the Facilities shall have been taken under the exercise of the power of eminent domain

by any governmental entity, or Person, firm or corporation acting under governmental authority or because of a defect in title.

(iii) As a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Academy in good faith, the Indenture shall have become void or unenforceable or impossibility of performance in accordance with the intent and purposes of the parties as expressed in the Indenture. Redemption pursuant to this subsection (iii) shall be in whole only.

Only Net Proceeds of insurance or a condemnation award shall be used for a partial redemption of Bonds pursuant to subsections (e)(i) or (ii) above.

(f) Method of Selecting Bonds

If less than all the Outstanding Bonds are called for redemption, the Academy may designate maturities of the Bonds to be redeemed first, or if the Academy does not so designate, the Trustee shall select the Bonds to be redeemed by lot or in such other manner as it shall in its discretion determine; provided that any such Bonds or portions thereof selected for redemption shall be in Authorized Denominations and no Bond may be redeemed in part if the principal amount to be outstanding following such partial redemption is not an Authorized Denomination. If less than the principal amount of a Bond is called for redemption, the Academy shall execute and the Trustee shall authenticate and deliver Bonds in any of the Authorized Denominations in exchange for the unredeemed principal amount of such Bond. In no event shall the redemption of Bonds result in a Bond denomination of less than $5,000.

(g) Notice of Redemption

Notice of redemption shall be mailed by the Trustee by first class mail at least 30 days but not more than 45 days before any redemption date to the Registered Owner of each Bond to be redeemed in whole or in part at its last address appearing on the Bond Register; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bond, or portion thereof with respect to which no such failure or defect has occurred. Any notice mailed as described in this paragraph shall be conclusively presumed to have been duly given, whether or not the Bondholder receives the notice.

Each notice of redemption shall state: (i) the redemption date; (ii) the redemption price; (iii) identifying information including designation, issue date, CUSIP numbers, interest rate, maturity date and, in the case of a partial redemption, the respective principal amounts of the Bonds to be redeemed; (iv) that on the redemption date the redemption price will become due and payable upon each such Bond and that interest thereon shall cease to accrue from and after such date; and (v) the name and address of the Trustee for such Bonds and the place where such Bonds are to be surrendered for payment of the redemption price.

GENERAL PROVISIONS

If provision is made for the payment of principal of, premium, if any, and interest on this Bond in accordance with the Indenture, this Bond shall no longer be deemed outstanding under the Indenture, shall cease to be entitled to the benefits of the Indenture, and shall thereafter be payable solely from the funds provided for payment.

Under certain circumstances as described in the Indenture, the principal of all the Bonds shall or may be declared due and payable in the manner and with the effect provided in the Indenture. Immediately following any such declaration, the Trustee shall mail notice of such declaration by first class mail to each holder of Bonds at his or her last address appearing on the Bond Register. Any defect in or failure to give such notice of such declaration shall not affect the validity of such declaration.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations, if any, of the Academy, and the Bondholders at any time with the consent of the Bondholders of a majority in aggregate principal amount of the Bonds at the time outstanding which are affected by such modifications. The Indenture also permits amendments and supplements to the Indenture, without requiring the consent of any Bondholders in certain specifically described instances. Supplements and amendments to the Indenture may be made only to the extent and in circumstances permitted by the Indenture.

No Bondholder shall have the right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to a default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided under certain limited circumstances described in the Indenture.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED, that all acts, conditions and things required to exist, happen and be performed by the Constitution and statutes of the State of Michigan precedent to the execution and delivery of the Indenture and the issuance of this Bond and the issue of which it is a part, do exist, have happened and have been timely performed in regular form and manner as required by law, and the issuance of this Bond, together with all other obligations of the Academy, does not exceed or violate any constitutional or statutory limitation applicable to the Academy.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature of one of its authorized signers, this Bond shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, Trillium Academy has executed this Bond by the manual or facsimile signature of its President as of the Date of Original Issue set forth above.

TRILLIUM ACADEMY

By:_____

Its: President

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By:_____

Its:_____

Authentication Date: _____, 2018

[FORM OF ASSIGNMENT]

For value received, the undersigned hereby sells, assigns and transfers unto _____

_____

_____

(Name and Address of Assignee)

(Taxpayer I.D. No. _____)
the within Bond and does hereby irrevocably constitute and appoint _____ _____, the within Bond and does hereby irrevocably constitute and appoint _____, attorney to transfer such Bond on the books kept for registration and transfer of the within Bond, with full power of substitution in the premises.

Dated:_____ _____

[Signature]

NOTICE: The signature(s) to this Assignment must correspond with the name as it appears upon the face of the Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:_____

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution as defined by SEC Rule 17Ad-15 (17 CFR 240.17Ad-15) participating in a Securities Transfer Association recognized signature guarantee program.

EXHIBIT B

FORM OF REQUISITION CERTIFICATE

TO: U.S. Bank National Association, as Trustee

FROM: Trillium Academy (the "Academy")

SUBJECT: $_____ Public School Academy Refunding Bonds, Series 2018 (the "Bonds")

This represents Requisition Certificate No. _____ in the total amount of $_____ for payment of those Costs of the Issuance detailed in the schedule attached.

The undersigned does certify that:

1. All of the expenditures for which moneys are requested hereby represent proper Costs of the Issuance, have not been included in a previous Requisition Certificate and have been properly recorded on the Academy's books.

2. All of the payment herein requested from the Cost of Issuance Fund and all other payments from the proceeds of the Bonds (including investment earnings thereon) heretofore made from the Cost of Issuance Fund have been used or are being used by the Academy to pay for the costs of issuance.

3. The Academy is not in default under the Indenture and nothing has occurred to the knowledge of the Academy that would prevent the performance of its obligations under the Indenture.

4. Delivered herewith are copies of invoices or other appropriate documentation supporting the payments or reimbursements requested.

Capitalized terms used but not defined herein shall have the meanings given in the Trust Indenture relating to the Bonds.

Executed this _____ day of _____, ____.

TRILLIUM ACADEMY

By: _____

Its: Authorized Officer

SCHEDULE TO REQUISITION CERTIFICATE NO. _____

PAYEE	AMOUNT	PURPOSE

EXHIBIT C

MATURITY SCHEDULE AND INTEREST RATES

$[Par]
TRILLIUM ACADEMY
PUBLIC SCHOOL ACADEMY REFUNDING BONDS, SERIES 2018

Year (November 1)	Principal Amount	Interest Rate	Yield	CUSIP
2019	$			
2020				
2021				

$_____,000 Term Bond due November 1, 2026 at ___%; Price ____%; CUSIP _____

$_____,000 Term Bond due November 1, 2037 at ___% Price ____% CUSIP _____

EXHIBIT D

NET DEBT SERVICE SCHEDULE
[Attached]

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APPENDIX G

FORM OF OPINION OF BOND COUNSEL

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APPENDIX G

FORM OF OPINION OF BOND COUNSEL

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

Miller, Canfield, Paddock and Stone, P.L.C.
150 West Jefferson, Suite 2500
Detroit, Michigan 48226
TEL (313) 963-6420
FAX (313) 496-7500
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MICHIGAN: Ann Arbor
Detroit • Grand Rapids
Kalamazoo • Lansing • Troy
FLORIDA: Tampa
ILLINOIS: Chicago
NEW YORK: New York
OHIO: Cincinnati
CANADA: Windsor
CHINA: Shanghai
MEXICO: Monterrey
POLAND: Gdynia
Warsaw • Wrocław

_____, 2018

Trillium Academy
County of Wayne
State of Michigan

U.S. Bank National Association
St. Paul, Minnesota

We have acted as bond counsel in connection with the issuance by Trillium Academy, Wayne County, Michigan (the "Academy"), of its Public School Academy Revenue and Refunding Bonds, Series 2018 in the aggregate principal amount of $_____ (the "Bonds"). The Bonds are dated _____, 2018, and have been issued in fully registered form in denominations of $5,000 or any integral multiple in excess thereof, not exceeding for each maturity the aggregate principal amount of the Bonds maturing at any one time, bear interest and mature as shown on the faces of the Bonds. The Bonds are subject to mandatory, optional and extraordinary redemption prior to maturity as set forth in the Bonds. The Bonds have been issued pursuant to Act 451, Public Acts of Michigan, 1976, as amended, and in accordance with the Trust Indenture between the Academy and U.S. Bank National Association, dated as of _____ 1, 2018 (the "Trust Indenture") and the proceeds will be used for the purposes set forth in the Bonds.

We have examined the law, a specimen of the Bonds and such certified proceedings and other documents as we have deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications furnished to us without undertaking to verify the same by independent investigation.

The opinions expressed in the first sentence of Paragraph 5 below are subject to the condition that the Academy comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest on the Bonds be (or continue to be) excluded from gross income for federal income tax purposes. The Academy has covenanted to comply with each requirement. Failure to comply with certain of such requirements may cause the inclusion of the interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

Based on the foregoing, under existing law, we are of the opinion that:

1. The Academy is a body corporate and governmental agency validly existing, under the laws of the State of Michigan with the power to enter into the Trust Indenture and issue the Bonds.

2. The Trust Indenture has been duly authorized, executed and delivered by the Academy and is a valid and binding obligation of the Academy in accordance with its terms.

3. The Bonds have been duly authorized, executed and delivered by the Academy and are valid and binding obligations of the Academy enforceable against the Academy in accordance with their terms.

4. The Bonds are valid and legally binding full faith and credit obligations of the Academy enforceable in accordance with their terms, payable as to the principal of, premium, if any, and accrued interest thereon solely from the security pledged therefor under the Trust Indenture. Neither the State of Michigan (the "State") nor any political subdivision of the State is obligated to pay the principal of, premium, if any, or interest on the Bonds and neither the faith and credit nor the taxing power of the State or any political subdivision of the State is pledged to the payment of the principal of, premium, if any, or interest on the Bonds. The Academy has no taxing power.

5. The interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. It should be noted, however, that with respect to corporations (as defined for federal income tax purposes), the interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations for taxable years beginning prior to January 1, 2018. The Bonds and interest thereon are exempt from all taxation provided by the laws of the State, except inheritance and estate taxes, and taxes on gains realized from the sale, payment or other disposition of the Bonds. We express no opinion regarding other federal or State tax consequences arising with respect to the Bonds.

The rights of bondholders may be affected by bankruptcy, reorganization, moratorium, receivership or other similar laws affecting the enforceability of creditors' rights now existing or hereafter enacted to the extent constitutionally applicable and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

By _____
James M. Crowley

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APPENDIX H

FORM OF CONTINUING DISCLOSURE AGREEMENT

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APPENDIX H

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

between

TRILLIUM ACADEMY

and

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

Dated as of May 1, 2018

Relating to:

$_____
Trillium Academy
Public School Academy Refunding Bonds
Series 2018

THIS CONTINUING DISCLOSURE AGREEMENT dated as of the 1st day of May, 2018 (this "Agreement"), is executed by and between TRILLIUM ACADEMY, a Michigan nonprofit corporation (the "Academy"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as Dissemination Agent (the "Dissemination Agent").

RECITALS

WHEREAS, this Agreement is being executed in connection with the issuance by the Academy of $ [_____] in aggregate principal amount of its Public School Academy Refunding Bonds, Series 2018 (the "Bonds");

WHEREAS, the Bonds are being issued pursuant to a Trust Indenture dated as of May 1, 2018 (the "Indenture"), by and between the Academy and U.S. Bank National Association, acting as trustee (the "Trustee"). The proceeds of the Bonds are being used as described in the Indenture; and

WHEREAS, to provide for the availability of certain information relating to the Bonds and the Academy and the security therefor and to permit the participating underwriter of the Bonds to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), which will enhance the marketability of the Bonds, the Academy and Dissemination Agent desire to enter into this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto DO HEREBY AGREE as follows:

Section 1. Definitions. Terms used with initial capital letters but not defined herein shall have the meanings given such terms in the Indenture, unless the context hereof clearly requires otherwise.

In addition, the following terms, when used herein, have the following respective meanings:

Bondowner or Owner: in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Trustee or any beneficial owner thereof, if such owner provides to the Trustee evidence of such beneficial ownership in form and substance reasonably satisfactory to the Trustee.

Business Day means any day other than a Saturday, Sunday or (i) a day on which banks located in the city in which the principal corporate trust office of the Dissemination Agent is located are required or authorized to remain closed or (ii) a day the New York Stock Exchange is closed.

Disclosure Information: shall have the meaning assigned in Section 4 hereof.

Electronic Means: facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

EMMA: the Electronic Municipal Market Access system operated by the MSRB and the primary portal for complying with the continuing disclosure requirements of the Rule.

Material Fact: a fact as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy or sell the Bonds or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing, a "Material Fact" is also an event or condition that would be deemed "material" for purposes of the purchase or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event or condition.

MSRB: the Municipal Securities Rulemaking Board or any successor to its functions.

Official Statement: the Official Statement dated [_____], 2018, relating to the Bonds, as amended or supplemented to the date of issuance of the Bonds.

Participating Underwriter: Herbert J. Sims & Co., Inc., the original underwriter of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds for sale.

Person: any individual, corporation, partnership, limited liability company, limited liability partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Purchaser: any Person who purchases or otherwise receives all or any portion of the Bonds from an Owner.

Rating Agency: Standard & Poor's Ratings Services, Moody's Investors Service, Fitch Ratings Inc. or any of their successors or any other nationally recognized rating agency.

Repository: EMMA, or any other filing system approved by the SEC.

Rule: Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), as in effect and interpreted from time to time.

SEC: the Securities and Exchange Commission or any successor to its functions governing state and municipal securities disclosure.

State: the State of Michigan.

Section 2. Representations. Each of the parties hereto represents and warrants to each other party that (i) it has all requisite power and authority to execute, deliver and perform this Agreement under applicable law and any resolutions or other actions of such party now in effect, (ii) it has duly authorized the execution and delivery of this Agreement, (iii) the execution and delivery of this Agreement and performance of the terms hereof by such party do not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument to which it is a party or by which it is bound, and (iv) to its best knowledge, no litigation, proceeding or administrative matter is pending to which it is a party, or overtly threatened, contesting or questioning the legal existence of such party, its power and authority to enter into and perform this Agreement or its due authorization, execution and delivery of this Agreement.

The Academy represents and warrants that the Academy is the only "obligated person" in respect of the Bonds within the meaning of the Rule, and that it has complied with any and all of its previous undertakings under the Rule, except as set forth in the Official Statement.

Section 3. Appointment of Dissemination Agent as Agent. The Academy hereby appoints the Dissemination Agent as its agent for the purpose of disclosing the information described in this Agreement in the manner set forth herein.

The Dissemination Agent hereby accepts such appointment, subject to the terms and conditions of this Agreement.

Section 4. Financial Information and Reports of the Academy; Investor Call.

(a) *Annual Financial Information*. The Academy shall, on or before 150 days after the close of the Academy's fiscal year (the "Fiscal Year") in each year (the "Annual Submission Date"), commencing for the Fiscal Year ended June 30, 2018, deliver to the Dissemination Agent the financial information and operating data relating to the Academy for the preceding Fiscal Year as hereinafter specified (the "Annual Disclosure Information"), accompanied by a certificate executed by an authorized officer of the Academy stating in effect that such information is the Annual Disclosure Information required to be submitted under this Section 4(a). The Academy may change the Annual Submission Date to the Dissemination Agent if it changes its Fiscal Year, provided,

however, that the new Annual Submission Date shall be not later than 150 days after the end of each new Fiscal Year and the first such new Annual Submission Date shall not be more than one year after the last preceding Annual Submission Date.

The Annual Disclosure Information shall comprise the following (subject to modification as provided in Sections 9 and 11 hereof):

(i) A complete audit report and opinion of an accountant and the consolidated or combined financial statements of the Academy for such Fiscal Year, containing balance sheets as of the end of such Fiscal Year and a statement of activities and statement of cash flows for the Fiscal Year then ended, and showing in comparative form such figures for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board applicable to entities such as the Academy as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the Academy, noting the discrepancies therefrom and the effect thereof;

(ii) Commencing with the fiscal year ending June 30, 2018, updates to the information contained in Appendix A to the Official Statement, as shown on Exhibit A hereto including adjustments to reflect current State-mandated standardized tests and school accountability results; and

(iii) Commencing with the fiscal year ending June 30, 2018, other information reporting requirements shown on Exhibit A hereto.

(b) *Quarterly Financial Information*. The Academy, on or before 45 days after the end of each fiscal quarter commencing with the fiscal quarter ended June 30, 2018 (the "Quarterly Submission Date"), is to deliver to the Dissemination Agent certain financial information relating to the Academy as hereinafter specified (the "Quarterly Disclosure Information") together with a certificate of authorized representative of the Academy in the form of Exhibit D hereto that such financial information is the Quarterly Disclosure Information required to be submitted under this Section 4(b). The Quarterly Disclosure Information shall comprise the following (subject to modification as provided in Sections 9 and 11 hereof):

(i) Unaudited consolidated or combined financial statements of the Academy for such fiscal quarter consisting of at least statements of financial position as of the end of such quarter and statements of activities for such fiscal quarter and year to date, each prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board, as in effect from time to time (subject to year-end adjustments and except such financial statements may omit footnotes that would be required by generally accepted accounting principles), consistently applied, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the Academy, noting the discrepancies therefrom and the effect thereof. Such financial statements shall be certified as true, correct and complete by the chief financial officer of the Academy to the best of his or her knowledge.

(ii) enrollment data and waitlist data as of the last day of the quarter, and for the quarters that include an official state count date, the enrollment as of the official count date;

(iii) the following information or materials, if the information was received or the related events occurred during the quarter, or if the information has not been previously provided to the Trustee

(A) any changes to the amount of state school aid allocated to the Academy that occurred during the quarter;

(B) notice of renewal, non-renewal, or termination of the Academy's Charter, or notice of non-compliance, or any similar notification, from either the State or the Academy's authorizing body, if any;

(C) any report provided to a Rating Agency;

(D) a copy (which may be sent electronically) of the Academy's adopted annual budget for the present Fiscal Year and a copy of revisions, if any, to the Academy's annual budget as approved by its governing board;

(E) if the Academy has determined to renovate or expand its facilities, or if required pursuant to the terms of the Indenture, a capital assessment plan (which may be sent electronically) detailing the condition of each of the facilities and the projected sources of funding such needs, if any; and

(F) notice of any issuance of Long-Term Indebtedness (as such term is defined in the Indenture).

(c) *Disclosure Information.* The Annual Disclosure Information and the Quarterly Disclosure Information are herein together referred to as the "Disclosure Information."

Any or all of the Disclosure Information may be incorporated, if it is updated as required hereby, by reference from other documents, including offering documents, which have been filed with the SEC or have been made available to the public on the web site of the MSRB. The Academy shall clearly identify in the Disclosure Information each document so incorporated by reference.

If any part of the Disclosure Information can no longer be generated because the operations of the Academy have changed or been discontinued, such Disclosure Information need no longer be provided if the Academy includes in the Disclosure Information a statement to such effect, provided, however, that if such operations have been replaced by other operations of the Academy in respect of which data is not included in the Disclosure Information and the Academy determines that certain specified data regarding such replacement operations would be a Material Fact, then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations.

If the Disclosure Information is changed or this Agreement is amended as permitted by this Section 4(c) or Section 11 hereof, then the Academy shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

(d) *Notice Events.* The Academy shall also provide notice to the Dissemination Agent in a timely manner not in excess of ten (10) Business Days after the occurrence of any of the following events or conditions (as used herein, the "Notice Events"):

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(7) Modifications to rights of security holders, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances

(10) Release, substitution, or sale of property securing repayment of the securities, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(e) The Academy agrees to notify the Dissemination Agent promptly of: (1) any change in, or the withdrawal of, any rating of the Bonds by a Rating Agency of which it receives notice; (2) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and (3) any change in the Fiscal Year.

(f) The Disclosure Information and notice of Notice Events shall be provided in an electronic format as prescribed by the MSRB, together with such identifying information as is prescribed by the MSRB. The SEC has designated the EMMA system operated by the MSRB as the nationally recognized municipal securities information repository and the exclusive portal for complying with continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB or the SEC, the Dissemination Agent shall make all filings required under this Disclosure Agreement solely with EMMA.

(g) The Academy shall, at the request of any Beneficial Owner of at least $1,000,000 of Bonds, hold, no more frequently than once per fiscal quarter, a conference call open to the Participating Underwriter, the Trustee and all Beneficial Owners of or potential investors in the Bonds. A Beneficial Owner may request such a call by submitting to the Academy and a request substantially in the form attached hereto as Exhibit B by Electronic Means. Within five (5) Business Days of receipt thereof, the Academy shall provide the Dissemination Agent with a notice of such call in substantially the form attached hereto as Exhibit C and the Dissemination Agent shall promptly make such notice available to the public on EMMA. Such call shall be held on a Business Day not later than eleven (11) Business Days following receipt of the request of Beneficial Owner and at a time selected by the Academy. Within two (2) Business Days following any such call, a recording thereof shall be made available by the Academy for a period of at least thirty (30) days on EMMA.

(h) Commencing with the fiscal year ending June 30, 2018, the Academy shall also hold an annual conference call within five (5) Business Days of the Annual Submission Date upon notice substantially in the form attached hereto as Exhibit C and recorded and posted as provided in paragraph 4(g) hereinabove.

(i) If the Academy issues Additional Bonds under the Indenture, the Academy shall provide to the Dissemination Agent any additional information required by any continuing disclosure agreement for such Additional Bonds.

Section 5. Disclosure to Public. The Dissemination Agent is authorized and directed to make available to the MSRB, in an electronic format as prescribed by the MSRB from time to time, together with such identifying information as is prescribed by the MSRB from time to time, the following information in a timely manner by electronic transmission, overnight delivery, mail or other means, as appropriate:

(a) the Disclosure Information provided pursuant to Section 4(a) and 4(b) hereof within, in the case of receipt of the Annual Disclosure Information, 30 calendar days of receipt and in the case of the Quarterly Disclosure Information, 15 calendar days of receipt, and including, together with the Quarterly Disclosure Information, any information received pursuant to Section 4(b) hereof since the last posting of Quarterly Disclosure Information;

(b) any Notice Event reported to the Dissemination Agent by the Academy under Section 4(d) hereof in the form provided by the Academy;

(c) notice of any of the following events of which an officer of the Dissemination Agent receives a written notice specifying the occurrence of any such events and copies of any documents referenced in any such notice:

(1) default in the payment of principal of or interest on any Bonds;

(2) the giving of the notice of redemption of any Bonds (other than mandatory sinking fund redemption) or the receipt by the Trustee of irrevocable instructions to give any such notice, together with a copy of such notice of redemption;

(3) the discharge of the Indenture or the defeasance of any Bonds under Article IX of the Indenture;

(4) any change in, or the withdrawal of, any rating of the Bonds by a Rating Agency;

(5) notice of the events described in this paragraph (c) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Indenture.

(d) notice, in substantially the form attached as Exhibit E, regarding the failure of the Academy to provide the Disclosure Information required pursuant to Section 4(a) and (b) hereof; and

(e) any amendment of or supplement to this Agreement entered into in accordance with Section 11 hereof, together with a copy of such amendment or supplement and any explanation provided by the Academy pursuant to Section 11 hereof; and

(f) the termination of the obligations of the Academy under this Agreement in respect of the Bonds pursuant to Sections 9 or 14 hereof;

(g) a change in accounting principles or a change in Fiscal Year reported to the Dissemination Agent by the Academy under Section 4(e) hereof; and

(h) notice, in substantially the form attached as Exhibit C, of any scheduled conference call.

The Dissemination Agent's obligation to deliver the information at the times and with the contents described above shall be limited to the extent the Academy has timely provided such information to the Dissemination Agent as required hereby. The Dissemination Agent may conclusively rely upon any written representation of the Academy required hereby.

The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Academy, apart from the relationship created by the Rule shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the Academy. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Academy, the Beneficial Owner or any other party.

At the written request of the Academy, the Dissemination Agent shall, at the expense of the Academy, also furnish promptly to the MSRB a copy of any other information provided by the Academy for such dissemination.

Section 6. Disclosure to Bondowners and Rating Agencies. The Dissemination Agent is further authorized and directed to forward in an appropriate manner to any Rating Agency, upon request, then maintaining a rating of the Series 2018 Bonds and, at the expense of such Owner, to any Owner who requests in writing such information, any information transmitted to the MSRB under Section 5 hereof, at the time of such transmission or, if such information is transmitted with a subsequent time of release, at the time such information is to be released.

Section 6A. Disclosure Incident to Resale. The Academy agrees to provide the Dissemination Agent and any Owner or Purchaser, upon request of such Owner or Purchaser and within five (5) Business Days of receipt by the Academy of such request, with (a) a very brief statement of the Academy's operations; and (b) the Academy's most recent balance sheet and financial statements, and similar financial statements for the two preceding Fiscal Years (audited to the extent reasonably available), which information shall be immediately posted on the MSRB website.

Section 7. Costs, Expenses and Indemnification of Dissemination Agent. (a) The Academy hereby agrees to pay reasonable compensation of the Dissemination Agent for, and all costs and expenses of the Dissemination Agent incurred in, performing the services required of it under this Agreement, whether as agent for the Academy or otherwise. The Academy hereby acknowledges and agrees that such compensation, costs and expenses constitute payments due under the Indenture, and all parties hereto acknowledge and agree that for the payment of such amounts and the indemnity granted in Subsection (b) of this Section 7 the Trustee shall have the right to use and apply trust money, to the extent provided in the Indenture.

(b) Article XI of the Indenture is hereby made applicable to the Dissemination Agent as if said Sections were (solely for this purpose) contained in this Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement. The obligations of the Academy under this Section shall survive resignation or removal of the Dissemination Agent for any reason and payment of the Bonds.

Section 8. Defaults and Remedies. Subject to Section 3 hereof, failure of the Academy or the Dissemination Agent to comply with any provisions of this Agreement on its part to be observed shall constitute a default hereunder and any party hereto aggrieved thereby, including the Owners of any Outstanding Bonds as third-party beneficiaries hereof, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained herein, including a proceeding for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable by any Person for any default hereunder and are hereby waived to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this Agreement constitute a default or an Event of Default under the Bonds or the Indenture.

Section 9. Binding Effect; Bondowners as Third-Party Beneficiaries. This Agreement shall inure to the benefit of and shall be binding upon the Academy and the Dissemination Agent and their respective successors and permitted assigns, provided, however, that in the event another Person succeeds to the obligations and agreements of the Academy under this Agreement and the Academy is released from its obligations under the Indenture, (i) the Academy shall be released from all further covenants and agreements contained herein, and (ii) the Disclosure Information may be modified to the extent permitted by Section 11 hereof. In addition, this Agreement shall constitute a third-party beneficiary contract for the benefit of the Owners from time to time of the Outstanding Bonds. Said third-party beneficiaries shall be entitled to enforce performance and observance by the parties of the respective agreements and covenants herein contained as fully and completely as if said third-party beneficiaries were parties hereto; provided that this Agreement (other than this Section 9) may be amended or supplemented from time to time without notice to or the consent of such third-party beneficiaries. Nothing in this Agreement, express or implied, shall give to any Person, other than the parties hereto and their respective successors and permitted assigns as provided herein, and the Owners of the Outstanding Bonds, any benefit or other legal or equitable right, remedy or claim under this Agreement.

Section 10. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

Section 11. Amendments. This Agreement (and the form and requirements of the Disclosure Information) may not be effectively amended or supplemented except in a writing executed by the parties hereto accompanied by an opinion of Bond Counsel, who may rely on certificates of the Academy and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the Academy or the type of business conducted by the Academy, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this Agreement as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule; and (iv) such amendment or supplement does not conflict with any provision of this Agreement not amended or supplemented thereby. This Agreement may be amended or supplemented from time to time without notice to or the consent of the Owners of any Bonds (except as provided in Section 9 hereof).

If the Disclosure Information is amended pursuant to this Section 11, the Academy shall provide to the Dissemination Agent, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

Section 12. Execution Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13. Governing Law; Construction. This Agreement shall be construed in accordance with the laws of the State without giving effect to the conflicts-of-law principles thereof. This Agreement is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

Section 14. Term. Except as provided in Section 7(b) hereof, this Agreement shall remain in effect so long as any Bonds are Outstanding.

IN WITNESS WHEREOF, TRILLIUM ACADEMY and U.S. BANK NATIONAL ASSOCIATION, as Dissemination Agent, have caused this CONTINUING DISCLOSURE AGREEMENT to be executed in their respective names, all as of the date first written above.

TRILLIUM ACADEMY

By _____

Its _____

U.S. BANK NATIONAL ASSOCIATION, as Dissemination Agent

By _____

Its _____

EXHIBIT A

FORM OF CERTIFICATE FOR ANNUAL FILING OF CERTAIN OPERATING COVENANTS

Name of Issuer: Trillium Academy

Name of Bond Issue: Public School Academy Refunding Bonds, Series 2018

Dissemination Agent: U.S. Bank National Association

Date of Issuance: [_____] [__], 2018

NOTICE IS HEREBY GIVEN that the Academy is providing to the Dissemination Agent the following operational information as required under Section 4(a) of the Continuing Disclosure Agreement dated as of May 1, 2018 (the "Disclosure Agreement"), between the Dissemination Agent and the Academy.

As of June 30, 20__, the Academy's:

Cash on Hand was equal to $_____.

Days Cash on Hand was ____ days (Cash on Hand in the amount of $_____, divided by the quotient of Operating Expenses for the 20__ fiscal year of $_____ for the fiscal year ended June 30, divided by 365).

The Academy's Debt Service Coverage Ratio for fiscal year 20__ was ____.

Table 1
Historical and Projected Enrollment*

	Historical						Projected				
Grade	**20__-__**	**20__-__**	**20__-__**	**20__-__**	**20__-__**		**20__-__**	**20__-__**	**20__-__**	**20__-__**	**20__-__**
K											
1											
2											
3											
1											
5											
6											
7											
8											
9											
10											
11											
12											
TOTAL											

* The historical Academy data presented for 20__-__ through __-__ is actual data as of the Fall count date of each school year.

Table 4
Student and Faculty Retention

	20 -	20 -	20 -
Student Retention	__%	__%	__%
Faculty Retention	__%	__%	__%

Source: The Academy

Table 5
Student / Faculty Ratios

Grade	20 -	20 -	20 -
K	__:1	__:1	__:1
1	__:1	__:1	__:1
2	__:1	__:1	__:1
3	__:1	__:1	__:1
4	__:1	__:1	__:1
5	__:1	__:1	__:1
6	__:1	__:1	__:1
7	__:1	__:1	__:1
8	__:1	__:1	__:1
9	__:1	__:1	__:1
10	__:1	__:1	__:1
11	__:1	__:1	__:1
12	__:1	__:1	__:1

Source: The Academy

Table 6
Historical Waiting Lists

Grade	20 -	20 -	20 -
K			
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
Totals:			

Source: The Academy, as of September of each school year.

Table 17
M-Step, Michigan's State Assessment
Spring of 20__, 20__, and 20__
Percent of Students at or Above Proficiency
(If the M-Step is no longer used, please provide the currently applicable standardized test results.)

Grade	Year	Math	ELA	Science	Social Studies
3rd	20__				
	20__				
	20__				
4th	20__				
	20__				
	20__				
5th	20__				
	20__				
	20__				
6th	20__				
	20__				
	20__				
7th	20__				
	20__				
	20__				
8th	20__				
	20__				
	20__				
11th	20__				
	20__				
	20__				

Source: The Academy

Accountability Results

(If Top-to-Bottom Rankings or the Accountability Scorecard are no longer used, please provide the currently applicable accountability results.)

	20__ - __	**20__ - __**	**20__ - __**
Top to Bottom % Ranking			
Accountability Scorecard			

Dated: _____

TRILLIUM ACADEMY

By: _____
Its: _____

EXHIBIT B

REQUEST FOR CONFERENCE CALL

Trillium Academy
15740 Racho Road
Taylor, MI 48219
Attn: Angela Romanowski, Superintendent
Phone: (734) 374-8222
Email: aromanowski@trilliumacademy.us

U.S. Bank National Association
Global Corporate Trust Services
111 Fillmore Avenue East
St. Paul, MN 55107-1402
Phone: (800) 934-6802
Fax: (612) 466-5400
Attn: Bondholder Services (EP-MN-WS2N)
Phone: (651) 466-6307
Facsimile: (651) 466-7429
Email: christine.robinette@usbank.com

The undersigned Beneficial Owner of at least $1,000,000 of Bonds, as defined in the Continuing Disclosure Agreement dated as of May 1, 2018, between Trillium Academy and U.S. Bank National Association, hereby requests a conference call pursuant to Section 4(g) of such agreement.

Dated: _____

_____

Name: _____

EXHIBIT C

Notice of Investor Call
To the holders of

Trillium Academy

$_____ Public School Academy Refunding Bonds, Series 2018
dated as of [_____] [__], 2018
CUSIP: _____

NOTICE IS HEREBY GIVEN that, pursuant to Section [4(g)] [4(h)] of the Continuing Disclosure Agreement dated as of May 1, 2018, between Trillium Academy (the "Academy") and U.S. Bank National Association, a conference call will be held on _____, 20__ at _____ Detroit, Michigan time, such call to last no longer than one (1) hour, which call shall be open to all holders or potential holders of the above-referenced bonds, the agenda for which call shall be limited to the below-referenced matters:

- current enrollment and waitlist data
- academic achievement, including standardized test scores
- Academy financial matters
- matters related to administration or governance of the Academy
- State funding levels
- matters relating to the Academy's charter contract

The call will be recorded and, within two (2) Business Days thereof, such recording shall be made available by the Academy for a period of at least thirty (30) days on the MSRB website.

Telephone Number: _____
Access Code : _____

EXHIBIT D

FORM OF CERTIFICATE FOR FILING OF QUARTERLY DISCLOSURE INFORMATION

Name of Issuer:	Trillium Academy
Name of Bond Issue:	Public School Academy Refunding Bonds, Series 2018
Dissemination Agent:	U.S. Bank National Association
Date of Issuance:	[_____] [__], 2018

NOTICE IS HEREBY GIVEN that the Issuer is providing to the Dissemination Agent the Quarterly Disclosure Information as required under Section 4(b) of the Continuing Disclosure Agreement dated as of May 1, 2018 (the "Disclosure Agreement"), between the Dissemination Agent and the Issuer.

In addition to the quarterly financial reports, the Issuer has attached the following (mark applicable items):

_____Enrollment data and waitlist data as of the last day of the quarter;

_____Enrollment data and waitlist data as of the official state reporting date if such date occurred within the quarter

_____Any changes to the amount of state school aid allocated to the Academy that occurred during the quarter;

_____Notice of renewal, non-renewal, or termination of the Academy's Charter, or notice of non-compliance, or any similar notification, from either the State or the Academy's authorizing body, if any;

_____Any report provided to a Rating Agency;

_____A copy (which may be sent electronically) of the Academy's adopted annual budget for the present Fiscal Year and a copy of revisions, if any, to the Academy's annual budget as approved by its governing board;

_____If the Academy has determined to renovate or expand its facilities, or if required pursuant to the terms of the Indenture, a capital assessment plan (which may be sent electronically) detailing the condition of each of the facilities and the projected sources of funding such needs, if any; and

_____Notice of any issuance of Long-Term Indebtedness (as such term is defined in the Indenture).

The Quarterly Disclosure Information is true, correct and complete to the best of my knowledge.

The undersigned is the Authorized Representative of the Issuer and has knowledge of the facts set forth in this Certificate.

Dated: _____

TRILLIUM ACADEMY

By _____
Its _____

EXHIBIT E

NOTICE TO REPOSITORIES OF FAILURE BY ISSUER TO FILE ANNUAL OR QUARTERLY REPORT

Name of Issuer:	Trillium Academy
Name of Bond Issue:	Public School Academy Refunding Bonds, Series 2018
Dissemination Agent:	U.S. Bank National Association
Date of Issuance:	[_____] [__], 2018

NOTICE IS HEREBY GIVEN that the Issuer has not provided an [Annual Report][Quarterly Report] with respect to the above-named Series 2018 Bonds as required by the Continuing Disclosure Agreement, dated as of May 1, 2018, between the undersigned Dissemination Agent and the Issuer. The Issuer anticipates that the [Annual Report] [Quarterly Report] will be filed by _____.

Dated: _____

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By_____
Authorized Signatory

cc: Herbert J. Sims & Co., Inc.
Trillium Academy

APPENDIX I

BOOK-ENTRY ONLY SYSTEM

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APPENDIX I

BOOK-ENTRY ONLY SYSTEM

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2018 Bonds, payment of principal, premium, if any, and interest with respect to the Series 2018 Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2018 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

DTC will act as securities depository for the Series 2018 Bonds. The Series 2018 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of each series of the Series 2018 Bonds and deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Series 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2018 Bonds on DTC's records. The ownership interest of each actual purchaser of each of the Series 2018 Bonds (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2018 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2018 Bonds, except in the event that use of the book-entry system for the Series 2018 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2018 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2018 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2018 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2018 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2018 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2018 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Series 2018 Bonds may wish to ascertain that the nominee holding the Series 2018 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the Series 2018 Bond Registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of a maturity of each series of the Series 2018 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series 2018 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2018 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Academy as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2018 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2018 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Academy or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Academy, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Academy or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2018 Bonds at any time by giving reasonable notice to the Academy or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2018 Bonds are required to be printed and delivered.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2018 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDER OF THE SERIES 2018 BONDS OR REGISTERED OWNERS OF THE SERIES 2018 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2018 BONDS.

The Academy can make no assurances that DTC will distribute payments of principal of, redemption premium, if any, or interest on the Series 2018 Bonds to the Direct Participants, or that Direct and Indirect Participants will distribute payments of principal of, redemption price, if any, or interest on the Series 2018 Bonds or redemption notices to the Beneficial Owners of such Series 2018 Bonds or that they will do so on a timely basis, or that DTC or any of its Participants will act in a manner described herein. The Academy is not responsible or liable for the failure of DTC to make any payment to any Direct Participant or failure of any Direct or Indirect Participant to give any notice or make any payment to a Beneficial Owner in respect to the Series 2018 Bonds or any error or delay relating thereto.

The rights of holders of beneficial interests in the Series 2018 Bonds and the manner of transferring or pledging those interests is subject to applicable State law. Holders of beneficial interests in the Series 2018 Bonds may want to discuss the manner of transferring or pledging their interest in the Series 2018 Bonds with their legal advisors.

The Academy may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 2018 Bonds will be printed and delivered. Thereafter, the Series 2018 Bonds may be transferred and exchanged as described in the Indenture. See APPENDIX F – FORM OF INDENTURE.

For every transfer of ownership interests in the Series 2018 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

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TRILLIUM ACADEMY • PUBLIC SCHOOL ACADEMY REFUNDING BONDS, SERIES 2018

Mixed Sources
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www.imagemaster.com