

Heartland Learning Management Agreement

This Management Agreement ("Agreement") is entered into effective as of this 21st day of April, 2020, by and between Heartland Learning LLC, an Ohio Limited Liability Company (the "Company") and North Shore High School, Inc., an Ohio not-for-profit corporation (the "school") governed by a Board of Directors ("Board") (Collectively "the Parties").

WHEREAS, the school is a not-for-profit corporation which continuously strives to improve its community and the lives of its residents;

WHEREAS, the school has become aware of the increasing need for greater alternatives for students in its community desiring to receive an engaging and relevant education, which is vital to their success in life;

WHEREAS, the Educational Plan has been developed by the Company (the "Plan" or "Model"), and the Company has researched, developed and provides the requisite educational, managerial, financial and other consulting services necessary for the implementation of the Plan, which would not normally be available to the school from other sources;

WHEREAS, the school desires to form a school organized and conducted in accordance with the educational model and Plan and utilizing the services of the Company;

WHEREAS, the school does not currently possess all of the requisite knowledge, skills and experience to form and operate a school;

WHEREAS, the school desires the Company to provide such requisite management, educational, financial and other consulting services necessary to form and operate a school all in accordance with the community school contract it will enter into with its Sponsor (the "Contract"); and

WHEREAS, the Company desires to provide the aforementioned services and other expertise referenced above with respect to the Plan.

NOW, THEREFORE, in consideration of their mutual promises and covenants, and intending to be legally bound hereby, the Parties hereto agree as follows:

1. Statement of Mission and Purpose.

a. Mission and Purpose. The Parties acknowledge and agree that the following statement (herein referred to as the "Statement of Mission and Purpose") reflects the overall principles and philosophy upon which the school is being developed and that all services to be provided and all obligations of the Parties hereunder are to be in accordance with these overriding principles:

i. The school's mission is to mission to close the opportunity gap by providing a responsive learning environment using differentiated instructional strategies designed to ensure students achieve measurable post-secondary outcomes. The school will offer researched based educational programs which have proven very successful in educating at-risk students.

ii. The school's standards-based education program is designed to facilitate the acquisition of skills and knowledge that align with standards, that is, what students need to learn. The school education program will consist of a variety of practices that have been vetted through rigorous research.

iii. The school must demonstrate curriculum alignment with the State of Ohio standards applicable to the school and must identify any specific instances of non-compliance with the standards. Further, the school must define and implement a program that will lead to compliance in a reasonable time frame.

iv. All requirements of local, state and federal laws relating to charter/community schools must be met, and all audits relating to the demonstration of these requirements must be successfully completed, given allowance for appropriate time for documentation, reporting, analysis, and rectification of any non-compliance and complaints.

2. Term. The initial term of this Agreement shall commence on the date of full execution of this Agreement, and shall continue for a term of five (5) academic years, unless terminated sooner pursuant to the terms herein. Thereafter, this Agreement will automatically renew for successive five (5) year terms, or a shorter period not to exceed the length of subsequent sponsor contracts, unless one party notifies the other party at least twelve (12) months prior to the expiration of the then-current term of its intention not to renew this Agreement.

3. Company Responsibilities In order to assist the school in carrying out the terms of the Contract, the Company in exchange for the fees provided herein agrees to provide comprehensive school management services all aspects of school operations including:

- a. Executing on the school's business plan to ensure the schools long term financial stability including:
- b. The development of a comprehensive marketing plan that support the school in recruiting, enrolling, and retaining students.
- c. Coordinating community relations and establishing community partnerships that provide resources to the students of the school.
- d. Overseeing day-to-day management of the school, in accordance with the school's mission.
- e. Provide updated reports on financial, academic, and operation performance and then reporting to these results to the Board, Sponsor, ODE, and any entity as required or requested by the Board.
- f. Maintain all organizational and school compliance and addressing any deficiencies.
- g. Provide comprehensive human resource management services for all Board employees.
- h. Provide all systems and tools related to recruiting, hiring, and staff evaluation.
- i. Develop high quality educational programming aligned with the schools mission.
- j. Provide academic leadership to teachers, school leaders, and support staff including curriculum planning, teacher development, and team building.
- k. Develop and support the execution of a professional development schedule that aligns with the educational program and academic goals.
- l. Directly provide targeted professional development on the researched based practices detailed in the education program.
- m. Lead and train administrative staff and ensure accurate student enrollment data is reported into student information systems.
- n. Train and support school staff on data analysis, state testing, progress monitoring, and RTI process, the IPDP, TBT and BLT process.
- o. Lead curriculum development, including curriculum and individual learning plan framework.
- p. Draft operations manuals, forms (including teacher contracts, applications, enrollment and similar forms), and management procedures, as the same are from time to time developed by the Company and as approved or requested by the Board.
- q. Coordinate with other advisors engaged by the Board, including, but not limited to, legal, financial and accounting.
- r. Determine staffing levels, and select, evaluate, assign, discipline, transfer and terminate personnel, consistent with the Contract, the Statement of Mission and Purpose and state and federal law.
- s. Perform advisory services regarding special education and special needs students, programs, processes and reimbursements through the Company's Special Education Department that focuses specifically on students with special education needs.

4. School Responsibilities. The school's Board of Directors (the "Board") shall govern the school and be responsible for its operation in accordance with the Contract. The Board shall work with the Company to develop policies, rules, regulations, procedures, curriculum, and budgets which the Company shall implement and follow in providing the Educational Program. The school shall timely pay the costs and fees for which the school is responsible under the "Fees" Section of this Agreement.

5. Loans by the Company. During the term this Agreement is in effect, it is anticipated that there will be instances prior to and during the first year of operations where the School may not immediately have the funds to cover planned operating expenses. In these instances, the Company shall advance the School funds to pay, any properly incurred school Expense under the following terms and conditions: (a) a reasonable estimate of the expense is submitted to the Company by the school and is approved by the Company, in writing, prior to the expense being incurred; (b) the school has not received funding from any source for the operation of the school sufficient to pay the school Expense; and (c) such school Expenses advanced by the Company as set forth above, shall be payable by the school, in whole or in part, at such time as the school receives revenue to pay the same and carry a cash surplus in its accounts equal to at least one month of reasonably anticipated operating expenses. All advances by the Company to the School will be treated as a loan, or similar instrument, and will be documented with a promissory note, or similar, between the parties. In no event shall any such promissory note provide for recourse against any member of the Board, the individual managers of the school or any other third party.

5. Debt Forgiveness. It is anticipated that all loans by the Company to the School will be satisfied within the term of this agreement. However, should any loan balance be outstanding to the Company at the conclusion of the third year of this agreement, and the school subsequently provides notice of non-renewal, then the Company will forgive all debt owed by the School to the Company in excess of \$50,000. A term loan up to \$50,000 will be established to satisfy the remaining balance, payable over the remaining term of the agreement in equal monthly installments.

7. Educational Program. The Educational Program developed and provided by the Company to the school has been approved by the school and may be materially adapted and modified by the Company from time to time only upon obtaining prior written approval of the Board. The school and the Company agree to work together to effectuate any necessary change in the educational program, recognizing that an essential principle of this educational program is its flexibility, adaptability and capacity to change in the interest of continuous improvement and efficiency, provided that any such changes shall be consistent with the Statement of Mission and Purpose.

8. Subcontracts. The Company reserves the right to subcontract any and all aspects of services it agrees to provide to the school. Company shall be solely responsible for all costs, expenses and fees associated with such subcontractors.

9. Rules and Procedures. The Company shall propose and the Board shall adopt reasonable rules, regulations and procedures applicable to the school and the Company shall be required by the school to enforce such rules, regulations and procedures at all times.

10. Authority. The Company shall have the authority and power necessary to undertake its responsibilities described in this Agreement, subject at all times to the direction of the Board.

11. Fees.

a. Continuing Fee. The school shall also pay a monthly continuing fee to the Company of eighteen Percent (18%) of the school's Qualified Gross Revenues, less the amount of any outstanding Default Costs and Expenses. "Qualified Gross Revenues" shall mean shall mean the revenue per student received by the Corporation from the State pursuant to the Ohio Revised Code. Qualified Gross Revenue also does not include any state or federal funding that is meant to be a dollar for dollar reimbursement for expenditures made by the school/Company.

Performance Incentives: A performance incentive of .5% of qualified school's Qualified Gross Revenues for each indicator met on the Ohio DORP State Report Card. For the purpose of this agreement indicators will include student progress, gap closing (AMO), test passage rate, overall graduation rate, not to exceed 2% of Qualified Gross Revenues. Indicators met will be defined as "met standards" and/or exceeding performance of similar schools. If indicators, or progress measures change the school will work with the Company to define updated performance incentives not to exceed 2% Qualified Gross Revenues. For Company fees and expenses incurred pursuant to this Agreement, the school may defer payment of such fees and expenses for a period of no more than three (3) months, and only when the school has insufficient capital to cover staffing expenses or other budgeted expenses.

b. Payment of Costs and Fees.

- (i) In consideration of the Continuing Fee, and except as otherwise explicitly provided in this Agreement, the costs incurred by the Company in fulfilling its responsibilities hereunder shall be borne by the Company, whether or not the fees to be paid to the Company by the school in this Section (a) and (b) are sufficient to satisfy the same. The school shall make all such fee payments to the Company within ten (10) calendar days of the delivery by the Company to the school of an invoice therefore.
- (ii) Wages for personnel working at the school shall be borne directly by the school.
- (iii) Except as otherwise explicitly provided in this Agreement, the school shall be liable for all costs associated with the operation of the school that are not related to activities described in (i) and (ii) above. Additionally, the school shall reimburse the Company for any reasonable expense(s) that were incurred by the Company on the school's behalf, and included in the Board approved budget.
- (iv) All amounts payable by the school hereunder shall, at the Company's option, shall be made via electronic funds transfer. The school shall cooperate with the Company to set up and establish necessary accounts and procedures.

12. Additional Programs. The Company shall not be obligated to provide any goods or services under the Agreement that are not explicitly agreed to with the Board. The Board and the Company may decide that the Company may provide additional programs which are not inconsistent with the Contract or state or federal law. Payment for such programs or services shall be negotiated by the Parties separate and apart from this Agreement.

13. Termination

a. Termination by the school. The school may terminate this Agreement in the event (i) the Contract is terminated or non-renewed, or (ii) the Company materially breaches this Agreement or causes a material breach of the Contract and (A) the Company does not cure said material breach within 30 days of its receipt of written notice from the school, or (B) if the breach cannot be reasonably cured within 30 days, the Company does not promptly undertake and continue efforts to cure said material breach within a reasonable time. Notwithstanding the foregoing, in the event that a material breach shall be such that it creates an imminent danger to the life of students, parents or others, said breach must be cured immediately upon written notice from the school.

b. Termination by the Company. The Company may, at its option, terminate this Agreement upon the occurrence of any of the following events: in any academic year results in a material operating deficit, as reasonably determined by the school and the Company, provided that any notice of termination delivered to the school after school opens for education of students for any school year shall not be effective until the next succeeding academic year; (ii) the school fails to pay any fees due to the Company within thirty (30) days of receiving written notice that such fees are due; (iii) the school is in material default under any other condition, term or provisions of this Agreement or the Contract, which default is not caused by an act or omission of the Company, and (A) the school does not cure said material breach within 30 days of its receipt of written notice from the Company, or (B) if the breach cannot be reasonably cured within 30 days, the school does not promptly undertake and continue efforts to cure said material breach within a reasonable time; (iv) any decrease in state or federal funding in excess of 10% of the funding from the prior 12 month period, provided that any notice of termination delivered to the school after school opens for education of students for any school year shall not be effective until the next succeeding academic year; or (v) any Company facility that is instrumental to the implementation of the Educational Model or the day-to-day operations of the school is damaged so that, in the Company's reasonable discretion, providing, maintaining, or continuing of school operations would be unfeasible, economically or practically, in the reasonable determination of the Company, provided that notice of termination is delivered by the Company to the school within sixty (60) days after the occurrence of the event(s) giving rise to such right of termination.

c. Obligation to Continue Performance. In the event that the school or the Company elects to terminate this Agreement for any of the aforementioned reasons, except for failure to pay, and the school continues to pay the Company the fees due the Company pursuant to "Fees" Section herein, then the Company shall continue to perform its obligations hereunder, notwithstanding such notice of termination, until the end of the then current academic year. In the event that the school fails to continue to pay the Fees owed to the Company pursuant to "Fee" Section herein, the Company may terminate the Agreement after the expiration of the 14-day period for notice and cure of non-payment

14. Duties Upon Termination.

a. Upon termination of this Agreement for any reason whatsoever, the school shall (i) immediately pay to the Company and/or any of the Company's affiliates any monies owing to such person or entity, and (ii) promptly return to the Company any materials containing the Educational Program, the Company's methods of instruction or operation and, subject to paragraph (b) below, all Company real and personal property, the Parties acknowledging that, subject to paragraph (b) below, all such material purchased by the Company with Company funds in furtherance of this Agreement shall be property of the Company. The Company shall assist the school in any transition of management and operations, including, but not limited to, (i) the orderly transition of all student records and other school property, equipment and material (if any), (ii) sending notices to students as reasonably requested by the school, and (iii) at the school's option, delivering student records directly to the students. This Section shall survive any expiration or termination of this Agreement.

b. Upon termination of this Agreement for any reason, the school shall have the right at its sole option, exercisable by written notice to the Company delivered within 30 days of the final date of termination, to (i) have all personal property leases relating to operation of the school assigned to and assumed by the school, to the extent permitted by the terms thereof and to the extent that such a right can be negotiated into any leases, and (ii) purchase all personal property owned by the Company and used exclusively or primarily in connection with the operation of the school. The purchase price for any such owned assets acquired under clause (ii) above shall be the "remaining costs basis" of such assets (as that term is defined below) at the time of purchase. This Section shall survive any expiration or termination of this Agreement. For purposes of this Agreement, The "remaining cost basis" of such personal property shall be calculated based upon the straight line method of depreciation over the life of such property, as established by the following property classifications: computers and software, three (3) years; furniture, fixtures and textbooks, five (5) years; buildings or leasehold improvements, twenty (20) years. Depreciation will begin on the date that each item of personal property was acquired by the Company.

c. All financial, educational and student records of the school are school property and such records are subject to the Freedom of Information Act. In addition, all school financial records shall be made available to the school's independent auditor.

15. Relationship of the Parties. The Parties hereto acknowledge that their relationship is that of independent contractors. No employee of either Party shall be deemed an employee of the other Party. Nothing contained herein shall be construed to create a partnership or joint venture between the Parties.

16. No Third Party Beneficiaries. This Agreement and the provisions hereof are for the exclusive benefit of the Parties hereto and their affiliates and not for the benefit of any third person, nor shall this Agreement be deemed to confer or have conferred any rights, express or implied, upon any other third person.

17. Notices. Any notices to be provided hereunder shall be in writing and given by personal service, mailing the same by United States certified mail, return receipt requested, and postage prepaid, or a nationally recognized overnight carrier, addressed as follows:

If to the Company, to:
Heartland Learning LLC
1881 Trares Road
Mogadore, Ohio 44260
Attention: Legal Dept.

If to the school, to:
North Shore High School, Inc.
4750 Turney Road
Garfield Heights, Ohio 44125
Attention: Board President
With a copy to: Board Legal Counsel

18. Severability. The invalidity or unenforceability of any provision or clause hereof shall in no way effect the validity or enforceability of any other clause or provision hereof.

19. Waiver and Delay. No waiver or delay of any provision of this Agreement at any time will be deemed a waiver of any other provision of this Agreement at such time or will be deemed a waiver of such provision at any other time.

20. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio without regard to any jurisdiction's conflict of laws provisions.

21. Assignment; Binding Agreement. Neither party shall assign this Agreement without the written consent of the other party, which consent shall not be unreasonably withheld or delayed. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

22. Independent Activity. All of the Parties to this Agreement understand that the Company's business is to operate and manage community schools throughout the State. As such, the Parties agree the Company, and its affiliates, may operate other community schools in the State of Ohio or anywhere else, whether the same may be considered competitive with the school or not.

23. Representations and Warranties of the Company. The Company hereby represents and warrants to the school as follows:

a. The Company is duly organized, validly existing, and in good standing under the laws of the State of Ohio and has the authority to carry on its business as now being conducted and the authority to execute, deliver, and perform this Agreement.

b. The Company has taken all actions necessary to authorize the execution, delivery, and performance of this Agreement, and this Agreement is a valid and binding obligation of the Company enforceable against it in accordance with its terms, except as may be limited by federal and state laws affecting the rights of creditors generally, and except as may be limited by legal or equitable remedies.

c. The Company has made, obtained, and performed all registrations, filings, approvals, authorizations, consents, licenses, or examinations required by any government or governmental authority, domestic or foreign, in order to execute, deliver and perform its obligations under this Agreement.

d. The Company has the financial ability to perform all of its duties and obligations under this Agreement.

24. Representations and Warranties of the school. The school hereby represents and warrants to the Company as follows:

a. The school is duly organized, validly existing, and in good standing under the laws of the State of Ohio and has the authority to carry on its business as now being conducted and the authority to execute, deliver, and perform this Agreement.

b. The school has taken all actions necessary to authorize the execution, delivery, and performance of this Agreement, and this Agreement is a valid and binding obligation of the school enforceable against it in accordance with its terms, except as may be limited by federal and state laws affecting the rights of creditors generally, and except as may be limited by legal or equitable remedies.

c. The school has made, obtained, and performed all registrations, filings, approvals, authorizations, consents, licenses, or examinations required by any government or governmental authority, domestic or foreign, in order to execute, deliver and perform its obligations under this Agreement.

25. Arbitration.

a. In the event of any dispute between the Parties hereto, the Parties shall settle said dispute through arbitration (unless otherwise required by any applicable insurance policy or contract). In the event arbitration is the applicable form of dispute resolution, each party shall appoint one arbitrator and then the two previously selected arbitrators shall agree upon a third. The arbitration shall take place utilizing the then-current rules of the American Arbitration Association ("AAA") and shall take place in the State of Ohio, County of Summit.

b. The Parties shall have the right of limited pre-hearing discovery, in accordance with the U.S. Federal Rules of Civil Procedure, as then in effect, for a period not to exceed sixty (60) days.

c. As soon as the discovery is concluded, but in any event within thirty (30) days thereafter, the arbitrators shall hold a hearing in accordance with the aforesaid AAA rules. Thereafter, the arbitrators shall promptly render a written decision, together with a written opinion setting forth in reasonable detail the grounds for such decision. Any award by the arbitrators in connection with such decision may also provide that the prevailing party shall recover its reasonable attorneys' fees and other costs incurred in the proceedings, in addition to any other relief which may be granted.

d. Judgment may be entered in any court of competent jurisdiction to enforce the award entered by the arbitrators.

26. Amendment. This Agreement may not be modified or amended except by a writing signed by each Party hereto against which any relevant term hereof is being enforced.

IN WITNESS WHEREOF, the Parties hereto have set their hands by and through their duly authorized officers as of the date first above written.

SCHOOL:

North Shore High School, Inc.

Jason M. Cooper
Jason M. Cooper (Apr 22, 2020)

Its: Board President Jason M. Cooper

COMPANY:

Heartland Learning LLC

Joe Palmer
Joe Palmer

Its: Partner