

AMENDMENT TO THE OPERATING AGREEMENT

THIS AMENDMENT TO THE OPERATING AGREEMENT ("Amendment") is entered into effective as of this 31st day of May, 2011, by and between Imagine Schools, Inc., a Virginia corporation (the "Company") and Groveport Community School, an Ohio not-for-profit corporation (the "Non-Profit") (collectively referred to as the "Parties"). The Parties hereby agree as follows:

WITNESSETH:

WHEREAS, the Parties entered into an Amended and Restated Charter School Operating Agreement (the "Operating Agreement") dated July 1, 2008, for the operation of Groveport Community School; and,

WHEREAS, the Parties desire to modify the Operating Agreement to permit the use of funds available through the Education Jobs Fund Program established pursuant to Public Law Number 111-226 ("Ed Jobs Program").

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

1. Article VI, Section A of the Operating Agreement shall be modified to permit the Non-Profit to lease or employ school level employees who are funded by the Ed Jobs Program.

2. The Company agrees to indemnify, defend and hold harmless the Non-Profit, its directors, officers, employees, agents and consultants (including the designated fiscal officer as defined by Ohio Revised Code Section 3314.011 and his or her employer) from any loss, cost, expense, obligation, liability, fee (including, but not limited to reasonable attorney fees) or other expenditures incurred by the Non-Profit as a result of the Non-Profit's participation in the Ed Jobs Program, including but not limited to those relating to the Non-Profit's use of personnel paid for with funds from the Ed Jobs Program. The Company shall have the right, at its option and expense, to participate in the defense of such a proceeding or claim, but not to control the defense, negotiation or settlement thereof, which control shall at all times rest with the Non-Profit. The parties hereto agree to cooperate fully with each other in connection with the defense, negotiation or settlement of any such proceeding or claim. This indemnification provision shall survive the termination, expiration or cancellation of the Operating Agreement or any amendment thereto.

3. The Company agrees to provide at no additional cost to the Non-Profit payroll and other administrative services related to personnel who are funded by the Ed Jobs Program. In connection therewith and as required by law the Company shall establish separate accounts necessary for the payment of all

payroll taxes, both federal and state, unemployment, workers compensation and any other necessary accounts deemed necessary by the Parties.

4. The Parties agree that except as otherwise provided herein, this Amendment will terminate at the earlier of (a) by agreement of the Parties, (b) the expenditure of One Hundred Percent (100%) of the Non-Profit's Ed Jobs Program Funding, or (c) the termination of any personnel lease agreement related to Ed Jobs Program personnel working at the Non-Profit.

5. The Parties agree to comply with all legal requirements related to the Ed Jobs Program and to make available to the Sponsor or the Auditor of the State of Ohio any document or other information to which they are entitled under law or pursuant to the Non-Profit's Charter as that term is defined in the Operating Agreement.

6. This Amendment may be executed in any number of counterparts, and by facsimile each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

7. For all purposes of the Operating Agreement and this Amendment, except as otherwise expressly provided or unless the context otherwise requires, capitalized terms used but not defined herein shall have the meanings assigned to them in the Operating Agreement.

8. Except as hereby amended, the Operating Agreement shall remain unchanged and in full force and effect. If there is any conflict between the terms and provisions of the Operating Agreement and the terms and provisions of this Amendment, this Amendment shall control.

9. This Amendment may not be modified further unless agreed to in writing and signed by the Non-Profit and the Company.


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

NON-PROFIT:

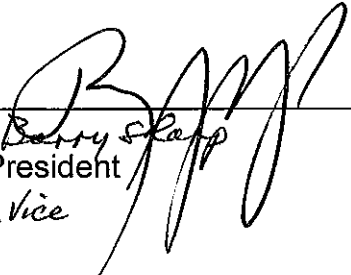
COMPANY:

GROVEPORT COMMUNITY SCHOOL

IMAGINE SCHOOLS, INC.



By: *Jared Hill*
Its: President



By: *Barry Skapp*
Its: *President*
Sr. Vice

AMENDED AND RESTATED CHARTER SCHOOL OPERATING AGREEMENT

This Amended and Restated Charter School Operating Agreement (hereinafter referred to as the "Agreement" or the "Contract") is made and entered into effective as of the 1st day of July, 2008, by and between IMAGINE Schools, Inc. ("IMAGINE"), a Delaware corporation having a principal address of 1005 North Glebe Road, Suite 610, Arlington, Virginia 22201, and the Board of Directors (the "BOARD") of the Groveport Community School (the "Charter School"), an Ohio non-profit corporation located at 4485 Hamilton Road, Groveport, OH 43125.

RECITALS

The Board desires to open a charter school in Columbus, Ohio to educate students in grades K-12.

Pursuant to Chapter 3314 of the Ohio Revised Code (the "Code"), the BOARD has been granted a charter (the "Charter") by St. Aloysius Orphanage (the "Authorizer") to organize and operate a charter school (known as "community schools" in Ohio), with Authorizer as the authorizing body.

The Charter and the Code provide a fixed fee per student to educate students, but no separate funding for facilities and equipment to open a school.

The Board does not have the financial resources to hire and train personnel, purchase furniture, equipment, software and materials, and perform other actions necessary to properly open, run and maintain a charter school.

IMAGINE has the experience and financial resources necessary to open and operate a charter school.

IMAGINE has announced its intention to become a tax exempt non-profit corporation under Section 501(c)(3) of the Internal Revenue Code of 1986.

The BOARD and IMAGINE desire to create an enduring educational alliance, whereby the BOARD and IMAGINE will work cooperatively to promote educational excellence and innovation, based on IMAGINE'S school design, comprehensive educational program and management principles.

In order to continue to facilitate the organization of the Charter School and implementation of an innovative educational program at the Charter School, the parties desire to establish this arrangement for the management and operation of the Charter School.

Therefore, for good and valuable consideration, the receipt of which is hereby acknowledged, it is mutually agreed as follows:

ARTICLE I

CONTRACTING RELATIONSHIP

A. Authority. The BOARD represents that it is authorized by law to contract with a private entity and for that entity to provide educational management services. The BOARD further represents that it has been granted the Charter by Authorizer to organize and operate the Charter School. The BOARD is therefore authorized by the Authorizer to supervise and control the Charter School and is invested with all powers necessary or desirable for carrying out the educational program contemplated by the Charter.

B. Contract. The BOARD hereby contracts with IMAGINE, to the extent permitted by law, to provide all of charter school management services on the terms and conditions set forth in this Agreement, including without limitation the administration and supervision of the personnel, materials, equipment, and facilities necessary for the provision of educational services to students, and the management, operation and maintenance of the Charter School in accordance with the Charter School mission, educational goals, curriculum, methods of pupil assessment, admission policy and criteria, school calendar and school day schedule, age and grade range of pupils to be enrolled, educational goals, and method to be used to monitor compliance with performance of targeted educational outcomes, all as adopted by the BOARD and included in the Charter between the BOARD and Authorizer.

C. Access to Educational Records. The BOARD states that the employees of IMAGINE have a legitimate educational interest in the educational records of the Charter School and grants to IMAGINE's employees access to educational records under 20 U.S.C. § 1232g, the Family Rights and Privacy Act ("FERPA").

D. Status of the Parties. IMAGINE is a for-profit corporation organized under the laws of Delaware, and is not in any way affiliated with the BOARD. The BOARD is a non-profit corporation organized under the laws of the State of Ohio and is not in any way affiliated with IMAGINE. The parties to this Agreement intend that the relationship created by this Agreement is that of an independent contractor and not employer-employee. The relationship between IMAGINE and the BOARD is based solely on the terms of this Agreement, and the terms of any other written agreements that may now or hereafter be executed between IMAGINE and the BOARD.

ARTICLE II

TERM

This Agreement shall be effective as of the date set forth above and, unless terminated or cancelled earlier pursuant to the provisions of this Agreement, shall continue until termination or expiration of the Charter, unless earlier terminated pursuant to the provisions of this Agreement. This Agreement shall automatically be extended for the duration of any extension of the Charter, provided that IMAGINE is in compliance with this Agreement.

ARTICLE III

OBLIGATIONS OF IMAGINE

A. Responsibility. IMAGINE shall be responsible and accountable to the BOARD for the administration, operation and performance of the Charter School in accordance with the Charter and this Agreement. IMAGINE's responsibility, as set forth in this Agreement, is expressly limited by: (i) the Charter School's Budget, which is to be submitted and approved by the BOARD as provided in this Agreement, and (ii) the availability of governmental funding, whether state, city or federal, to pay for said services. Neither IMAGINE nor the BOARD shall be required to expend Charter School funds on services in excess of the amount described in the Charter School Budget.

B. Development of the Charter School. IMAGINE shall provide customary charter school development services (the "Development Services"), including without limitation, assistance with the charter school application process, negotiations with the Authorizer and the charter appellate process if necessary; development and opening of the Charter School Facility; development of a curriculum; development of a school operations plan; identification of furniture, fixtures, equipment and supplies; arrangement of transportation and food services as necessary; conduct of other procurement activities as necessary to start up the Charter School; preparation of specifications for technology and related services; recruitment, selection and pre-service training of school personnel; pre-opening recruitment of students; and identification of business systems for Charter School accounting needs.

C. Educational Program. IMAGINE agrees to implement the educational goals and programs set forth in the Charter (the "Educational Program"). The parties hereto acknowledge that an essential principle of the Educational Program is its flexibility, adaptability and capacity to change in the interest of continuous improvement, effectiveness, and efficiency, and that the BOARD and IMAGINE are interested in results and not in inflexible prescriptions. In the event IMAGINE determines that it is necessary to modify the Educational Program, IMAGINE shall inform the BOARD of the proposed changes and obtain BOARD approval, which shall not be unreasonably withheld, and if required under the Charter, approval of the Authorizer. Not less than semi-annually, and otherwise as reasonably requested, IMAGINE will provide the BOARD with updated reports on progress towards implementing each of the Charter School's educational goals in the Educational Program. Notwithstanding anything to the contrary herein, the BOARD shall have the reasonable right with a majority vote of said BOARD to require IMAGINE to discontinue elements of the Educational Program being used by IMAGINE at the Charter School.

D. Charter School Facility. IMAGINE will assist the BOARD in locating a facility suitable for the operation of the Charter School (the "Charter School Facility"). The Charter School Facility shall be subject to BOARD approval, which approval shall not be unreasonably withheld. The Charter School Facility shall meet the requirements of all federal, state and local laws and regulations for the operation of the Charter School and shall be suitable for the maximum number of students approved by the Authorizer in the Charter or such lesser number

of students as may be recommended by IMAGINE and approved by the BOARD, which approval shall not be unreasonably withheld. The BOARD shall consult with IMAGINE prior to making or accepting any material modification to the Charter School Facility, or any amendment or modification to the terms and conditions of any lease or any purchase and sale agreement for the Charter School Facility and shall exercise good faith in acting upon the reasonable recommendations of IMAGINE related to the Charter School Facility.

IMAGINE has received and reviewed a copy of the lease between the BOARD and Schoolhouse Finance, LLC for the "Charter School Facility" ("Lease"). In connection with its duty to administer and operate the Charter School and to pay the Operating Expenses of the Charter School as set forth in this Agreement, IMAGINE, on behalf of the BOARD agrees to operate in compliance with the Lease and to immediately notify the BOARD, in the event that IMAGINE acts or fails to act in any manner which would result in a breach or default by the BOARD under the terms of the Lease.

E. Purchases. IMAGINE shall assist the BOARD in identifying and procuring such suitable materials, furniture, fixtures, equipment and supplies as may be necessary to the operation of the Charter School. Purchases made by IMAGINE on behalf of the BOARD with Charter School funds, such as non-proprietary instructional and/or curriculum materials, books and supplies, and equipment will be the property of the BOARD, exclusive of items leased or purchased by IMAGINE pursuant to the terms of this Agreement. IMAGINE agrees not to add any fees or charges to the cost of equipment, materials or supplies purchased by IMAGINE on behalf of the BOARD, except interest charges if the purchases are financed pursuant to an equipment lease or equipment use agreement. In the event that IMAGINE makes purchases on behalf of the BOARD with Charter School funds, IMAGINE shall comply with all applicable laws and conduct the purchase as if the BOARD were making such purchases directly from a third party. IMAGINE agrees to tag as Board owned all property purchased with Revenues in accordance with BOARD policy.

IMAGINE may, at its discretion, finance purchases pursuant to an equipment lease and allow the Charter School to use such equipment. As appropriate, the title to the equipment would be held by the applicable lessor, and if an option to purchase is available and exercised, ultimately would be held by the optioning party and/or the BOARD, as the case may be. IMAGINE's provision of equipment pursuant to this Agreement shall be subject to, and the BOARD agrees to abide by, the terms and conditions of any applicable equipment lease between IMAGINE and any third party lessor. At the end of the term of any such equipment lease, such equipment shall be returned to IMAGINE or any third party lessor, as appropriate under the leasing arrangement. For any property so leased that is subject to an option to purchase, IMAGINE shall so notify the Board and shall assist the BOARD in its decision to purchase such property and shall act on its behalf in meeting all notice requirements of the lessee therein in its exercise of the option to purchase. IMAGINE, from the Revenues as defined in Article V, Section A shall make payment on behalf of the BOARD to the lessor as necessary to complete the transfer of title to the BOARD. Notwithstanding anything to the contrary herein, to the extent that there are not sufficient Revenues designated by the Board for such payment, IMAGINE shall not be required to make such payment.

IMAGINE MAKES NO EXPRESSED OR IMPLIED WARRANTIES AS TO ANY MATTER WHATSOEVER WITH REGARD TO ANY EQUIPMENT, MATERIALS OR SUPPLIES PURCHASED ON BEHALF OF OR FOR USE AT THE CHARTER SCHOOL, INCLUDING WITHOUT LIMITATION THE CONDITION OF ANY SUCH ITEM, ITS MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. NO DEFECT OR UNFITNESS OF ANY EQUIPMENT, MATERIALS OR SUPPLIES SHALL RELIEVE THE BOARD OF ITS OBLIGATIONS TO PAY FOR USE OF THE ITEM OR OF ANY OTHER OBLIGATION UNDER THIS AGREEMENT. NOTWITHSTANDING THE FOREGOING, IMAGINE WILL ENFORCE ANY EXISTING MANUFACTURER WARRANTIES ON ALL EQUIPMENT, MATERIALS OR SUPPLIES PURCHASED ON BEHALF OF OR FOR USE AT THE CHARTER SCHOOL.

IMAGINE has received and reviewed a copy of the Equipment Use Agreement between the BOARD and IMAGINE in connection with the use by the BOARD of materials, furniture, equipment, and technology at the Charter School Facility. In connection with its duty to administer and operate the Charter School and to pay the Operating Expenses of the Charter School as set forth in this Agreement, IMAGINE, on behalf of the BOARD agrees to operate in compliance with the Equipment Use Agreement and to immediately notify the BOARD in the event that IMAGINE acts or fails to act in any manner which would result in a breach or default by the BOARD under the terms of the Equipment Use Agreement.

F. Proprietary Rights/Confidentiality. IMAGINE shall own all copyright and other proprietary rights to all instructional materials, training materials, curriculum and lesson plans, and any other materials developed by IMAGINE, its employees, agents or subcontractors, or by any individual working for or supervised by IMAGINE which is developed during the routine performance of the individual's duties. IMAGINE shall have the sole and exclusive right to license such materials for use by other school districts or customers. The BOARD shall own all proprietary rights to curriculum or educational materials that are (i) directly developed and directly paid for by the BOARD, or (ii) developed by IMAGINE at the direction of the BOARD with funds specifically dedicated by the BOARD for the development of such curriculum or materials. Nothing in this Section shall be construed to grant the BOARD proprietary rights over curriculum or educational materials that are part of the general curriculum development of IMAGINE not directly paid for by the BOARD.

During the term of this Agreement, IMAGINE and the BOARD may each disclose proprietary information to the other, including currently existing proprietary information and proprietary information created in the future. The receiving party shall use all such efforts as may be reasonably requested by the owner of such proprietary information so as not to disclose, publish, copy, transmit, modify, alter or utilize such proprietary information during the term of this Agreement or at any time after its termination or expiration other than to the extent reasonably necessary for implementation of this Agreement. Notwithstanding anything to the contrary herein, educational materials and teaching techniques used by or at the Charter School shall be subject to disclosure to the extent required by applicable state or federal law.

G. Subcontracts. IMAGINE reserves the right to subcontract any and all aspects of all services it agrees to provide to the Charter School, including, but not limited to building cleaning, security, and/or food service. However, IMAGINE shall not subcontract the management, oversight or operation of the teaching and instructional program, except as specifically permitted in this Agreement or with approval of the BOARD.

H. Place of Performance. IMAGINE reserves the right to perform functions other than instruction, such as purchasing, professional development and administrative functions, off-site, unless prohibited by state or local law.

I. Student Recruitment. IMAGINE and the BOARD shall be jointly responsible for the recruitment of students subject to agreement on general recruitment and admission policies. Students shall be selected in compliance with the procedures set forth in the Charter and state and federal law.

J. Due Process Hearings. IMAGINE shall make available to students of the Charter School due process hearings regarding discipline, special education, confidentiality and access to records, in a manner and to an extent consistent with the obligations of the BOARD pursuant to the Charter and applicable state, federal and local laws, rules and regulations. The BOARD may elect to retain the right to provide due process hearings as required by the Charter and applicable state, federal and local laws, rules and regulations.

K. Grants. IMAGINE, with the prior approval of the BOARD, may apply for available grants in the name of the Charter School which will (A) provide additional funding to the Charter School, (B) aid the Charter School in fulfilling the terms of the Charter and/or (C) provide additional services and programs to the students. Prior to the application for any grant funds, the BOARD shall review and approve any grant application including any fees to be paid to IMAGINE. Following the expenditure of said grant funds IMAGINE shall provide any information requested which bears upon an audit.

L. Rules and Procedures. IMAGINE shall recommend reasonable rules, regulations and procedures applicable to the Charter School and is authorized and directed to enforce such rules, regulations and procedures as may be adopted by the BOARD.

M. School Year and School Day. The school year and the school day shall be as provided in the Charter submitted to and approved by Authorizer.

N. Pupil Performance Standards and Evaluation. IMAGINE shall implement pupil performance evaluations that permit evaluation of the educational progress of each Charter School student. IMAGINE shall be responsible and accountable to the BOARD for evaluating the performance of students who attend the Charter School. At a minimum, IMAGINE will utilize assessment strategies required by the Charter. The BOARD and IMAGINE will cooperate in good faith to identify other measures of and goals for the Charter School students and Charter School performance, including but not limited to parent satisfaction.

O. Services to Disabled Students and Special Education. IMAGINE shall provide special education services to students who attend the Charter School in conformity with the requirements of state and federal law and the Charter. IMAGINE may subcontract as necessary and appropriate for the provision of special education services, subject to approval by the BOARD, which approval shall not be unreasonably withheld. Such services shall be provided in a manner that complies with local, state and federal laws and applicable regulations and policies.

P. Compliance with Charter and Applicable Laws. IMAGINE shall take those steps necessary to ensure that it complies with the Charter, and any laws, ordinances, rules and regulations applicable to IMAGINE or its responsibilities with regard to the Charter School as set forth in this Agreement, unless such requirements are or have been waived. If IMAGINE is notified by the state, by the Authorizer, or by any other governmental authority or by any other person or entity that IMAGINE or the BOARD may be in violation of the Charter or any applicable laws, ordinances, rules and regulations, IMAGINE shall timely notify the BOARD of the claimed violation and shall take steps to cure in a timely fashion any and all such violations which relate to responsibilities of IMAGINE hereunder.

Q. Unusual Events. IMAGINE agrees to timely notify the BOARD and/or Charter School administrator of any anticipated or known: (i) material health or safety issues, (ii) labor, employee or funding problems, or (iii) problems of any other type that could adversely affect the BOARD in complying with its responsibilities hereunder. IMAGINE acknowledges that the Charter School is required by its Charter to apply for, and obtain and maintain tax exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986. If necessary to obtain 501(c)(3) tax exempt status, IMAGINE agrees to negotiate in good faith to modify this Agreement for that purpose.

R. Charter School Records/Proprietary. The financial, educational and student records pertaining to the Charter School are the property of the BOARD, and such records are subject to the applicable provisions of state law. All Charter School records shall be physically or electronically available, upon request, at the Charter School. Except as prohibited under the Charter and applicable law, the Authorizer and the public shall, upon reasonable request, have access to the records of the Charter School.

S. Before and After School Program. The Charter and this Agreement do not obligate IMAGINE to offer or operate a Before and After School Care Program and the BOARD assumes no responsibility for any such program offered at the Charter School. However, IMAGINE or its sub-contactor may operate such a program in the Charter School Facility in accordance with local, state, and federal law provided that any net revenues from such Program are deposited into the Charter School Operating Account as hereafter defined.

ARTICLE IV

OBLIGATIONS OF THE BOARD

A. Good Faith Obligation. The BOARD shall establish reasonable fiscal and academic policies governing the operation of the Charter School. The BOARD shall exercise good faith in acting upon the recommendations of IMAGINE in all matters covered by this Agreement, including but not limited to, IMAGINE'S recommendations concerning additions and changes to policies, rules, regulations and budgets.

B. Assistance to IMAGINE. The BOARD shall cooperate with IMAGINE in furnishing all information and submitting all forms and reports required in connection with the Charter or this Agreement, including providing timely notice of all BOARD meetings. The BOARD shall timely furnish IMAGINE all information, documents and records necessary for IMAGINE to properly perform its responsibilities under this Agreement.

C. Compliance with Charter and Applicable Laws. The BOARD shall take those steps necessary to ensure that it complies with the Charter, and any laws, ordinances, rules and regulations applicable to the BOARD or its responsibilities with regard to the Charter School as set forth in this Agreement, unless such requirements are or have been waived. If the BOARD is notified by the state, by the Authorizer, or by any other governmental authority or by any other person or entity that the BOARD or IMAGINE may be in violation of the Charter or any applicable laws, ordinances, rules and regulations, the BOARD shall timely notify IMAGINE of the claimed violation and shall take steps to cure in a timely fashion any and all such violations which relate to responsibilities of the BOARD hereunder.

D. Treasurer. As required by Ohio law, the BOARD shall engage a designated fiscal officer or Treasurer ("Treasurer") to oversee the Charter School Depository Account as hereafter defined.

E. Unusual Events. The BOARD agrees to timely notify IMAGINE of any anticipated or known: (i) material health or safety issues, (ii) labor, employee or funding problems, or (iii) problems of any other type that could adversely affect IMAGINE in complying with its responsibilities hereunder.

F. Retained Authority. The BOARD shall retain the authority to, after prior good faith consultation with IMAGINE, make reasonable regulations relative to anything necessary for the proper establishment, maintenance, management and administration of the Charter School as required by state law.

ARTICLE V

FINANCIAL ARRANGEMENTS

A. Charter School Revenues. Except as specifically excluded by the terms of this Agreement, the term “Revenues” shall include all funds received by or on behalf of the Charter School, including but not limited to:

1. Qualified Revenue. “Qualified Revenue” shall mean all revenue received by the Charter School pursuant to Title 33 of the Ohio Revised Code and any other statute applicable to Community Schools as defined in the Code, including but not limited to, funding for regular public school students, special education funding, gifted and talented funding, funding for at risk students, and funding for students with limited English proficiency.
2. Grant Revenue. “Grant Revenue” shall mean all revenue received as a result of any application submitted by or on behalf of the Charter School or any funding agreement reached by or on behalf of the Charter School including but not limited to Title I and other Title Funds, National School Lunch Program, Medicaid, Start-Up Grant, and other grants for facilities, professional development, transportation, or other needs of the Charter School.
3. Non-Qualified Revenue. “Non-Qualified Revenue” shall mean charitable contributions, fees charged to students, as and to the extent permitted by law, proceeds from fundraisers, lunch revenue received from students who are not eligible for a free lunch, and any miscellaneous revenue received that is not Qualified Revenue or Grant Revenue.
4. Revenues. Qualified Revenue, Grant Revenue and Non-Qualified Revenue, may collectively be referred to throughout this Agreement as Revenues. Operating Advances as hereafter defined are not Revenues. Net Receipts from any Before and After School Care Program are not Revenue and shall be deposited directly into the Charter School Operating Account as hereafter defined.

B. Budget

1. Projected Budget. IMAGINE shall provide the BOARD with an annual projected Budget (the “Budget”). For the Charter School’s first Fiscal Year, the Budget shall be submitted prior to the opening of the Charter School. The Budget for each subsequent Fiscal Year shall be submitted to the BOARD prior to June 1st of the immediately preceding Fiscal Year. The Budget shall be consistent with the Charter, including without limitation the Charter School mission as set forth therein, and this Agreement.

2. Budget Detail. The Budget shall contain at a minimum the same revenue and expense line items required of IMAGINE to comply with the Auditor of State Bulletin 2004-009 at the end of each Fiscal year, and other reasonable detail as determined by IMAGINE with input from the BOARD. The Budget shall include projected expenses and costs reasonably associated with operating the Charter School and the IMAGINE school design including, but not limited to: BOARD Expenses; the projected cost of services and education programs provided to the Charter School; leasehold and other lease or purchase costs incurred for the Charter School Facility; maintenance and repairs to the Charter School Facility and capital improvements, except as otherwise agreed upon; personnel salaries and benefits expenses; payroll processing expenses; supplies and furnishings necessary to operate the Charter School; all taxes of any kind that are assessed or imposed; insurance premiums and deductible payments; utilities; transportation expenses; food service expenses; professional fees; school development and start up expenses; net reductions in Revenue from under enrollment; general and administrative expenses including costs of audits in connection with this Agreement; financial service supervision; Administrative Allocation; and other costs and expenses connected to operating the Charter School.

3. Approval. The Budget shall be prepared by IMAGINE and submitted to the BOARD for approval, which approval shall not be unreasonably withheld or delayed. The Budget shall include all expenditure items identified in this Agreement and such other expenditure items as may hereafter be mutually agreed to by IMAGINE and the BOARD. The BOARD shall notify IMAGINE in writing that it approves or disapproves the annual Budget within thirty (30) days of submission by IMAGINE. If the BOARD provides written notification to IMAGINE within thirty (30) days that it does not approve the annual Budget as submitted, the BOARD shall identify specific reasons therefore and continue to deposit the Revenues into the Charter School Operating Account pursuant to its obligations under Article V, Section F of this Agreement. In such event, IMAGINE shall work with the BOARD to make revisions to the annual Budget, which revisions shall be subject to BOARD approval pursuant to the procedure set forth in this paragraph. IMAGINE shall continue to operate the Charter School from the Revenues available without an annual Budget and continue to fulfill its obligations under this Agreement, the Charter and applicable law; provided such operation shall not extend more than one hundred twenty (120) days beyond the BOARD'S written notice that it does not approve the annual budget as submitted, or beyond the last day of the school year which is the subject of the disputed budget, whichever is earlier. The annual Budget may be amended from time to time as deemed necessary by IMAGINE and the BOARD. Each such amendment shall be submitted by IMAGINE and approved by the BOARD pursuant to the procedure set forth in this paragraph.

C. Financial Reporting. IMAGINE shall provide the BOARD with:

1. The projected annual Budget as required by the terms of this Agreement.

2. Monthly financial statements of all Revenues received, and of all expenditures for services and or expenses rendered to or incurred on behalf of the Charter School prepared by the Charter School's designated fiscal officer in conformity with the Charter, Ohio law and any rules and regulations for the Auditor of State's office, whether incurred on-site or off-site.
3. Such other information as may be reasonably requested by the BOARD to enable its (i) monitoring of IMAGINE'S performance and the efficiency of IMAGINE'S operation of the Charter School, or (ii) furnishing of reports and information which the BOARD is required to provide pursuant to its Charter or applicable law.

D. Access to Records. IMAGINE shall create and keep accurate financial records pertaining to its operation of the Charter School in accordance with the Charter and state and federal law, together with all Charter School financial records prepared by or in possession of IMAGINE, and shall retain all of the said records for a period of five (5) years from the close of the Fiscal Year to which such books, accounts, and records relate, or such longer period as may be required by law. IMAGINE and the BOARD shall maintain the proper confidentiality of personnel, students, and other records as required by law.

E. Annual Audit. The Auditor of State's Office shall conduct an annual audit of the Charter School in accordance with the Charter. Subject to applicable law, all finance and other records of IMAGINE related to the Charter School will be made available to the Auditor of State and the Charter School's designated fiscal officer.

F. Charter School Depository Account. Except as hereinafter provided, all monies received by the BOARD on behalf of the Charter School shall be immediately deposited in the depository account established by the BOARD for the benefit of the Charter School (the "Charter School Depository Account") in a financial institution mutually acceptable to the BOARD and IMAGINE. The signatories on the Charter School Depository Account shall be not more than two designated BOARD members or designated BOARD employees. Interest income earned on the Charter School Depository Account shall accrue to the BOARD. Monies on deposit in the Charter School Depository Account shall be applied and allocated within three (3) business days of receipt thereof in the following manner and order of priority:

1. The BOARD shall pay for such expenses as it may incur from time to time as a result of entering into the Charter and this Agreement ("BOARD Expenses"). BOARD Expenses shall be provided for in the Charter School's annual Budget. The Board shall be responsible for paying fees to its Authorizer pursuant to the Charter, Charter School Facility Payments, plus its own directors and officers insurance premiums and its own legal, accounting, auditing and professional fees. IMAGINE acknowledges that pursuant to Ohio law, IMAGINE'S State Teachers Retirement System ("STRS") and State Employees Retirement System ("SERS") contributions on behalf of the IMAGINE employees employed at the Charter School will be withheld from Qualified Revenues by the State of Ohio before

Qualified Revenues are deposited into the Charter School Depository Account. As used in this Agreement, the term "Fiscal Year" shall mean the annual period beginning on July 1 and ending on the next succeeding June 30.

2. Grant Revenues shall be transferred to the Charter School Operating Account upon a reimbursement basis and, unless otherwise authorized by the Board, payment to IMAGINE shall occur within three days following approval of invoices submitted by IMAGINE to the BOARD or its Treasurer certifying that the services provided or items purchased for which reimbursement is sought were done in accordance with the terms and conditions of the grant or any related State or Federal laws or regulations.
3. Non-Qualified Revenue shall be transferred to the Charter School Operating Account within three (3) days of receipt unless restrictions imposed by the donor require otherwise.

G. Payment of Charter School Operating Expenses. The BOARD shall cause the Revenues to be deposited within three (3) business days of receipt thereof into a Charter School Operating Account established and owned by IMAGINE for the purpose of paying the Operating Expenses of the Charter School (the "Charter School Operating Account") consistent with the annual Budget and this Agreement. "Operating Expenses" shall not include BOARD expenses, the Charter School Facility Lease Payments, or other payments related to third-party contracts entered into by the BOARD. As used in this Agreement, the term "Operating Expenses" shall mean the current expenses of operating the Charter School, including, without limiting the generality of the foregoing: equipment lease payments; payroll processing expenses; personnel salaries and benefits expenses; cost of assessment materials; cost of furniture, fixtures, equipment, technology, textbooks and other materials and supplies; insurance premiums and deductible payments other than for insurance maintained by the Board pursuant to the Charter; costs for public utility services; transportation expenses; food service expenses; custodial expenses; expenses for maintenance and repair of grounds and buildings; marketing expenses; legal fees; Administrative Allocation; and other items reflected in the annual Budget including but not limited to the expenses incurred by IMAGINE from time to time hereafter in connection with moving the Charter School to a new school facility. Monies in the Charter School Operating Account shall be disbursed in the following manner and order of priority:

1. Equipment Lease Payments. IMAGINE shall pay the equipment lease payment, if any, as it becomes due and payable.
2. Insurance Premiums. IMAGINE shall pay the Charter School's Insurance Premiums when due.
3. Other Operating Expenses. IMAGINE shall pay other Operating Expenses of the Charter School as they become due and payable.

H. Administrative Allocation. IMAGINE shall be entitled to payment, in accordance with the annual Budget and the terms of this Agreement, of an Administrative Allocation for the

performance of its responsibilities hereunder. Commencing July 1 of the first year of operation of the Charter School and each Fiscal Year thereafter, the Administrative Allocation shall be equal to twelve percent (12%) of Qualified Revenues. The Administrative Allocation shall be paid monthly, in an amount equal to one-twelfth (1/12th) of the annual budgeted amount. On or before August 31 of each year, IMAGINE shall provide to the BOARD a reconciliation of actual Revenues for the immediately preceding Fiscal Year. Any shortfall of Administrative Allocation shall be immediately paid to IMAGINE. Any overpayment of the Administrative Allocation for the immediately preceding Fiscal Year shall be applied first to payment of any outstanding Operating Advances, next to pre-payment of any promissory notes between the BOARD and IMAGINE, and last to the Administrative Allocation due for the then current Fiscal Year. Notwithstanding anything in this paragraph to the contrary, the calculation of IMAGINE Administrative Allocation shall be subject to audit and in conformity with Ohio law and rules issued by the Auditor of State's office including but not limited to AOS Bulletin 2004-009.

I. Development Allocation. IMAGINE shall be entitled to payment for the performance of Development Services hereunder (the "Development Allocation"). The Development Allocation shall be an Operating Expense of the Charter School included in the annual budget. Commencing March 1, 2009 and each Fiscal Year thereafter, the Development Allocation in the amount of Two Thousand Five Hundred and No/100 Dollars (\$2,500.00) shall be paid to IMAGINE monthly; provided, however, that in the event the term of this Agreement extends beyond two hundred forty (240) months, all Development Allocation payments shall cease effective as of September 1 of the twenty-first (21st) year of operation of the Charter School. At any time during the term of this Agreement, IMAGINE, with the BOARD'S approval which shall not be unreasonably withheld, may elect to prepay the Development Allocation by allocating from the Operating Allocation a lump-sum amount equal to Two Thousand Five Hundred and No/100 Dollars (\$2,500.00) multiplied by the difference between two hundred forty (240) and the number of monthly Development Allocation payments already made hereunder, discounted at a rate of ten and one-half percent (10.5%) per annum (the "Development Allocation Prepayment Amount").

J. Insufficient Funds. To the extent that there are not sufficient funds in the Charter School Operating Account to pay Operating Expenses, subject only to the limitations set forth in Article V, Section K below, IMAGINE shall deposit funds into the Charter School Depository Account or the Charter School Operating Account for the payment of such budgeted and unpaid Operating Expenses as may then be due and owing ("Operating Advances"). The BOARD hereby agrees that during the Fiscal Year in which an Operating Advance is made, on the first date of any month during such Fiscal Year that funds reside in the Charter School Operating Account, which funds are not otherwise reserved under the approved Budget, IMAGINE shall be automatically reimbursed for any outstanding Operating Advances attributable to the then current Fiscal Year. Such Operating Advances as remain outstanding as of the first day of the Fiscal Year immediately succeeding the Fiscal Year in which the Operating Advances are made shall accrue interest until paid in full at a rate per annum equal to the Prime Rate ("Interest"). As used herein, the "Prime Rate" shall mean the rate of interest reported by the Wall Street Journal, Money Rates Section as the "Prime Rate" reported on May 31 of the immediately preceding Fiscal Year. Interest shall be calculated based on the weighted average of outstanding balances at the end of each of the previous twelve months and added to IMAGINE Advances outstanding

at the end of the Fiscal Year. Operating Advances shall be included in the financial statements and the Budget prepared for the BOARD. At any time during the Term of this Agreement, the BOARD may seek and obtain financing for Charter School operations from a source other than IMAGINE. In no event shall any such third-party financing be deemed an Operating Advance subject to the repayment terms of this Section J or the fee calculation terms of Article V, Section H.

K. Availability of Funds. IMAGINE shall only be required to perform its responsibilities in accordance with this Agreement to the extent that there are sufficient Revenues to provide the agreed level of services as provided for in the annual Budget. In the event Revenues are insufficient to provide the agreed level of services and subject to the termination rights provided in Article VII of this Agreement, IMAGINE shall propose an amended annual Budget pursuant to the procedures set forth in Article V, Section B. Nothing in this Section shall be construed to absolve IMAGINE of its responsibility to fund Operating Advances pursuant to Article V Section J of this Agreement.

L. Other Public Schools. The BOARD acknowledges that IMAGINE may enter into similar operating agreements with other public charter entities. IMAGINE shall maintain separate accounts for expenses incurred by and on behalf of the Charter School and other schools operated by IMAGINE, and shall only charge the Charter School for expenses incurred by or on behalf of the Charter School.

ARTICLE VI

PERSONNEL & TRAINING

A. Personnel Responsibility. IMAGINE shall select and hire a qualified principal and other personnel to perform services at the Charter School. Personnel shall be employees of IMAGINE, unless otherwise agreed upon by the BOARD and IMAGINE. Notwithstanding anything to the contrary herein, the BOARD shall have the right to approve each principal hired by IMAGINE, which approval shall not be unreasonably withheld or delayed. Any rejection of any principal must be for good cause, must be in writing, and shall enumerate specific reasons for the rejection. Failure of the BOARD to approve or reject the designee within ten (10) days of notice shall be deemed an acceptance of the designee by the BOARD. The BOARD and IMAGINE shall be responsible for all compensation for their respective employees. The BOARD shall have the right, exercisable on a reasonable basis, in accordance with all applicable laws, and only upon a majority vote of said BOARD, to require that IMAGINE remove or, at IMAGINE'S option, transfer any employee working at the Charter School, which removal or transfer shall be effective at the end of ten (10) business days, unless otherwise agreed to by IMAGINE and the BOARD. IMAGINE shall have the responsibility and authority to determine staffing levels, and to select, evaluate, assign, discipline, transfer and terminate personnel consistent with applicable state and federal law, the Charter and this Agreement.

B. Principals and Teachers. IMAGINE shall provide a principal for the Charter School, subject to the review and approval of the BOARD as set forth in Article VI, Section A, above. IMAGINE shall determine the number of teachers and the applicable grade levels and subjects required for the operation of the Charter School as set forth in this Agreement. IMAGINE shall provide the Charter School with such teachers, qualified in the appropriate grade levels and subjects areas, as are required to operate the Charter School. The curriculum taught by such teachers shall be consistent with the Educational Program approved by the BOARD. Such teachers may, at the discretion of IMAGINE, work at the Charter School on a full or part time basis. If assigned to the Charter School on a part time basis, such teachers may also work at other schools managed or operated by IMAGINE. Each teacher assigned to the Charter School shall hold a valid teaching certificate issued by the state board of education or be working toward such certification, as permitted by state law. IMAGINE may not transfer a principal or teacher to another school managed or operated by IMAGINE without the consent of the Board, which consent shall not be unreasonably withheld.

C. Other Staff. IMAGINE shall determine the number and the functions of other non-instructional staff required for the operation of the Charter School as set forth in this Agreement. IMAGINE shall provide the Charter School with qualified staff to effectively operate the Charter School in accordance with this Agreement. Non-instructional staff may, at the discretion of IMAGINE, work at the Charter School on a full or part time basis. If assigned to the Charter School on a part time basis, teachers and other staff members may also work at other schools managed or operated by IMAGINE.

D. Professional Development. IMAGINE shall provide education in its methods, curriculum, program, and technology to all teaching personnel. Non-instructional personnel shall receive such professional development as IMAGINE determines reasonable and necessary under the circumstances.

E. Limitations on Discretion. All decisions made by IMAGINE, and any discretion exercised by IMAGINE, in its decisions regarding staffing levels and its selection, evaluation, assignment, discipline, and transfer of personnel, shall be consistent with state and federal law, and consistent with the parameters adopted and included within the Charter and this Agreement.

ARTICLE VII

TERMINATION OF AGREEMENT

A. Termination.

1. By IMAGINE. IMAGINE may, at its option, terminate this Agreement prior to the end of the term specified in Article II in the event the BOARD fails to remedy a Material Event within forty-five (45) days after written notice from IMAGINE or such shorter period of time required by the Authorizer or the Charter. As used in this Section, a "Material Event" includes, but is not limited to: (i) IMAGINE'S failure to receive for any reason, the contracted for revenues, compensation, or reimbursement as required by the terms of this Agreement; or (ii) the BOARD'S failure to adopt IMAGINE'S reasonable recommendations with respect to Charter School policies, rules and regulations, which failure has a material adverse effect on IMAGINE'S ability to implement the Charter School design as set forth in the Charter or this Agreement; (iii) in the event the BOARD makes decisions regarding the personnel, Educational Program or Charter School Facility substantially inconsistent with the reasonable recommendations of IMAGINE; or (iv) in the event that during any Fiscal Year, there is a reduction of more than ten percent (10%) in the available combined federal and state funding for the Charter School on a per pupil basis in comparison to the funding that was available in the prior Fiscal Year; or (v) fraudulent misrepresentation or other willful misconduct by the BOARD that has a material adverse effect on the Charter School; or (vi) the insolvency or bankruptcy of the Charter School; (vii) the loss or suspension of the Charter; or (viii) the enactment, repeal, promulgation or withdrawal of the state charter law such that this Agreement or the operation of the Charter School in conformity with this Agreement or the BOARD'S Charter violates the law; or (ix) in the event of any material amendment or modification to the Charter; or (x) in the event the parties are unable to locate a suitable Charter School Facility adequate for the Educational Program and in full compliance with all applicable building and safety codes; or (xi) in the event that use of the Charter School Facility becomes impractical by reason of fire, flood or other act of God.

2. By the BOARD. The BOARD may terminate this Agreement prior to the end of the term specified in Article II in the event that IMAGINE shall fail to take reasonable steps to remedy a Material Event within forty-five (45) days after written notice from the BOARD or such shorter period of time required by the Authorizer or the Charter. As used in this Section, a "Material Event" includes, but is not limited to: (i) failure of IMAGINE to provide services in accordance with the terms of the Charter and this Agreement; or (ii) failure of IMAGINE to follow policies, procedures, rules, regulations or curriculum duly adopted by the BOARD that are not in violation of federal or state laws, the Charter, or this Agreement; or (iii) in the event that during any Fiscal Year, there is a reduction of more than ten percent (10%) in the available combined federal and state funding for the Charter School on a per pupil basis in comparison to the funding that was available in the prior Fiscal Year; or (iv) fraudulent misrepresentation or other willful misconduct by IMAGINE that has a material adverse effect on the Charter School; or (v) the insolvency or bankruptcy of IMAGINE; or (vi) the loss or suspension

of the Charter; or (vii) the enactment, repeal, promulgation or withdrawal of the state charter law such that this Agreement or the operation of the Charter School in conformity with this Agreement or the BOARD'S Charter violates the law; or (viii) in the event the parties are unable to locate a suitable Charter School Facility adequate for the Educational Program and in full compliance with all applicable building and safety codes; or (ix) in the event that use of the Charter School Facility becomes impractical by reason of fire, flood or other act of God.

B. Termination/Expiration.

1. Effective Date of Termination. In the event this Agreement is terminated by either party prior to the end of the term specified in Article II, absent extraordinary circumstances, including without limitation the fraudulent misrepresentation or willful misconduct of either party, the termination will not become effective until the end of the academic year during which the notice of termination is delivered.

2. Personal Property. Upon termination or expiration of this Agreement, the BOARD, at its election, shall either: (i) deliver, at the BOARD'S sole cost and expense, equipment and other assets owned or leased by IMAGINE, which delivery shall be immediately made to such location as may be designated by IMAGINE; or (ii) remit to IMAGINE such amounts as may remain outstanding under equipment lease entered into by IMAGINE as lessee pursuant to Article III Section D, including without limitation such amounts as may be required in order to exercise any option to purchase under any such lease and complete transfer of title to the Charter School. In the event that IMAGINE purchases any equipment with IMAGINE funds and allows use of such equipment by the Charter School during the Term of this Agreement, in lieu of delivering such equipment to IMAGINE pursuant to (i) above, the BOARD may purchase such equipment from IMAGINE at a mutually agreeable price. Equipment and other assets owned by the Charter School shall remain the property of the Charter School.

3. Intellectual Property. Upon termination or expiration of this Agreement for any reason, each party shall, within fifteen (15) days of the effective date of such termination, return, or at the request of the other party destroy, all curriculums, educational materials, and other intellectual property belonging to such other party.

4. Payment. Upon termination or expiration of this Agreement for any reason, the BOARD shall immediately (a) remit to IMAGINE all outstanding Administrative Allocation and Operating Advances together with accrued Interest earned thereon; (b) remit to IMAGINE the Development Allocation Prepayment Amount and (c) reimburse IMAGINE for any other Operating Expenses incurred by IMAGINE on behalf of the Charter School. All such amounts due upon termination shall be payable solely from assets of the Charter School, including without limitation Revenues, Other Funds and such other assets as may be acquired by or on behalf of the Charter School with Charter School Revenues; provided, however, that if the BOARD receives any grant monies or other designated funds which are governed by a use agreement that prohibits the use of such funds to make payment to IMAGINE pursuant to this subsection (the "Restricted

Funds"), the BOARD shall not be required to include the Restricted Funds in such payment to IMAGINE.

C. Transition. In the event of termination of this Agreement for any reason by either party prior to the end of the Agreement's term, IMAGINE will, at no cost to IMAGINE, provide the BOARD reasonable assistance for up to ninety (90) days to assist in the transition to another administrative or structural arrangement; provided, however, that IMAGINE shall not be required to provide any assistance to another management company or service provider.

D. Cessation of Critical Services by IMAGINE. In the event that IMAGINE stops providing, or gives notice of its intent to stop providing, prior to the end of the then current academic year such critical services under this Agreement that the Charter School could not reasonably operate in the absence of such services and provided that the cessation of such services is not as a result of the BOARD'S fraudulent misrepresentation or willful misconduct, then IMAGINE agrees to do the following immediately:

1. Assign to the Board the employment contracts for all personnel working at the Charter School to the extent that such personnel consent to such assignment;
2. Offer to the Board for purchase all computers, software, office equipment, furniture and personal property ("School Equipment") owned by IMAGINE and used in operation of the Charter School at a price equal to the Remaining Cost Basis of the equipment. Upon the payment of the Remaining Cost Basis by the Board, IMAGINE will transfer title to said property to the Board free and clear of all liens and encumbrances.
3. Assign to the Board any leases for School Equipment used in the operation of the Charter School to the extent such leases are assignable and subject to the consent of any third-party lessor.

"Critical Services" include but are not limited to the payment of teachers and staff or other services without which the Charter School could not educate students pursuant to the Charter. "Remaining Cost Basis" of such personal property shall be calculated based upon the straight line established by the following property classifications: computers and software, three (3) years; furniture, fixtures and textbooks, five (5) years. Depreciation will begin on the date that each item of personal property was acquired by IMAGINE.

ARTICLE VIII

INDEMNIFICATION

Except as otherwise stated in this Agreement, the Charter School agrees to indemnify, defend and hold harmless IMAGINE from any loss, cost, expense, obligation, liability, fee (including, but not limited to reasonable attorney fees) or other expenditures incurred by the

IMAGINE as a result of any claims, actions or lawsuits brought against IMAGINE as a result of the gross negligence, recklessness or willful misconduct of the BOARD or breach of this Agreement or the Charter by the BOARD. Likewise, except as otherwise stated in this Agreement, IMAGINE agrees to indemnify, defend and hold harmless the Charter School from any loss, cost, expense, obligation, liability, fee (including, but not limited to reasonable attorney fees) or other expenditures incurred by the Charter School as a result of any claims, actions or lawsuits brought against the Charter School as a result of the gross negligence, recklessness or willful misconduct of IMAGINE or breach of this Agreement or the Charter by the IMAGINE. This indemnification provision shall survive the termination of this Agreement.

ARTICLE IX

INSURANCE

A. Insurance Coverage. IMAGINE shall maintain such errors and omissions and employment practices liability insurance (a "school leaders" policy), and comprehensive general liability insurance, naming the Charter School as the insured or as an additional insured, in an amount not less than one million dollars (\$1,000,000.00) per occurrence and two million dollars (\$2,000,000.00) aggregate and excess umbrella liability insurance of not less than nine million dollars (\$9,000,000.00) per occurrence and nine million dollars (\$9,000,000.00) aggregate. Each such policy shall name the Charter School, its Authorizer, its Board and its Executive Director as an insured or an additional insured and a certificate of insurance specifying same shall be provided within thirty (30) days of the execution of this Agreement. All such policies of insurance required to be maintained by IMAGINE shall be by responsible companies of recognized standing authorized to do business in the jurisdiction where IMAGINE is performing services and shall be written in standard form and shall provide that the policies shall not be cancelable except upon thirty (30) days written notice to the Charter School. Upon the Charter School's request, IMAGINE shall deliver to the Charter School a copy of such policies and other written confirmation acceptable to Charter School, together with evidence that the insurance premiums have been paid.

IMAGINE shall assist the Board in complying with such additional insurance requirements as may be set forth in the Charter and the Lease. IMAGINE shall provide proof of such insurance to the BOARD at the BOARD'S request. The BOARD and IMAGINE shall be listed as named insureds on such policies. To the extent reasonably practicable, the parties shall cooperate with each other in providing such information and complying with such reporting requirements as may be required by any applicable insurer(s).

B. Workers' Compensation Insurance. Each party shall maintain workers' compensation insurance as required by law, covering their respective employees.

ARTICLE X

WARRANTIES AND REPRESENTATIONS

- A. BOARD Warranties and Representations. The BOARD represents that it has the authority under law to execute, deliver and perform this Agreement and to incur the obligations provided for under this Agreement. The BOARD warrants that its actions have been duly and validly authorized and that it will adopt any and all resolutions or expenditure approvals required for execution of this Agreement.
- B. IMAGINE Warranties and Representations. IMAGINE warrants and represents that it is a corporation in good standing and is authorized to conduct business in the State of Ohio. IMAGINE will comply with all registration and licensing requirements relating to conducting business under this Agreement. The BOARD agrees to assist IMAGINE in applying for such licenses and permits and in obtaining such approvals and consents.
- C. Mutual Warranties. The BOARD and IMAGINE mutually warrant to the other that other than the well known case pending before the Ohio Supreme Court and known as Ohio Federation of Teachers, et al. v. Ohio State Board of Education, et al. there are no pending actions, claims, suits or proceedings, to its knowledge, threatened or reasonably anticipated against or affecting it which if adversely determined, would have a material adverse effect on its ability to perform under this Agreement.

ARTICLE XI

MISCELLANEOUS

- A. Entire Agreement. This Agreement represents the entire understanding and agreement between the parties with respect to the subject matter hereof, and supersedes all other negotiations, understandings, and representations (if any) made by and between such parties.
- B. Force Majeure. Notwithstanding any other sections of this Agreement, neither party shall be liable for any delay in performance or inability to perform due to acts of God or due to war, riot, embargo, fire, explosion, sabotage, flood, accident, labor strike, or other acts beyond its reasonable control; provided either party may terminate this Agreement in accordance with the termination provisions contained in this Agreement if sufficient grounds exist as provided in the Article governing termination.
- C. Resolution of Disputes. The parties agree that each will make every good faith effort to resolve any and all disputes under this Agreement amicably before taking any action under Article XI Section D below.
- D. State Governing Law/Waiver of Jury Trial. The rights of all parties hereto shall be subject to the jurisdiction of and be construed according to the laws of the State of Ohio. IMAGINE and the BOARD hereby waive the right to a jury trial in any action, proceeding or counterclaim brought by either IMAGINE or the BOARD against the other.

E. Official Notices. All notices and other communications required by the terms of this Agreement shall be in writing and sent to the parties hereto at the facsimile number or address set forth below. Notice may be given by (i) facsimile with written evidence of confirmed receipt by the receiving party of the entire notice, (ii) certified or registered mail, postage prepaid, return receipt requested, or (iii) personal delivery. Notice shall be deemed to have been given on the date of transmittal or personal delivery if given by facsimile or personal delivery, or upon the date of postmark if sent by certified or registered mail. Notices to the BOARD shall be sent to the current address of the then current BOARD President, with a copy to the then current BOARD attorney. The address of the parties hereto for the purposes aforesaid, inclusive of the address of the current BOARD President and BOARD attorney, are as follows:

If to Groveport to:

John Jones
Groveport Community School
4485 South Hamilton Road
Groveport, Ohio 43125

with a copy to:

Nicola, Gudbranson & Cooper, LLC
Attn: Arthur L. Clements, III
Republic Building, Suite 1400
25 West Prospect Avenue
Cleveland, Ohio 44115
Telephone: 216-621-7227 Facsimile: 216-621-3999

Imagine Schools Inc.
Attn: Dennis Bakke, CEO
1005 North Glebe Road, Suite 610
Arlington, VA 22201
Telephone: (703) 527-2600
Facsimile: (703) 527-0038

F. Assignment. No party shall assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. IMAGINE, however, may assign this Agreement to an entity wholly owned or controlled by IMAGINE.

G. Amendment. This Agreement shall not be altered, amended, modified or supplemented except by memorandum approved by the BOARD and signed by both the BOARD President and an authorized officer of IMAGINE.

H. Waiver. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision. Nor shall such waiver constitute a continuing waiver unless otherwise expressly stated.

- I. Cost and Expenses. If any party commences an action against another party as a result of a breach or alleged breach of this Agreement, the prevailing party shall be entitled to have and recover from the losing party reasonable attorneys' fees and costs of suit.
- J. Delegation of Authority. Nothing in this Agreement shall be construed as delegating to IMAGINE powers or authority of the BOARD that are not subject to delegation by the BOARD under state law and the Charter.
- K. Compliance with Law. The parties to this Agreement agree to comply with all applicable laws and regulations.
- L. Compliance with Charter. The parties to this Agreement agree to comply with the terms and conditions set forth in the Charter awarded to the BOARD.
- M. Further Assurances. The parties hereby agree from time to time to execute and deliver such further and other assurances, assignments and documents and do all matters and things which may be convenient or necessary to more effectively and completely carry out the intentions of this Agreement.
- N. Interpretations. This Agreement shall not be construed more strictly against one party than against the other merely because it may have been prepared by counsel for one of the parties, it being recognized that both parties have been represented by counsel in connection with the negotiation of the terms hereof and have contributed substantially and materially to its preparation.
- O. Time of the Essence. Time of performance by either party of each and every provision or covenant herein contained is of the essence of this Agreement.
- P. Binding Effect. All of the terms and provisions of this Agreement, whether so expressed or not, shall be binding upon, inure to the benefit of, and be enforceable by the parties and their respective legal representatives, successors, and permitted assigns.
- Q. Headings. The headings contained in this Agreement are for convenience of reference only, and shall not limit or otherwise affect in any way the meaning or interpretation of this Agreement.
- R. Severability. If any part of this Agreement or any other agreement entered into pursuant hereto is contrary to, prohibited by or deemed invalid under applicable law or regulation, such provision shall be inapplicable and deemed omitted to the extent so contrary, prohibited or invalid, but the remainder hereof shall not be invalidated thereby and shall be given full force and effect so far as possible.
- S. Survival. All covenants, agreements, representations, and warranties made herein or otherwise made in writing by any party pursuant hereto shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

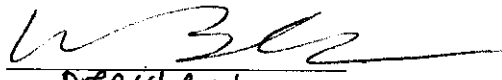
T. Third Parties. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies on any person other than the parties hereto and their respective legal representatives, successors, and permitted assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third person to any party to this Agreement, nor shall any provision give any third person any right to subrogation or action over or against any party to this Agreement.

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


[Signatures on following page.]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date and year first above written.

IMAGINE SCHOOLS, INC.

By: 
Title: President
Date: 5.1.09

BOARD OF DIRECTORS
GROVEPORT COMMUNITY SCHOOL

By: 
John Jones
Title: BOARD PRESIDENT
Date: 04/2/09