

MANAGEMENT AGREEMENT

This Management Agreement (the "*Agreement*") is entered into as of the _____ day of _____, 2017 by and between Accel Schools Ohio LLC, a Delaware limited liability company ("*Operator*"), and Euclid Preparatory Academy (the "*Academy*"), a non-profit Ohio corporation and public community school.

RECITALS

A. The Academy is sponsored and authorized by St. Aloysius (the "*Sponsor*") to govern a public community school under Chapter 3314 of the Revised Code of the State of Ohio (as such provision may be amended from time to time, the "*Code*").

B. The Operator was established, among other things, to manage public schools, and is expected to provide invaluable assistance and expertise, including regulatory, financial, facilities, and other advice, in connection with the operation of the Academy.

C. The Academy and the Operator (collectively, the "*Parties*") desire to create an enduring educational relationship whereby they will pursue and provide educational excellence at the Academy based on an agreed upon school design, comprehensive educational program and management principles.

THEREFORE, the Parties mutually agree to the following terms:

ARTICLE I. EDUCATIONAL SERVICES AND ADMINISTRATIVE SERVICES

1.01 Educational Services.

- (a) For the Term (as defined in ARTICLE II below), Operator will provide to the Academy and its students the following educational services (the "*Educational Services*"):
 - (i) Curriculum. Operator agrees to implement the educational goals and programs set forth in the Charter (the "*Educational Program*"). In the event that Operator determines it is necessary to modify the Educational Program, Operator shall inform the Board of the proposed changes and obtain Board approval, and if required under the Charter, approval of the Sponsor.
 - (ii) Instruction. Oversight and coordination of the services to be provided by instructional personnel, including the Head of School and the rest of the Academy's leadership team and its teachers and support staff, all in accordance with ARTICLE VI below;
 - (iii) Instructional Tools. The selection of instructional tools, equipment and supplies, including text books, computers, curriculum, software and multi-media teaching tools;
 - (iv) Extra-Curricular and Co-Curricular Programs. The oversight of appropriate extracurricular and co-curricular activities and programs (but not Supplemental Programs as defined in ARTICLE V below); and
 - (v) Additional Educational Services. Any other services required by the Sponsor, the State of Ohio Department of Education and such other services as are necessary or expedient for the provision of teaching and learning at the Academy as agreed to from time to time between Operator and the Academy.

- (b) The Educational Services will be provided in accordance with the educational goals, curriculum, methods of pupil assessment, admissions policy, student recruitment policy, school calendar, school day schedule and age and grade range of pupils to be enrolled at the Academy as adopted by the Board of Directors of the Academy (the "**Board**") and as provided for in the Charter, as the same may be amended.
- (c) Subject to this Agreement, the Charter, and the Sponsor, Operator may modify the Educational Services, provided that any material modification of the Educational Services will be subject to the prior approval of the Board required by the Charter or the Sponsor.
- (d) Operator will be responsible and accountable to the Board for the provision of the Educational Services, provided, that such obligations, duties and responsibilities are limited by the Academy Budget established pursuant to Section 1.02(a)(vii) below, and Operator will not be required to expend funds on such services in excess of the amounts set forth in such Academy Budget.

1.02 Administrative Services.

- (a) For the Term (as defined in ARTICLE II below), Operator will provide to the Academy the following administrative services (the "**Administrative Services**"):
 - (i) Personnel Management. Management and professional development of all personnel providing Educational Services and Administrative Services in accordance with ARTICLE VI below.
 - (ii) Facility Operation and Maintenance. Coordinate the operation and maintenance of the Academy's facility located at 23001 Euclid Avenue, Euclid, Ohio 44117 or such other location mutually agreed upon by the Parties (the "**Facility**") to the extent consistent with any and all leases or other documents pertaining to the Facility (the "**Lease**"). The Facility shall only be used to carry out the terms and conditions of the Charter and or educational purposes not inconsistent with the Charter. The Board and Operator shall consult with one another before the Board purchases, leases or modifies the Facility. In connection with its duty to administer and operate the Academy, Operator, on behalf of the Board agrees to operate in compliance with the Lease and to immediately notify the Board, in the event that Operator 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.
 - (iii) Business Administration. Administration of all business operations of the Academy is subject to the direction of the Board.
 - (iv) Payroll. Operator will manage the Academy's payroll. Operator will be responsible for all data input.
 - (v) Transportation and Food Services. Coordination with entities with which the Academy contracts for the provision of transportation and food services for the students enrolled at the Academy, management and assessment of the services provided under such contracts, and supervision of employees involved providing such services, all as required by the Board.
 - (vi) Public Relations. Coordination and assistance with any and all advertising, media and public relations efforts, including community outreach programs. All public relations will be subject to the mutual approval of both parties, which approval may not be unreasonably withheld.
 - (vii) Budgeting and Financial Reporting.
- (A) A proposed annual budget (the "**Budget**") will be prepared by Operator in a mutually agreeable format by June 1st of the immediately preceding fiscal year and will be subject to the approval

of the Board. The Board shall notify Operator in writing that it approves or disapproves the annual Budget within thirty (30) days of submission by Operator. If the Board provides written notification to Operator within thirty (30) days that it does not approve the annual Budget as submitted, the Board shall identify specific reasons therefore. In such event, Operator shall work with the Board to revise the annual Budget, which revisions shall be subject to Board approval pursuant to the procedure set forth in this paragraph. Operator shall continue to operate the Academy from the revenues available without an annual Budget and continue to fulfill its obligations under this Agreement, the Charter and applicable law. The annual Budget may be amended from time to time as deemed necessary by Operator and the Board, including without limitation in the event actual enrollment materially varies from projected enrollment for the fiscal year. Each such amendment shall be submitted by Operator and approved by the Board pursuant to the procedure set forth in this paragraph. The projected annual budget shall contain at a minimum the same revenue and expense line items required to comply with Auditor of State Bulletin 2004-009, and other reasonable detail as determined by Operator and the Board. The Budget shall typically include projected expenses and costs reasonably associated with operating the Academy and the Operator school design including, but not limited to: Board expenses; the projected cost of services and education programs provided to the Academy; leasehold and other lease or purchase costs incurred for the Facility; maintenance and repairs to the Facility and capital improvements; personnel salaries and benefits expenses; payroll processing expenses; supplies and furnishings necessary to operate the Academy; all taxes of any kind that are assessed or imposed; insurance premiums and deductible payments; utilities; transportation expenses; food service expenses; professional fees; general and administrative expenses including costs of audits in connection with this Agreement; financial service supervision; Management Fee; promissory note payments; and other costs and expenses connected to operating the Academy.

- (B) The monthly preparation of a budget to actual comparison of revenues and expenditures and detailed statements of all revenues received, from whatever source, with respect to the Academy, and detailed statements of all expenses, including an accounting of all expenditures for services rendered to, or on behalf of, the Academy by Operator, prepared 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.
- (C) The preparation of other financial statements as required by and in compliance with the Charter, the Code and other applicable laws and regulations, including such documentation as may be required by the independent certified public accountants retained by the Board to perform annual audits of the Academy's financial statements. The cost for preparation of the financial statements will be the responsibility of Operator. The cost of the audit will be the responsibility of the Academy, and will be provided for in the budget.
- (D) The preparation of such other reports on the finances and operation of the Academy as requested or required by the Ohio Department of Education (the "**Department of Education**"), the Board or the Sponsor to ensure compliance with the terms of the Charter. Monthly un-audited financial statements will be prepared by the tenth (10th) business day of the month. Year-end un-audited financial statements will be provided within forty-five (45) days of the end of the fiscal year.
- (E) Other information on a periodic basis or requested with reasonable notice as may be reasonably necessary to enable the Board to monitor Operator's performance under this and related agreements including the effectiveness and efficiency of its operations at the Academy.
- (F) The preparation and timely filing of any and all required tax returns or informational reporting on behalf of the Academy.
- (G) The cost for preparation of the financial statements and provision of a designated fiscal officer will be the responsibility of Operator subject to Board approval. If due to a change in law

Operator is no longer permitted to provide or pay for the services of the fiscal officer, the Board shall be permitted to hire its own fiscal officer subject to Operator approval.

- (viii) Academy's Right to Audit. The Academy reserves the right to conduct or to appoint others to conduct examinations, at the Academy's expense, of the books and records maintained for the Academy by Operator.
- (ix) Maintenance of Financial and Student Records.
 - (A) Operator will maintain accurate financial records pertaining to its operation of the Academy, together with all Academy financial records prepared by Operator and retain all such records for a period of five (5) years (or longer if required by the Code or other applicable laws and regulations) from the close of the fiscal year to which such books, accounts and records relate. All the Academy financial records retained by Operator pertaining to the Academy will be available to the Academy, the Sponsor, the Auditor of State or the Department of Education and to all other appropriate regulatory authorities for inspection and copying upon reasonable request, it being understood that in most cases such copies will be made available within thirty (30) business days.
 - (B) Operator will maintain accurate student records pertaining to the students enrolled at the Academy as is required and in the manner provided by the Charter, the Code and applicable laws and regulations, together with all additional Academy student records prepared by or in the possession of Operator, and retain such records permanently on behalf of the Academy, until this Agreement or its successor (if any) is terminated, at which time such records will be delivered to the Academy who shall thereafter be solely responsible for the retention and maintenance of such records (it being understood that such student records are and shall be at all times the property of the Academy). Operator and the Academy will maintain the proper confidentiality of such records as required by law and the Charter.
 - (C) Operator will maintain accurate employment, business and other records pertaining to the operation of the Academy as is required and in the manner provided by the Charter, the Code and applicable laws and regulations, together with all additional Academy employment, business and other records prepared by or in the possession of Operator, and retain such records permanently on behalf of the Academy until this Agreement or its successor agreement (if any) is terminated, at which time such records will be delivered to the Academy, who shall thereafter be solely responsible for the retention and maintenance of such records (it being understood that such employment, business, and other records are and shall be at all times the property of the Academy). Operator and the Academy will maintain the proper confidentiality of such records as required by law and the Charter.
 - (D) The Board shall be entitled at any time upon reasonable notice to Operator to audit the books and records of Operator pertaining to its operation of the Academy pursuant to this Agreement (including, without limitation, the financial records relating thereto). If the audit is completed by an independent auditor and reveals that Operator is not maintaining financial records of the Academy's operations that are materially accurate, the Academy shall have the right to hire its own fiscal officer, subject to Operator consent.
 - (E) The financial, educational and student records pertaining to the Academy are the property of the Board, and such records are subject to the applicable provisions of state law. All Academy records shall be physically or electronically available, upon request, at the Academy. Except as prohibited under the Charter and applicable law, the Sponsor and the public shall, upon reasonable request, have access to the records of the Academy.

- (x) Admissions. Implementation of the Academy's admission policy in accordance with the Charter, the Code and applicable laws and regulations;
 - (xi) Student Hearings. Administration and enforcement of student disciplinary and special education hearings in conformity with the requirements of the Code, the procedures established by the Board, and other applicable laws and regulations (including, but not limited to, requirements involving due process and confidentiality) to the extent consistent with the Academy's duties and obligations under the Code and other applicable laws and regulations;
 - (xii) Academic Progress Reports. Operator will provide to the Board on a periodic basis as necessary or appropriate for the Board to satisfy its obligations under the Charter, the Code and other applicable laws and regulations, a report detailing (A) the Academy's students' academic performance, and (B) Operator's performance against mutually acceptable criteria of the Educational Services and Administrative Services and (C) such other reports reasonably requested by the Board;
 - (xiii) Rules and Procedures. Operator will recommend rules, regulations and procedures applicable to the Academy and its students and will enforce such rules, regulations and procedures adopted by the Board that are not in direct conflict with this Agreement, the Charter, the Code and other applicable laws and regulations;
 - (xiv) Parent Satisfaction Forms. Operator will provide to the Board copies of Parent Satisfaction Forms to be completed by parents of Academy Students, with copies or summaries thereof promptly provided to the Academy on an annual basis;
 - (xv) Student Recruitment. Operator shall be responsible for the recruitment of students subject to agreement on general recruitment and admission policies to the extent as budgeted for in the annual budget or as otherwise approved by the Board. Students shall be selected in compliance with the procedures set forth in the Charter and state and federal laws;
 - (xvi) Additional Administrative Services. Any other services reasonably necessary or expedient for the effective administration of the Academy as agreed to from time to time by Operator and the Board.
- (b) The Administrative Services will be provided in a manner consistent with the Educational Program, the Code, the Charter, and local, state and federal laws and applicable regulations and policies.
 - (c) Subject to this Agreement, the Charter, the Code, and other applicable laws and regulations, Operator may modify the methods, means and manner by which such Administrative Services are provided at any time, provided that Operator supplies the Board with written notice of such modifications.
 - (d) Operator will be responsible and accountable to the Board for the provision of the Administrative Services, provided that such obligations, duties, and responsibilities are limited by the Budget established in Section 1.02(a)(vii) above, and Operator will not be required to expend funds on such services in excess of the amounts set forth in such Budget.
- 1.03 Place of Performance; Provision of Offices. The Academy will provide Operator with necessary and reasonable classroom and office space at the Facility to perform all services described in this Agreement. Operator will provide instructional, extra-curricular and co-curricular programs at the Facility. Operator may provide other services elsewhere, unless prohibited by the Charter, the Code and other applicable laws and regulations.
- 1.04 Authority. By this Agreement, the Academy provides Operator such authority and power as is necessary and proper for Operator to undertake its responsibilities, duties and obligations provided

for in this Agreement, except in cases wherein such authority may not be delegated by the Code, and any other applicable laws and regulations.

ARTICLE II. TERM

- 2.01 Term. This Agreement will become effective on May ____, 2017 (the “*Effective Date*”), with the term of the Agreement to commence on July 1, 2017 (the “*Start Date*”) and shall continue thereafter through June 30, 2022 unless sooner terminated pursuant to ARTICLE VII or mandated by regulation or statute. The time period from the Start Date through June 30, 2022 shall be referred to herein as the “*Initial Term.*” In the event the Sponsor and/or the Sponsor Contract changes, this Agreement shall automatically survive and be performed in accordance with the new Sponsor Contract, these terms and conditions and Applicable Law, unless this Agreement is otherwise terminated in accordance with ARTICLE VII herein.
- 2.02 Renewal. On the third anniversary of the Start Date, and thereafter each five (5) years (the “*Renewal Date*”), this Agreement will automatically extend for successive additional periods of five (5) year(s) or consistent with the length of the renewal term from the Sponsor) (each such period a “*Renewal Term*”), unless (a) either Party provides the other with written notice of non-renewal at least eighteen (18) months before the applicable Renewal Date; or (b) the Agreement is sooner terminated under ARTICLE VII. The Initial Term and any Renewal Terms will be referred to collectively as the “*Term.*”

ARTICLE III. RELATIONSHIP OF THE PARTIES

- 3.01 Status of the Parties. Operator is not a division or any part of the Academy. The Academy is a separate and distinct corporation authorized under the Code and is not a division or a part of Operator. The relationship between the Parties was developed and entered into through arms-length negotiations and is based solely on the terms of this Agreement and those of any other agreements that may exist from time to time between the Parties. Nothing herein will be construed to create a partnership or joint venture by or between the Academy and Operator or to make one the agent or fiduciary of the other. Neither the Academy nor Operator will hold itself out as a partner or agent of the other or otherwise state or imply by advertising or otherwise any relationship between it and the other in any manner contrary to the terms of this Agreement. Neither the Academy nor Operator has, and neither will represent that it has, the power to bind or legally obligate the other. No employee of Operator will be considered an employee of the Academy by either party for any purpose whatsoever.
- 3.02 Operator Attendance at Board Meetings. Operator shall receive notice from the Board of any regular, special, or executive session meeting of the Board.
- 3.03 No Related Parties or Common Control. Operator will not have any role or relationship with the Academy that, in effect, substantially limits the Academy's ability to exercise its rights, including cancellation rights, under this Agreement. The Board shall not include any director, officer or employee of Operator. None of the voting power of the Board will be vested in Operator or its directors, members, managers, officers, shareholders and employees, and none of the voting power of the Board of Directors or Shareholders of Operator will be vested in the Academy or its directors, members, managers, officers, shareholders (if any) and employees. Furthermore, the Academy and Operator will not be members of the same control group, as defined in Section 1.150-(f) of the

regulations under the Internal Revenue Code of 1986, as amended (or its successor) (the "**Internal Revenue Code**"), or related persons, as defined in Section 144(a)(3) of the Internal Revenue Code.

- 3.04 Other Schools. The parties acknowledge that this arrangement is not exclusive and that Operator will have the right to render similar services to other persons or entities including other public or private schools or institutions ("**Other Schools**"). Operator will maintain separate accounts for reimbursable expenses incurred on behalf of the Academy and Other Schools and only charge the Academy for expenses incurred or consideration earned on behalf of the Academy. All grants or donations received by the Academy, or by Operator for the specific benefit of the Academy, will be maintained in separate accounts and used solely for the Academy. If Operator incurs authorized reimbursable expenses on behalf of the Academy and Other Schools which are incapable of precise allocation between the Academy and Other Schools, then Operator will allocate such expenses among all such Other Schools and the Academy on a *pro rata* basis based upon the number of students enrolled at the Academy and the Other Schools, or upon such other equitable basis as it shall elect.

ARTICLE IV. CONSIDERATION

4.01 Compensation for Services.

- (a) For the term of this Agreement, including each and every Renewal Term, the Board will pay Operator an annual fee of (i) eighteen percent (18%) of the state and local school funds (the "**State Aid**") that the Academy receives, directly or indirectly, pursuant to the Code, for the particular students enrolled in the Academy (the "**State Allocation**"), plus (ii) subject to federal law and regulations, an amount equal to the applicable Indirect Cost Rate as determined in accordance with the regulations of the Department of Education, provided such rate shall not exceed eighteen percent (18%), multiplied by the funds (the "**Federal Funds**") that the Academy receives, directly or indirectly, from the federal government, exclusive of Free and Reduced Lunch Revenues, Title II and Title VI- IDEA Part B revenues (the "**Federal Allocation**") (the Federal Allocation together with the State Allocation, the "**Management Fee**"). Neither the State Allocation nor Federal Allocation shall include charitable contributions, transportation funding, facility funding, or proceeds from fundraisers ("**Non-Qualified Gross Revenue**"), which shall be retained entirely by the Academy. Such consideration will not preclude the payment of additional consideration if additional consideration is permitted or specified elsewhere in this Agreement or in other agreements between the parties.
- (b) Reasonable Compensation. The Management Fee under this Agreement is reasonable compensation for services rendered. Operator's compensation for services under this Agreement will not be based, in whole or in part, on a share of net profits from the operation of the Academy. In the event that Operator's Management Fee is determined to be an excess benefit transaction under the Internal Revenue Code, the parties agree that this Section 4.01 shall be deemed to be amended to avoid designation as an excess benefit transaction and Operator agrees to reimburse the Academy for any liability, costs or expenses associated with such determination.
- (c) Annual Reconciliation. The Management Fee shall be subject to annual reconciliation based upon actual enrollment and actual revenue received (including the final month of the term, even though the payment may be made beyond expiration of the term).

4.02 Payment of Costs. In addition to the Management Fee described in Section 4.01 above, the Academy will reimburse Operator for all costs incurred and paid by Operator in providing the Educational Services and Administrative Services, provided such costs are within the limits of the approved Budget. Such costs may include, but are not limited to, mortgage, rent and/or lease payments (including costs pursuant to any equipment lease or Facility lease that the parties may enter into), facility maintenance and utility costs, salaries of Operator employees or subcontractors assigned to the staff of the Academy, costs related to curriculum, instructional materials, textbooks, library books, computers, software, supplies, food service, transportation, special education, psychological services and medical services. Except as may be provided in any equipment lease or Facility lease, in charging for such costs to the Academy and paying for such costs, Operator will not charge an added fee unless such fee is approved in advance by the Board.

4.03 Time and Priority of Payments.

- (a) Operator will receive its Management Fee in the same number of installments and in the same proportion that the Academy receives its revenues. Each installment of the Management Fee will be due and payable within ten (10) business days of receipt by the Academy of the revenues related thereto, and shall be payable without any further notice or invoice from Operator.
- (b) Operator will notify the Academy of any payments due and owing to Operator pursuant to Section 4.02 above as soon as possible after the end of each month and the Academy will make such payments to Operator within fifteen (15) days thereafter.
- (c) The Academy will satisfy its payment obligations under this Article to Operator in the following order of priority: (i) payments due and owing under Section 4.02 above for salaries and benefits of Operator employees or subcontractors assigned to the staff of the Academy; (ii) all other payments due and owing under Section 4.02 above, with the oldest amounts due first; and (iii) payments due and owing pursuant to Section 4.01 above with the oldest amounts due first.
- (d) Operator shall pay the costs of operating the Academy in the following order of priority: (i) salaries and benefits and advances for salaries and benefits (ii) Facility payment and other costs due pursuant to the Lease; (iii) Sponsor fees; (iv) insurance; (v) third-party vendors; (vi) debt to the Operator, through notes or advances; (vii) the Management Fee; and (viii) the Incentive Pay (as defined below).

4.04 Other Revenue Sources.

- (a) The Academy and Operator may, together or independently, solicit and receive grants and donations from public and private sources consistent with the mission and Charter of the Academy, in the name of the Academy; provided, however, that any solicitation of such grants by Operator in the name of the Academy or which identifies the Academy shall be subject to the prior approval of the Academy. The Academy may also receive funds from other sources and programs, including without limitation any before and after school programs and food sales.
- (b) All funds received by the Academy or by Operator for the benefit of the Academy from such other revenue sources pursuant to this Section 4.04 will be deemed Academy funds. Operator shall receive no compensation from the Academy upon receipt or expenditure of such funds, and shall have no responsibility for management of the programs funded by such funds, unless the parties shall expressly agree otherwise, and then only to the extent allowable by the donor or grantor of such funds.

4.05 Interest Rate and Fee Carryovers.

- (a) Unpaid Management Fees and loans to the Academy, if any, to pay expenses will accrue interest at the one-month London Interbank Offer Rate (“**LIBOR**”), plus four percent (4%) for the time overdue.
 - (b) There will be no limits to what indebtedness or fees owed to Operator may be carried over from year to year unless expressly provided otherwise in this Agreement.
- 4.06 Incentive Pay. If the Board has no debt to the Operator and is able to timely pay the Management Fee, the Board may, at its sole discretion, agree to pay to the Operator an incentive as a result of the Academy meeting the Incentive Goals identified in Appendix A attached hereto and in the Charter (the “**Incentive Pay**”).

ARTICLE V. SUPPLEMENTAL PROGRAMS

- 5.01 Supplemental Programs. In addition to the Educational Services and Administrative Services provided by Operator to the Academy, Operator may, subject to Board approval (which approval shall not be unreasonably withheld), provide additional services, including, but not limited to, pre-kindergarten, summer school, academic camps, before and after school programs, vocational training, and latch-key programs to students and non-students of the Academy (the “**Supplemental Programs**”), provided that nothing herein shall require Operator to provide any such Supplemental Programs. Operator may retain the full amount of any and all revenues collected from or for such Supplemental Programs; and Operator will be responsible for the full cost of providing such Supplemental Programs. The Board will permit Operator to operate such Supplemental Programs at the Facility without charge to Operator; provided, however, that Operator shall provide to the Academy a fee equal to twelve and one-half percent (12.5%) of the profits (if any) derived by Operator from such Supplemental Programs.
- 5.02 Operator shall prepare detailed statements on a monthly basis of all revenues received, from whatever source, with respect to the Supplemental Programs, and detailed statements of all expenses, including an accounting of all expenditures for services rendered, whether incurred on-site or off-site.
- 5.03 Operator will indemnify, defend and save and hold the Academy and all of its employees, officers, directors, subcontractors and agents harmless against any and all claims, demands, suits or other forms of liability (including reasonable attorney’s fees and costs) that may arise out of, or by reason of, any Supplemental Program. In addition, Operator will reimburse the Academy for any and all legal expenses and costs associated with the defense of any such claim, demand or suit. This indemnification provision shall survive the termination or expiration of the Agreement.

ARTICLE VI. PERSONNEL AND TRAINING

- 6.01 Personnel Responsibility.
- (a) Subject to Sections 1.01 and 1.02 above, the Charter, the Code and other applicable laws and regulations, Operator will have the sole responsibility and authority to determine staffing levels, and to select, evaluate, assign, discipline, supervise, manage and terminate personnel necessary to carry out the Educational Services, the Administrative Services, the Supplemental Programs (if any) and all other services provided under this Agreement.

- (b) Except as specified in this Agreement or as required by the Code or the Charter, the Head of School ("**HOS**"), teachers and support staff recommended by Operator pursuant to this Agreement will be employees or subcontractors of Operator. Operator will be responsible for conducting reference, employment checks, criminal background checks and unprofessional conduct checks on its employees and subcontractors to the extent required under the Code and other applicable laws and regulations as if the employees and subcontractors were employed by an Academy. Upon request, Operator will provide the Academy documentary evidence of such background checks. Operator will share on a confidential basis with the Board of Directors its performance reviews and assessment of the HOS.
- 6.02 HOS. The HOS will be an employee of Operator and Operator will determine the employment terms of the HOS. Operator will have the authority, consistent with the Code and other applicable laws and regulations, to select, supervise and terminate the HOS and to hold him or her accountable for the success of the Academy.
- 6.03 Teachers. Operator will provide to the Academy such teachers as are required to provide the Educational Services, Administrative Services and Supplementary Programs (if any). Operator, in consultation with the HOS, will determine the number and assignments of such teachers. Such teachers may work at the Academy on a full or part time basis. Each teacher assigned to the Academy will be qualified in his or her grade levels and subjects, and, to the extent required under the Code and other applicable laws and regulations, hold a valid teaching certificate issued by the Department of Education. Further, to the extent required under the Code and other applicable laws and regulations such teachers shall have undergone a criminal background check and unprofessional conduct check as if such teachers were employees of the Academy. Upon request, Operator shall provide the Academy with documentary evidence of its compliance with this Section 6.03. Operator shall keep the Academy informed of all teaching staff related actions and decisions on a regular basis.
- 6.04 Support Staff. Operator will provide the Academy with such support staff as are required to provide the Educational Services, Administrative Services and Supplementary Programs. Such support staff may include, among others, teachers' aides, clerical staff, and administrative assistants to the HOS, bookkeepers and maintenance personnel. Such support staff may work at the Academy on a full or part time basis.
- 6.05 Training. Operator will provide training in its instructional methods, curriculum, educational program and support technology to its instructional personnel on a regular and continuous basis. Such training will enable the Academy's instructional staff to provide in-service training to each other. Non-instructional personnel will receive such training as Operator determines to be reasonable and necessary under the circumstances.
- 6.06 Non-Solicitation/Non-Hiring. Each party agrees that during the Term of this Agreement and for a period ending twelve (12) months after the expiration or termination of this Agreement for any reason, unless mutually agreed to by the parties in writing, one party may not directly or indirectly solicit, recruit for employment, offer employment to, offer subcontracting opportunities to, or otherwise employ or use the services of any consultant or employees of the other party or their related companies if that consultant or employee or former consultant or employee had been assigned to or worked under this Agreement.

(a) Unpermitted Solicitation/Hiring Remedies. In the event of such unpermitted use or engagement by a party or its related company of such consultant or employee whether directly or indirectly, in contravention of the clause immediately above, the other party, at its option, may seek receipt of a sum equivalent to one hundred percent (100%) of that employee's base starting salary with the new employer, or seek any legal or equitable relief against such actions including, but not be limited to, immediate injunctive relief in any court of competent jurisdiction. The Academy acknowledges and agrees that no advances or past uncollected fees shall be issued by Operator to cover any penalty, damages or other relief owed by the Academy upon a violation of this provision.

(b) Solicitation Exceptions. For the avoidance of doubt, newspaper, periodical or Internet-based listings of employment opportunities by a party shall not be considered direct or indirect solicitation of an employee of the other party; however, such party shall continue to be precluded from engaging or otherwise using a party's employee, former employee or consultant provided for in this Section 6.06.

ARTICLE VII. TERMINATION OF AGREEMENT

7.01 Termination.

- (a) By Operator. Operator may terminate this Agreement prior to the end of the term specified in ARTICLE II in the event that the Academy fails to remedy a material breach within thirty (30) days after written notice from Operator. A material breach includes, but is not limited to: (i) the Academy's failure to pay any fee or reimbursement as required by the terms of this Agreement; or (ii) an act or omission that causes Operator to be unable to perform its material obligations under this Agreement. Operator may also terminate this Agreement effective immediately upon written notice to the Academy in the event that the Academy adopts or amends a policy, and the effect of such amendment or policy would reasonably be determined to Operator to increase materially the financial risk to Operator arising from its performance of its obligations hereunder, thus rendering Operator's performance economically unviable. In the event the Academy adopts such an adverse policy in the middle of the school year, Operator agrees to use its best efforts to complete the then current school year without waiving any rights and remedies hereunder. Operator may also terminate this Agreement effective immediately upon written notice to the Academy in the event that the school undergoes adverse change that makes the school financially unviable. Termination by Operator will not relieve the Academy of any obligations for payments outstanding to Operator as of the date of termination or liability for financial damages suffered by Operator as a consequence of the Academy's breach (or of Operator's termination as a result thereof) of this Agreement.
- (b) By the Academy. The Academy may terminate this Agreement prior to the end of the term specified in ARTICLE II in the event that Operator fails to remedy a material breach of this Agreement within ninety (90) days after written notice from the Board. A material breach by Operator includes, but is not limited to: (i) Operator's material failure to account for its expenditures of Academy funds or for other expenses incurred by the Academy at Operator's direction; (ii) Operator's failure to substantially follow policies, procedures, rules, regulations or curriculum duly adopted by the Board which are not in violation of or conflict with the Charter, this Agreement, the Code, and/or applicable laws and regulations; or (iii) failure to abide by and meet the educational goals set forth in the Charter such that the Charter will be terminated; (iv) the employment of teachers in violation of the Code or this Agreement; or (v) any act or omission of gross negligence that causes the Academy to materially breach the Charter or any of the Academy's other contractual obligations in any material way. Termination

- by the Academy will not relieve the Academy of any obligations for payments outstanding to Operator as of the date of the termination, nor will it relieve Operator for liability for financial damages suffered by the Academy as a consequence of Operator's breach (or of the Academy's termination as a result thereof) of this Agreement.
- (c) Termination of the Charter. This Agreement will terminate upon the Academy's ceasing to be a party to a valid and binding charter, provided, however, that this Agreement will continue to remain in effect until the date of termination or the end of a Renewal Term (as applicable) if (i) the Academy has entered into a subsequent Charter, and (ii) this Agreement has not been terminated pursuant to this ARTICLE VII. Termination pursuant to this paragraph will not relieve the Academy of any obligations for payments outstanding to Operator as of the date of termination.
- 7.02 Change in Law. If any federal, State or local law or regulation, court or administrative decision or Attorney General's opinion has a material adverse effect on the ability of either party to carry out its obligations under this Agreement, such party, upon written notice, may request renegotiation of this Agreement. Such renegotiation will be undertaken in good faith and will include the use of a third-party arbitrator for alternative dispute resolution. If the parties are unable to renegotiate the terms within ninety (90) days after such notice and good faith negotiations, the party requesting the renegotiation may terminate this Agreement on one hundred and twenty (120) days further written notice or at the end of a school year, whichever is earlier.
- 7.03 Real and Personal Property. Upon termination or expiration of this Agreement by either party for any reason, all real and personal property leased by Operator to the Academy will remain the real and personal property and leases of Operator, and all other personal property purchased by Operator with the funds provided to Operator by the Academy pursuant to Section 4.02 above will be the personal property of the Academy. Notwithstanding the above, if any lease shall contain a buy-out or purchase option, the Academy shall have the right to exercise such option and purchase such equipment.
- 7.04 Advances/Out-of-Pocket Expenses. Prior to (and in the case of the Academy as a condition of) the termination or expiration of this Agreement for any reason, the Academy shall (i) reimburse Operator for all expenses owed pursuant to Section 4.02 above, and (ii) repay all advances or loans from Operator as required in the Agreement.
- 7.05 Return of Operator Materials. On the later of (a) five (5) business days of any termination or expiration of the Management Agreement by either party for any reason, including without limitation Section 7.01(b), and (b) the effective date of termination as established in Section 7.06 below, the Academy shall (i) assemble in a safe place all operational, systems and other administrative manuals and material, and copies thereof, and (ii) the President of the Academy shall certify to Operator in writing that the Academy has ceased to use any proprietary materials relating to the Educational Program. At Operator's direction, the Academy will promptly permit representatives of Operator to pick up all such materials at the Academy.
- 7.06 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, except as otherwise provided in this Agreement, the termination will not become effective until the end of the school year during which the notice of termination is delivered.

ARTICLE VIII.

PROPRIETARY INFORMATION AND OWNERSHIP

Curriculum or other educational materials purchased by Operator with funds Operator receives pursuant to this Agreement will be the property of the Academy. Notwithstanding the foregoing, the Academy acknowledges that Operator owns the intellectual property rights and interests in the curriculum, learning systems, assessment systems and pedantic methods licensed to or utilized by the Academy during the term of this Agreement and to the name "Accel™" (such name being a registered mark of Operator). The Academy acknowledges and agrees that it has no intellectual or property interest or claims in the curriculum or aforementioned systems and methods, or such name and has no right to use the curriculum, or aforementioned systems and methods or such name, unless expressly agreed to in writing by Operator. In accordance with all laws and regulations, Operator shall have the right to install signs on the Academy facilities, including under the name of the Academy, describing the services provided by Operator or its assignees, including "Managed by Accel Schools" or "Educational Services Provided by Accel Schools." Upon any expiration or termination of this Agreement, those signs shall be promptly removed.

ARTICLE IX. INDEMNIFICATION

- 9.01 Indemnification of Operator. To the extent permitted by Ohio law, the Academy will indemnify, defend and save and hold Operator and its affiliates and all of their respective employees, officers, directors, subcontractors and agents harmless against any and all claims, demands, suits or other forms of liability (including reasonable attorney's fees and costs) that may arise out of, or by reason of, any noncompliance by the Academy with any agreements, covenants, warranties or undertakings of the Academy contained in or made pursuant to this Agreement, and any misrepresentations or breach of the representations and warranties of the Academy contained in or made pursuant to this Agreement. In addition, the Academy will reimburse Operator for any and all legal expenses and costs associated with the defense of any such claim, demand or suit. Further, the Parties acknowledge and agree that Operator shall have no liability or responsibility for activities of the School that occurred prior to the Start Date, including, but not limited to, management of the Academy by any other parties. The indemnification requirements of this Section 9.01 may be met by the purchase of insurance pursuant to ARTICLE X below. This indemnification obligation shall survive the termination or expiration of this Agreement.
- 9.02 Indemnification of the Academy. Operator will indemnify, defend and save and hold the Academy and all of its employees, officers, directors, subcontractors and agents harmless against any and all penalties, claims, demands, suits or other forms of liability (including reasonable attorney's fees and costs) that may arise out of, or by reason of, any wrongdoing, misconduct, or negligence of Operator, its agents, employees or assigns or noncompliance by Operator with any agreements, covenants, warranties or undertakings of Operator contained in or made pursuant to this Agreement, and any misrepresentation or breach of the representations and warranties of the Operator contained in or made pursuant to this Agreement. In addition, Operator will reimburse the Academy for any and all reasonable legal expenses and costs associated with the defense of any such claim, demand or suit. The indemnification requirements of this Section 9.02 may be met by the purchase of insurance pursuant to ARTICLE X below. This indemnification obligation shall survive the termination or expiration of this agreement.
- 9.03 Defense. A party entitled to indemnification under this ARTICLE IX (the "**Indemnitee**") shall give notice to the indemnifying party (the "**Indemnitor**") of a claim or other circumstances

likely to give rise to a request for indemnification, promptly after the Indemnitee becomes aware of the same. The Indemnitor, with Indemnitee consent, which shall not be unreasonably withheld, conditioned or delayed, shall be afforded the opportunity to undertake the defense of and to settle by compromise or otherwise any claim for which indemnification is available under this ARTICLE IX. The Indemnitor's selection of legal counsel is subject to the Indemnitee's approval (which approval shall not be unreasonably withheld). If an Indemnitor so assumes the defense of any claim, the Indemnitee may participate in such defense with legal counsel of the Indemnitee's selection and at the expense of the Indemnitee. If the Indemnitor, prior to the expiration of the fifteen (15) days after receipt of notice of a claim by the Indemnitee under this ARTICLE IX, has not assumed the expense of the defense thereof, the Indemnitee may thereupon undertake the defense thereof on behalf of, and at the risk and expense of, the Indemnitor, with all reasonable costs and expenses of such defense to be paid by the Indemnitor.

9.04 Limitations of Liabilities. The Academy will assert all immunities and statutory limitations of liability in connection with any claims arising from its operations, and will not waive any immunities or limitations without the prior written consent of Operator. Notwithstanding this ARTICLE IX, to the fullest extent permitted by law, the Academy will waive the defense of governmental immunity in any dispute between the parties. OPERATOR'S MAXIMUM LIABILITY AND OBLIGATION TO THE ACADEMY AND THE ACADEMY'S EXCLUSIVE REMEDY FOR ANY CAUSE WHATSOEVER, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT OR IN TORT, INCLUDING NEGLIGENCE, RELATING TO THIS AGREEMENT SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DIRECT DAMAGES UP TO THE AMOUNT OF THE AMOUNT OF FEES PAID UNDER THIS AGREEMENT IN THE PRIOR TWELVE (12) MONTHS. EXCEPT IN CONNECTION WITH ITS INDEMNITY OBLIGATIONS EXPRESSLY SET FORTH HEREIN, NEITHER PARTY SHALL BE LIABLE FOR ANY INDIRECT, EXEMPLARY, PUNITIVE, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, ANY LOST SAVINGS, LOST PROFITS, LOST SALES, BUSINESS INTERRUPTIONS, DELAY DAMAGES, LOST OR DESTROYED DATA, EVEN IF THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NEITHER OCCASIONAL SHORT-TERM INTERRUPTIONS OF SERVICE OR PRODUCTS, WHICH ARE NOT UNREASONABLE UNDER COMPARABLE INDUSTRY STANDARDS NOR INTERRUPTIONS OF SERVICE OR PRODUCTS RESULTING FROM EVENTS OR CIRCUMSTANCES BEYOND OPERATOR'S REASONABLE CONTROL SHALL BE CAUSE FOR ANY LIABILITY OR CLAIM AGAINST OPERATOR HEREUNDER, NOR SHALL ANY SUCH OCCASION RENDER ACCEL IN BREACH OF THIS AGREEMENT.

9.05 Right of Set-Off. Either party may, but shall not be obligated to, set off against any and all payments due the other party under this Agreement, any amount to which the party is entitled to be indemnified hereunder, provided that the parties have agreed to the indemnification obligation under this ARTICLE IX or there has been a final judicial determination thereof.

ARTICLE X. INSURANCE

10.01 Insurance Coverage. The Academy will maintain general liability insurance and umbrella insurance coverage in the amounts required by the Charter or otherwise required by sound business practices. Such policies shall name Operator and its affiliates and their respective

directors, officers, employees, subcontractors, and agents as additional insureds under such policies. The Academy will comply with any information requests from its insurer(s) and all reporting requirements applicable to such insurance.

- 10.02 Workers' Compensation Insurance. Each party will maintain workers' compensation insurance as required by law, covering its respective employees.
- 10.03 Cooperation. Each party will, upon request, present evidence to the other that it maintains the requisite insurance in compliance with the provisions of this ARTICLE X. Each party will comply with any information or reporting requirements required by the other party's insurer(s), to the extent reasonably practicable.

ARTICLE XI. WARRANTIES AND REPRESENTATIONS

- 11.01 Representations and Warranties of Operator. Operator hereby represents and warrants to the Academy:
- (a) Operator is a duly formed limited liability company in good standing and is authorized to conduct business in the State of Ohio.
 - (b) To the best of its knowledge, Operator has the authority under the Code and other applicable laws and regulations to execute, deliver, perform this Agreement, and to incur the obligations provided for under this Agreement.
 - (c) Operator's actions under this Agreement have been and will be duly and validly authorized, and it will adopt any and all further resolutions or expenditure approvals required for execution of this Agreement.
 - (d) The services to be performed under this Agreement will be performed in a professional and workmanlike manner in accordance with commercially reasonable industry standards. THE FOREGOING WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND OPERATOR AND ITS AFFILIATES MAKE NO GUARANTEES AS TO THE GRADES OR TEST RESULTS TO BE OBTAINED BY THE STUDENTS. WITHOUT LIMITING THE FOREGOING, OPERATOR MAKES NO GUARANTEES AND SHALL NOT BE LIABLE FOR NON-ACCESIBILITY OF ANY WEBSITE, SYSTEM OR PROGRAM, END-USER CONNECTION SPEED OR CONNECTIVITY PROBLEMS, REGARDLESS OF THE REASON.
- 11.02 Representations and Warranties of the Academy. The Academy hereby represents and warrants to Operator:
- (a) The Charter (i) authorizes the Academy to operate and receive the State, Federal and Local education funds, as well as other revenues; (ii) approves the Education Program and other activities contemplated by this Agreement; and (iii) vests the Academy with all powers necessary and desirable for carrying out the Education Program and other activities contemplated in this Agreement.

- (b) To the best of its knowledge, the Academy has the authority under the Code and other applicable laws and regulations to contract with a private entity to perform the Educational Services, Administrative Services, Supplemental Programs, and all other services under this Agreement and execute, deliver and perform this Agreement, and to incur the obligations provided for under this Agreement.
- (c) The Academy's actions and those of the Board have been duly and validly authorized, and the Academy and Board will adopt any and all further resolutions or expenditure approvals required for execution of this Agreement; provided, however, that with regard to expenditures, such resolutions and approvals shall be required only if the relevant information is available to the Academy and the Academy has sufficient funds in the Budget to pay for such expenditures.
- (d) To the best of its knowledge, the Academy is not in breach of the terms of the Charter.
- (e) The Academy has no intellectual or property rights or claims in the curriculum or in the name "Accel™" and will make no such claims in the future.
- (f) The Academy shall not after the Effective Date incur any indebtedness outside the ordinary course of business or enter into any factoring or other debt arrangements without the prior written consent of the Operator, which consent shall not be unreasonably withheld, conditioned or delayed.

11.03 Mutual Warranties. Each party to the Agreement warrants to the other that 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 its obligations under this Agreement.

ARTICLE XII. MISCELLANEOUS

12.01 Sole Agreement. This Agreement supersedes and replaces any and all prior agreements and understandings between the Academy and Operator.

12.02 Force Majeure. Notwithstanding any other sections of this Agreement, neither party will be liable for any delay in performance or inability to perform due to acts of God or due to war, riot, terrorism, civil war, embargo, fire, flood, explosion, sabotage, accident, labor strike or other acts beyond its reasonable control.

12.03 Governing Law. The laws of the state of Ohio will govern this Agreement, its construction, and the determination of any rights, duties and remedies of the parties arising out of or relating to this Agreement.

12.04 Agreement in Entirety. This Agreement constitutes the entire agreement of the parties.

12.05 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but both of which will constitute one and the same instrument.

12.06 Official Notices. All notices and other communications required by the terms of this Agreement will be in writing and sent to the parties hereto at the addresses set forth below (and such addresses may be changed upon proper notice to such addressees). Notice may be given by: (i) certified or registered mails, postage prepaid, return receipt requested, (ii) facsimile (with confirmation of

transmission by sender's facsimile machine) or (iii) personal delivery. Notice will be deemed to have been given two (2) days after mailing or on the date of personal delivery or on the date of transmission of a facsimile if on a business day during normal business hours (or, if not, the first business day). The addresses of the parties are:

To:

Euclid Preparatory Academy
Attn: Board President
23001 Euclid Avenue
Euclid, Ohio 44117

With a copy to:

To:

Accel Schools Ohio LLC
Attn: Chief Operating Officer
1650 Tyson's Boulevard, Suite 630
McLean, Virginia 22102

With a copy to:

Parker Partners PLC
Attn: Christina L. Parker, Esq.
P.O. Box 544
McLean, Virginia 22101

- 12.07 Assignment. This Agreement will not be assigned by Operator without the prior consent in writing of the Academy (which consent shall not be unreasonably withheld) or by the Academy without the prior consent in writing of Operator (which consent shall not be unreasonably withheld, conditioned or delayed), provided that Operator may, upon prior written notice to the Academy, assign this Agreement to an affiliated entity and may without the consent of the Academy, delegate the performance of but not responsibility for any duties and obligations of Operator hereunder to any independent contractors, experts or professional advisors.
- 12.08 Amendment. This Agreement will not be altered, amended, modified or supplemented except in a written document approved by the Board and signed by both the President or other authorized officer of the Academy and an authorized officer of Operator.
- 12.09 Waiver. No waiver of any provision of this Agreement will be deemed to be or will constitute a waiver of any other provision, nor will such waiver constitute a continuing waiver unless otherwise expressly stated.
- 12.10 Severability. The invalidity of any of the covenants, phrases or clauses in this Agreement will not affect the remaining portions of this Agreement, and this Agreement will be construed as if such invalid covenant, phrase or clause had not been contained in this Agreement. To the extent that any of the services to be provided by Operator are found to be overbroad or an invalid delegation of authority by the Academy, such Services will be construed to be limited to the extent necessary to make the Services valid and binding.
- 12.11 Successors and Assigns. Except as limited by Section 12.07 above, this Agreement will be binding upon, and inure to the benefit of, the parties and their respective successors and assigns.
- 12.12 No Third-Party Rights. This Agreement is made for the sole benefit of the Academy and Operator. Except as otherwise expressly provided, nothing in this Agreement will create or be deemed to create a relationship between the parties to this Agreement, or either of them, and any third person, including a relationship in the nature of a third-party beneficiary or fiduciary.
- 12.13 Survival on Termination. All representations, warranties and indemnities made in this Agreement will survive termination of this Agreement.

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

Accel Schools Ohio LLC

By: Maria Szala
 Name: Maria Szala
 Title: COO

Euclid Preparatory Academy

By: Brian Kunderes
 Name: Brian Kunderes
 Title: School Board President

APPENDIX A
INCENTIVE GOALS

An additional one and one-half percent (1.5%) Management Fee bonus for an index score (PI) of ten (10) points above similar schools and/or a grade of "A" or "B" on value added score issued by the state of Ohio.