

ATTACHMENT 1.5

- Corporate Documents
- Certificate of Incorporation
- Articles of Incorporation
- Statutory Agent
- Employer ID Number
- Code of Regulations
- Tax-Exempt Status Determination Letter (if any)
- Organizational Chart of School
- School Mission Statement



DATE	DOCUMENT ID	DESCRIPTION	FILING	EXPED	PENALTY	CERT	COPY
02/20/2013	201305100024	DOMESTIC ARTICLES/NON-PROFIT (ARN)	125.00	100.00	.00	.00	.00

Receipt

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

EASTMAN & SMITH LTD
AMY J, BORMAN
100 EAST BROAD STREET, SUITE 2100
COLUMBUS, OH 43215

**STATE OF OHIO
CERTIFICATE**

**Ohio Secretary of State, Jon Husted
2174875**

It is hereby certified that the Secretary of State of Ohio has custody of the business records for
IMAGINE WESTSIDE ACADEMY
and, that said business records show the filing and recording of:

Document(s):
DOMESTIC ARTICLES/NON-PROFIT

Document No(s):
201305100024

Effective Date: 02/19/2013



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

Witness my hand and the seal of the
Secretary of State at Columbus, Ohio
this 20th day of February, A.D. 2013.

Ohio Secretary of State



Prescribed by:

The Ohio Secretary of State
Central Ohio: (614) 466-3910
Toll Free: 1-877-SOS-FILE (1-877-767-3453)

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

Expedite this Form: (Select One)	
Mail Form to one of the Following:	
<input checked="" type="radio"/> Yes	PO Box 1390 Columbus, OH 43216 *** Requires an additional fee of \$100 ***
<input type="radio"/> No	PO Box 1329 Columbus, OH 43216

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

(CHECK ONLY ONE (1) BOX)

(1) Domestic for Profit <input type="checkbox"/> Amended (122-AMAP)	PLEASE READ INSTRUCTIONS <input type="checkbox"/> Amendment (125-AMDS)	(2) Domestic Nonprofit <input checked="" type="checkbox"/> Amended (126-AMAN)	<input type="checkbox"/> Amendment (128-AMD)
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Complete the general information in this section for the box checked above.

Name of Corporation: Imagine Westside Academy

Charter Number: 2174875

Name of Officer: _____

Title: _____

Please check if additional provisions attached.

The above named Ohio corporation, does hereby certify that:

A meeting of the shareholders directors (nonprofit only)

members was duly called and held on April 23, 2013
(Date)

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

In a writing signed by all of the shareholders directors (nonprofit amended articles only)

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

RECEIVED
SECRETARY OF STATE
2013 APR 29 AM 10:57
CLIENT SERVICE CENTER

Clause applies if amended box is checked.

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

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

FIRST: The name of the corporation is: Imagine Leadership Academy

SECOND: The place in the State of Ohio where its principal office is located is in the City of:

Akron

(city, village or township)

Summit

(county)

THIRD: The purposes of the corporation are as follows:

See Attached Article Third

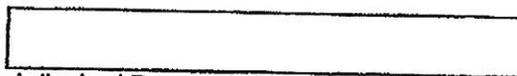
FOURTH: The number of shares which the corporation is authorized to have outstanding is: N/A
(Does not apply to box (2))
See Attached Articles Fifth and Sixth

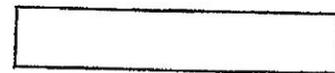
REQUIRED
Must be authenticated
(signed) by an authorized
representative
(See Instructions)


Authorized Representative

4/25/13
Date

BRANDON FORD, PRESIDENT
(Print Name)


Authorized Representative


Date

(Print Name)

**ARTICLES OF INCORPORATION
OF
IMAGINE LEADERSHIP ACADEMY**

(Additional Provisions)

THIRD: The Corporation is organized and shall be operated exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the corresponding provision of any future United States Internal Revenue law (the "Code"). Specifically, the Corporation is organized to operate as a public community school in the State of Ohio. The Corporation shall be permitted to engage in any lawful activity that may be conducted by an Ohio nonprofit public benefit corporation that is exempt from federal tax by reason of being an entity organized for charitable and educational purposes, as described in Code Section 501(c)(3), or the corresponding provision of any future United States Internal Revenue law. This Corporation shall not engage in activities which are not in furtherance of the charitable and educational purposes set forth in this Article THIRD.

FIFTH: The following restrictions shall apply to the corporation:

- (a) No part of the assets of or the net earnings of the corporation shall inure to the benefit of any member, trustee, or officer of the corporation or any private individual or entity (except that reasonable compensation may be paid for services rendered to or for the corporation effecting one or more of its purposes). In the event of the liquidation or dissolution of the corporation, whether voluntary or involuntary, no member, trustee, or officer of the Corporation, or any private individual or entity, shall be entitled to receive any distribution from the remaining assets of the Corporation or the proceeds thereof.
- b. No substantial part of the activities of the Corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, nor shall the corporation participate or intervene in (including the publication and distribution of statements) any political campaign on behalf of any candidate for public office.
- c. Notwithstanding any other provisions in these Articles, the Corporation shall not conduct or carry on any activities not permitted to be conducted or carried on by an organization exempt from federal tax under Code Section 501(c)(3) or by an organization, contributions to which are deductible under Code Section 170(b)(1)(A), or corresponding provisions of any future United States Internal Revenue law.

SIXTH: In the event of the dissolution of the Corporation, the Corporation shall, after paying or making provision for the payment of all liabilities of the Corporation, dispose of all of the assets of the corporation exclusively for the purposes set forth in Article THIRD of the Articles of Incorporation.



Prescribed by:

Ohio Secretary of State
Central Ohio: (614) 466-3910
Toll Free: 1-877-SOS-FILE (1-877-767-3453)

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

Expedite this Form: (Select One)	
Mail Form to one of the following	
<input checked="" type="radio"/> Yes	PO Box 1390 Columbus, OH 43216 ** Requires an additional fee of \$100 **
<input type="radio"/> No	PO Box 670 Columbus, OH 43216

INITIAL ARTICLES OF INCORPORATION (For Domestic Profit or Nonprofit) Filing Fee \$125.00

THE UNDERSIGNED HEREBY STATES THE FOLLOWING:

(CHECK ONLY ONE (1) BOX)

<input type="checkbox"/> (1) Articles of Incorporation Profit (113-ARF) ORC 1701	<input checked="" type="checkbox"/> (2) Articles of Incorporation Nonprofit (114-ARN) ORC 1702	<input type="checkbox"/> (3) Articles of Incorporation Professional (170-ARP) Profession _____ ORC 1785
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Complete the general information in this section for the box checked above.

FIRST: Name of Corporation	<u>Imagine Westside Academy</u>	
SECOND: Location	<u>Akron</u> (City)	<u>Summit</u> (County)
Effective Date (Optional)	Date specified can be no more than 90 days after date of filing. If a date is specified, the date must be a date on or after the date of filing. (mm/dd/yyyy)	
<input checked="" type="checkbox"/> Check here if additional provisions are attached		

Complete the information in this section if box (2) or (3) is checked. Completing this section is optional if box (1) is checked.

THIRD: Purpose for which corporation is formed
<u>Please see attachment.</u>

Complete the information in this section if box (1) or (3) is checked.

FOURTH: The number of shares which the corporation is authorized to have outstanding (Please state if shares are common or preferred and their par value if any)	_____	_____	_____
(Refer to Instructions if needed)	(No. of Shares)	(Type)	(Par Value)

Completing the information in this section is optional

FIFTH: The following are the names and addresses of the individuals who are to serve as Initial Directors.

(Name) _____

(Street) _____ NOTE: P.O. Box Addresses are NOT acceptable.

(City) _____ (State) _____ (Zip Code) _____

(Name) _____

(Street) _____ NOTE: P.O. Box Addresses are NOT acceptable.

(City) _____ (State) _____ (Zip Code) _____

(Name) _____

(Street) _____ NOTE: P.O. Box Addresses are NOT acceptable.

(City) _____ (State) _____ (Zip Code) _____

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

Amy J. Borman, Esq.
Authorized Representative

2-18-13
Date

(print name)

Authorized Representative

Date

(print name)

Authorized Representative

Date

(print name)

Complete the information in this section if box (1) (2) or (3) is checked.

ORIGINAL APPOINTMENT OF STATUTORY AGENT

The undersigned, being at least a majority of the incorporators of Imagine Westside Academy hereby appoint the following to be statutory agent upon whom any process, notice or demand required or permitted by statute to be served upon the corporation may be served. The complete address of the agent is

Amy J. Borman, Esq.

(Name)

c/o Eastman & Smith Ltd., 100 E. Broad Street, Suite 2100

(Street)

NOTE: P.O. Box Addresses are NOT acceptable.

Columbus

, Ohio

43215

(City)

(Zip Code)

Must be authenticated by an authorized representative

Amy J. Borman, Esq.
Authorized Representative

2-18-13
Date

Authorized Representative

Date

Authorized Representative

Date

ACCEPTANCE OF APPOINTMENT

The Undersigned,

Amy J. Borman, Esq.

, named herein as the

Statutory agent for,

Imagine Westside Academy

, hereby acknowledges and accepts the appointment of statutory agent for said entity.

Signature:

Amy J. Borman, Esq.
(Statutory Agent)

ATTACHMENT 2.1

- Governing Authority Member Names, Physical Addresses, Email Addresses, and Telephone Numbers
- Criminal Background Checks
- Description of Selection and Removal of Governing Authority Members
- Governing Authority Meeting Schedule and Location of Meetings



Imagine Leadership Academy
2405 Romig Rd., Akron, Ohio

2017-2018 Board Meeting Calendar

3rd Thursday at 6:00

pm

July No Meeting

August Thursday, 17^h

September No meeting

October Thursday, 19^h

November No meeting

December Thursday, 7^h

January No meeting

February Thursday, 15^h

March No meeting

April Thursday, 19^h

May No meeting

June Thursday, 21st

All meetings take place at the school location unless otherwise noted.

**CODE OF REGULATIONS
OF
IMAGINE LEADERSHIP ACADEMY
(formerly known as Imagine Westside Academy)**

**ARTICLE I
PURPOSE**

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

**ARTICLE II
Members**

Section 1. Membership. The sole member of the Corporation shall be Imagine Schools Non-Profit, Inc., a Virginia non-profit corporation (the "Member"). The Member shall continue as a Member until its resignation. The Member may appoint a representative to represent the member at any meeting of the Board of Directors of the Corporation and that representative shall be invited to all regular, special or emergency meetings of the Directors, or executive sessions or committee meetings of the Directors.

Section 2. Authority of Member. The Member shall have all of the authority enumerated in Chapter 1702 of the Ohio Revised Code, and the sole right to fully or partially amend the Articles of Incorporation and this Code of Regulations. The Member may affiliate with the Corporation for mutually beneficial reasons consistent with the purposes of the Member and the Corporation.

**ARTICLE III
Directors**

Section 1. Number. The number of Directors of the Corporation shall be at least three (3) and no more than seven (7), or such greater number as may be subsequently determined by the Directors; provided however, in no case shall the number of Directors be less than five (5) once the Corporation has entered into a community school contract with a sponsor unless Ohio law is amended to allow the governing authority of an Ohio community school to be composed of less than five (5) Directors.

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

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

Section 4. Meetings. The annual meeting of the Directors shall be held in June of each year on such date, at such time, and at such place as a majority of the Directors may determine. In the event the Board of Directors is unable to hold its annual meeting in June, it shall hold such annual meeting on a date and at a time and place determined by a majority of the Directors. Special meetings may be called at any time by the President or by any one (1) of the Directors. Provided however, once the Corporation becomes a public school, meetings relating in any way to the business or operation of the public school must be open to the public and publicized or advertised as required by law.

Section 5. Quorum and Voting. The presence of a simple majority of the total number of Directors shall constitute a quorum for the transaction of business at all meetings of the Board of Directors. Except as otherwise provided by law, the Corporation's Articles of Incorporation, or this Code of Regulations, a vote of a simple majority of the Directors present at a meeting at which a quorum is present shall be required to effectuate action on all matters within the powers of the Board of Directors. In addition to those Directors who are actually present at a meeting, Directors shall for purposes of this section be deemed present and able to vote at such meeting if a conference telephone or similar communications equipment is used by which all persons participating in the meeting can simultaneously communicate with each other. Provided however, once the Corporation becomes a public school, the Directors must be physically present at a meeting in order to be counted as part of a quorum and to vote.

Section 6. Notice and Waiver. Any notice required to be given by this Code shall be in writing and shall be delivered personally or sent by telegram, telecopy, or electronic mail transmission or by United States mail, express mail, or courier service, with postage or fees prepaid. For any notice made by personal delivery, telegram, telecopy or electronic mail, notice shall be deemed to be given when delivered or transmitted. For any notice sent by United States mail, or courier service, notice shall be deemed to be given when deposited in the mail or with the courier service. Unless waived in writing, notice of each annual meeting communicating the day, hour, and place shall be given to each Director by the Secretary of the Corporation not more than sixty (60) days nor less than three (3) days before any such meeting. Unless waived in writing, notice of each special meeting communicating the day, hour and place, and the purpose or purposes thereof shall be given to each Director by the Secretary of the Corporation not more than sixty (60) days nor less than three (3) days before any such meeting. Notice of the time, place and purposes of any meeting may be waived in writing, either before or after the holding of such meeting, by any Director, which writing shall be filed with or entered upon the records of the meeting. The attendance of any Director at a meeting without protesting, prior to or at the commencement of the meeting, shall waive notice or lack of proper notice for that meeting. Nothing in this Section 6 shall alter, however, the duty of the Corporation to provide notice to the public of meetings, once the Corporation becomes a public school.

Section 7. Action by Written Consent. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if a written consent to such action is signed by all of the Board of Directors or all of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or committee. Such a written consent may be signed by facsimile signatures which shall be construed as originals, and/or on separate but identical documents which shall be construed as one original. Provided however, once the Corporation becomes a public school, all actions must be taken at open and public meetings and action by written consent shall not be allowed.

Section 8. Committees of Directors. The Board of Directors may create committees as the Directors may determine, the members of which committee or committees shall consist of not less than one (1) Director unless Ohio law allows otherwise in the future. A simple majority of the members of any such committee shall constitute a quorum, and the act of a simple majority of the votes cast at a meeting at which a quorum is present shall be the act of the committee. In every instance, however, the final action on all committee business shall only be a recommendation to the Board of Directors with respect to such matter. Notwithstanding anything to the contrary in this Section 9 however, once the Corporation becomes a public school, no committee nor any group of Directors, which consist of a majority of the Board of Directors, shall meet in a prearranged manner to discuss school business, without proper notice to the public of a regular or special meeting, and, only the actions of the Board of Directors shall be valid and binding.

Section 9. Other Advisory Councils. The Board of Directors may, at its discretion, also consider recommendations of associations, supporting organizations or advisory councils which are not part of the Board of Directors, such as parents associations.

Section 10. Removal of Directors. Any Director may be removed, with or without cause, at any time by the Member.

Section 11. Resignations and Vacancies. Any Director may resign by tendering a written resignation to the Member. The resignation shall be effective on the date of its receipt by the Member, and the receipt of the resignation shall require no further action to be effective. Vacancies in the Board of Directors shall be filled by the Member.

Section 12. Powers of Directors. The policies of the Corporation shall be directed by the Board of Directors in accordance with the law, and when a public school, also in accordance with the Corporation's Charter Contract. Subject to the provisions of Ohio law in general, the Ohio Nonprofit Corporation Law, the Articles of Incorporation and the Code of Regulations of the Corporation, the Board of Directors shall do and perform every act and thing whatsoever which it shall deem necessary, expedient or advisable to carry out the purposes of the Corporation. The Corporation may affiliate with the Member for purposes of mutual benefit consistent with the purposes of the Corporation and the Member.

Section 13. Honorary Directors. Any individual, whether an emeritus Director or not, who has provided extraordinary service to the Corporation over a period of time, may be honored with the title Honorary Director, at the discretion of the Board, by a majority vote of the entire Board. Honorary Directors are not voting members of the Board and are permitted but not required to attend meetings. The Board of Directors may remove an Honorary Director at any time, with or without cause, by a majority vote of the entire Board.

ARTICLE IV OFFICERS

Section 1. Number, Title and Election. The officers of the Corporation shall consist of a President, Vice President, Secretary and Treasurer, and may include such other officers and assistant officers as the Board of Directors shall deem advisable, each of whom shall be elected by the Board at the annual meeting of the Board. With the exception of the office of President, an individual may

simultaneously hold two offices. Officers shall hold office for a term of one year, or until their successors are elected and qualified, except in the event of their earlier death, resignation or removal.

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

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

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

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

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

Section 7. Treasurer. The Treasurer shall act as the fiscal officer of the Corporation and shall have custody of the cash, securities, and other assets of the Corporation, and shall perform other duties as may be required by the Board of Directors or the President. The Treasurer shall receive contributions, bequests, revenues, and other assets to which the Corporation is entitled and disburse funds as directed by the Board of Directors, maintaining records thereof. The Treasurer shall maintain appropriate books of account and supporting records and shall prepare and file all returns and related reports required by federal and state statutes and regulations and by the Board of Directors. However, in all of the above responsibilities, subject to approval by a majority of the Directors, the Treasurer's responsibilities or parts thereof, may be contracted for by the Directors. The Board may require a bond in any amount, at its discretion or as directed by law, and the cost of the bond or bonds shall be paid for by the Corporation.

ARTICLE V INDEMNIFICATION

Indemnification of Directors, Officers, Employees and Agents. Each person who at any time is or shall have been a Director, officer, employee or agent of the Corporation, or a Director member of the Governing Board of the school, and such person's heirs, executors and administrators, shall be indemnified by the Corporation, both during and after their association with the Corporation terminates, for those acts or omissions concerning the Corporation, in accordance with and to the full extent permitted by the Nonprofit Corporation Law (Ohio Revised Code Chapter 1702) as in effect at

the time of the adoption of these Regulations or as amended from time to time thereafter. The foregoing right of indemnification shall not be deemed exclusive of other rights of indemnification to which any Director, officer, employee, agent or other person may be entitled, in any capacity, as a matter of law or under any regulation, agreement, vote of Directors, or otherwise. As authorized by the Board of Directors, the Corporation may purchase and maintain insurance against liability on behalf of any such person to the full extent permitted by law in effect at the time of the adoption of these Regulations or as amended from time to time thereafter.

ARTICLE VI
CONTRACTS BETWEEN CORPORATION AND RELATED PERSONS

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

ARTICLE VII
BOOK AND RECORDS

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

ATTACHMENT 3.1

- Transportation Plan

Except where the Board has assumed the responsibility of providing transportation pursuant to Ohio Revised Code 3314.091, the Board recognizes that State law and this Policy do not require the School to provide transportation to students enrolled in the School. However, the Board may choose to offer transportation to enrolled students, who are not otherwise eligible for transportation by their native district ("Eligible Students"), so long as transportation services are provided in an equitable and non-arbitrary basis. Accordingly, the School elects to provide transportation services to Eligible Students within the limitations established by this Policy, the "Ohio School Bus Operation Regulations" issued by the Ohio Department of Education, Ohio State Highway Patrol and the Ohio Department of Highway Safety, and as otherwise required by State law.

The Board may contract with a qualified transportation provider that is authorized to provide pupil transportation ("Transportation Service Provider"). The Transportation Service Provider shall be responsible for planning and operating the School's transportation program, subject to the Board's approval. Requests for transportation of Eligible Students shall be made to the Board or its designee. The Board or its designee shall determine if transportation will be provided individually, and any decision to offer transportation services beyond the legal requirements or the requirements of this Policy shall be based upon:

- a. The date of the request compared with the date of all other requests for transportation (i.e., on a "first come, first served" basis);
- b. The availability of funds and the cost of additional transportation services;
- c. The number of students that would be transported, and if those students are sufficiently "clustered";
- d. The need for transportation based on concerns for safety brought about by an unusually hazardous condition; and
- e. Any other factor deemed pertinent by the Board.

Unusually hazardous conditions may include, but are not limited to: (1) high traffic roadways or highways; (2) absence of adequate sidewalks, crosswalks or traffic signals; (3) high speed limits; (4) roadway construction; (5) the presence of particularly dangerous individuals; or (6) other conditions deemed unnecessarily dangerous by the Board.

The Transportation Service Provider shall not permit bus ridership to exceed bus seating capacities as required by federal, state or local laws or rules.

Students Meeting the Federal Definition of "Homeless". Eligible Students who are homeless will be transported from their temporary place of residence to the School, at the request of the parent, guardian or unaccompanied minor, to the same extent as all other Eligible Students of the School and consistent with this Policy. If the homeless student's temporary residence is located outside

the boundaries of the School, the Liaison for Homeless Children will contact the district in which the student temporarily resides to arrange for transportation of the student and to seek an agreement on apportioning the cost of such transportation. Under no circumstances will a homeless student be denied enrollment based on issues related to student transportation.

Students With Disabilities. Where transportation services are included in an Eligible Student's individualized education program ("IEP"), the School shall ensure that transportation services are provided regardless of distance from the Eligible Student's residence to the School. Transportation services shall also be provided for all Eligible Students who are so disabled that they are unable to walk to and from the School. All other Eligible Students with disabilities will be transported in the same manner as nondisabled students.

Bus Routes and Stops. Bus routes shall be established by the Board or its designee so that each bus stop is within a defined reasonable walking distance of the home of every Eligible Student who is receiving transportation services. School bus stop locations shall provide for the maximum safety of pupils giving consideration to distance from residence, traffic volume, physical characteristics, visibility and weather conditions. Bus stops shall be established on the residence side of all four-lane highways and other roadways posing unusually hazardous conditions. Bus stops shall be located at a distance from the crest of hills or road curvatures to allow motorists adequate visibility. Each student shall be assigned and required to use a specific bus stop. Bus routes shall be approved by the Board annually. Any subsequent changes to designate or relocate bus stops may be made by the Board or its designee. Bus stops and time schedules shall be adopted and put in force by the Board no earlier than thirty (30) days prior to, and no later than ten (10) days after the beginning of the school year.

Idling. Buses that utilize diesel engines shall not be permitted to idle in excess of five minutes while in school loading zones, unless the operation of a wheelchair lift is required.

Safety Instruction. The Transportation Service Provider shall annually provide safety instructions regarding transportation services on and around the school bus to all Eligible Students receiving transportation services and their parents, and to any passengers participating in non-routine use of a school bus. Eligible Students in grades Kindergarten through three (3) shall be provided safety instruction within the first two (2) weeks of classes each school year, which shall include, but not be limited to, the following:

- a. Safe walking practices to and from the bus stop;
- b. Wearing appropriate light-colored or reflective clothing when walking to and from the bus stop in the dark;
- c. How and where to wait safely for the bus;
- d. How to avoid risky behavior, including risks involving strangers;
- e. What to do if the bus is late or fails to arrive;
- f. How to enter and leave the bus safely, including concerns for snagging clothing, backpacks, and other items that may be caught or dropped around or under the bus;

- g. Safety precautions when crossing the highway before boarding and after leaving the bus or when trespassing in a railroad right-of-way and other dangerous areas; and
- h. Respect for the rights and privileges of others and safe riding practices.

Pupil Transportation Management. Bus drivers shall be employed by the Transportation Services Provider and shall meet all federal, state and local laws and rules regarding driver qualifications. The bus driver shall have the authority and responsibility for overseeing all pupils while they are on-board the bus, at loading and unloading zones, or in traffic areas on the School's premises. Bus drivers are also responsible for insuring that each student boards and disembarks at his or her designated bus stop. Bus drivers should report any overcrowding or otherwise unsafe conditions to the Board or its designee.

Bus drivers must be provided with access to appropriate information about the child to the degree that such information might affect the safety and well-being of the student on the bus. This information must be kept strictly confidential.

Eligible Students who receive transportation shall arrive at the bus stop before the bus is scheduled to arrive and must wait in a location clear of traffic, leaving adequate distance for the bus to safely stop. Pupils must board and exit the bus at assigned locations, unless a student has parental and administrative authorization to do otherwise. Students must go directly to an available seat or an assigned seat, if applicable, so that the bus may resume motion safely. Pupils must remain seated keeping aisles and exits clear. Students may only board the bus with objects that can be held in a student's lap.

Students must comply with the School Code of Conduct while at bus stops, boarding and disembarking, and riding the bus. Students shall observe classroom conduct and obey the bus driver promptly and respectfully at all times while waiting at bus stops, boarding, riding and departing the bus. Profane language while riding the bus is prohibited. Pupil behavior, including while at school bus stops, shall not threaten life, limb or the property of any individual. Students must not throw or pass objects on, from or into the bus and shall keep all parts of the body inside the bus while the bus is moving. Students may not eat or drink on the bus, except as required for medical reasons. Students shall not possess or use tobacco, alcohol and drugs, except for drugs prescribed by an authorized physician, while on the bus.

See also **Policy 271 Student Code of Conduct, Policy 297 Homeless Children and Youth Policy, Policy 227 Rights of Individuals with Disabilities, Policy 228 Section 504 of the Rehabilitation Act of 1973, Appendix 236-A Bus Driver Qualifications, Appendix 236- B Bus Inspections, Appendix 236-C Field Trip Permit and Appendix 236-D Pre-Trip Safety Training Verification.**

O.R.C. 3327 et seq.; O.A.C. 3301-83 et seq.

ATTACHMENT 3.2

- Management/Operator Contract (if any)

CHARTER SCHOOL OPERATING AGREEMENT

This Charter School Operating Agreement (hereinafter referred to as the "Agreement" or the "Contract") is made and entered into effective as of the 30th day of April, 2013, 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 Imagine Leadership Academy (the "Charter School"), an Ohio non-profit corporation located at 2405 Romig Road, Akron OH 44320.

RECITALS

The Board desires to open a charter elementary school in Akron, Ohio.

Pursuant to Chapter 3314 of the Ohio Revised Code (the "Code"), the BOARD has been granted a charter (the "Charter") by North Central Educational Service Center (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.

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 facilitate the organization 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 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 earlier terminated for good cause pursuant to the provisions of this Agreement, shall continue until termination or expiration without renewal of the Charter. This Agreement shall be automatically extended for the duration of any extension or renewal of the Charter, provided that IMAGINE is in compliance with this Agreement. It is the intention of the parties hereto that this Agreement shall be a single, uninterrupted contract that operates without expiration for both the original and each and every automatically extended term.

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 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. Development Services end two weeks prior to the opening of school for students.

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 that IMAGINE 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. Unless approved by the BOARD, the Charter

School Facility shall during the term of this Agreement only be used to carry out the terms and conditions of the Charter and for educational and ancillary purposes not inconsistent with the Charter, such as a before school and after school child care program. The BOARD and IMAGINE shall consult with one another 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 between the BOARD and a third party landlord or any purchase and sale agreement between the BOARD and a third-party Seller in connection with the Charter School Facility. The BOARD shall exercise good faith in acting upon the reasonable recommendations of IMAGINE related to the Charter School Facility. IMAGINE will review any lease for the Charter School Facility (the "Lease"). In connection with its duty to administer and operate the Charter School, 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 with Revenues (as defined hereafter in Article V, Section A.), such as non-proprietary instructional and/or curriculum materials, books and supplies, and equipment will be the property of the BOARD. Property purchased by IMAGINE with IMAGINE Advances (as defined hereafter in Article V Section G.) will be IMAGINE's Property; provided, however, that upon the repayment of IMAGINE Advances used to purchase such property, any such property will become the BOARD's property. IMAGINE agrees not to add any fees or charges to the purchase cost or lease cost of equipment, materials or supplies purchased or leased by IMAGINE. In the event that IMAGINE makes purchases on behalf of the BOARD with Revenues designated for such purpose in the annual Budget, IMAGINE shall comply with all applicable laws and conduct the purchase as if the BOARD were making such purchases directly from a third party. All property purchased with Revenues in accordance with Board policy shall belong to the Board.

IMAGINE may, at its discretion, finance purchases pursuant to an equipment lease and allow the Charter School to use such equipment. During the term of the equipment lease, title to the equipment would be held by the lessor. At the end of the term of any such equipment lease, such equipment shall, at the option of the Board after consultation with IMAGINE, be (i) returned to the lessor, or (ii) if permitted by the terms of the applicable equipment lease, purchased with Revenues (as defined in Article V), in which case IMAGINE agrees to transfer title to the purchased equipment to the BOARD.

IMAGINE WILL MAKE REASONABLE COMMERCIAL EFFORTS TO PURCHASE EQUIPMENT, MATERIALS, AND SUPPLIES OF SUITABLE QUALITY AND APPROPRIATE FOR USE AT THE CHARTER SCHOOL. THE PRECEDING SENTENCE NOTWITHSTANDING, 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.

F. Proprietary Rights/Confidentiality. 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 or its employees at the Charter School at the direction of the BOARD with funds specifically dedicated by the Board for the development of such curriculum or materials. Except as otherwise provided herein, 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. 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 ordered and 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 assist the BOARD in the performance of the BOARD'S obligations to make available to students of the Charter School due process hearings regarding discipline, special education, confidentiality and access to records 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 Contract 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, policies and procedures applicable to the Charter School and is authorized and directed to enforce such rules, regulations, policies and procedures as may be adopted by the BOARD. The BOARD or the Authorizer may request that IMAGINE propose such rules, regulations policies or procedures as either may deem desirable. Upon such BOARD or Authorizer request, IMAGINE will prepare a recommendation and present the same for BOARD review and approval.

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, as the same may be legally modified from time to time.

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. All Revenues provided by state, local or federal governments or any other source that are dedicated for the provision of special education services to eligible students shall be made available by the BOARD to IMAGINE for the provision of such services.

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. Except in the event where the interests of IMAGINE and the BOARD may be adverse to each other or an un-waived conflict exists,

IMAGINE shall be responsible for procuring legal services on behalf of the Charter School as necessary to ensure compliance with laws, ordinances, rules and regulations applicable to the operation of the Charter School, including legal advice regarding proposed rules, regulations, policies and procedures for the Charter School.

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 may but is not 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. IMAGINE shall maintain financial, educational and student records pertaining to the Charter School in accordance with applicable law. All such records are the property of the BOARD, and 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. Board Meetings. IMAGINE shall be responsible for scheduling and preparing a proposed agenda for all required BOARD meetings. Otherwise, IMAGINE shall be notified personally concerning any meetings of the BOARD whether regular, special, emergency, or committee meetings. IMAGINE shall notice each meeting on the BOARD'S behalf in accordance with the requirements of the Charter and applicable state law. At least one IMAGINE representative shall attend each meeting. The BOARD shall invite IMAGINE personnel into any Executive Session of a meeting unless the topic therein is legal action against IMAGINE. IMAGINE shall work with legal counsel pursuant to Section P of this Article III, the Authorizer, and/or such other charter school resource agencies as may be available, to provide pertinent legislative and regulatory updates to the BOARD. IMAGINE shall be responsible for preparing and maintaining the minutes of each meeting and presenting the same to the BOARD for approval at the next regularly scheduled meeting thereof.

T. 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-contractor 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 adopt reasonable fiscal and academic policies governing the operation of the Charter School. The BOARD shall consider all reasonable rules, regulations, policies and procedures as recommended by IMAGINE and seek IMAGINE'S input

in connection with any rules, regulations, policies and/or procedures proposed by the BOARD and/or the Authorizer. 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, procedures, 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. IMAGINE 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 start of the Fiscal Year (July 1) with a final budget by September 1st. The Budget for each subsequent Fiscal Year shall be submitted to the BOARD prior to May 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 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 typically 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; Development Allocation; general and administrative expenses including costs of

audits in connection with this Agreement; financial service supervision; Indirect Cost Allocation; promissory note payments, if any; repayment of IMAGINE Advances, if any; 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 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 G 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. The annual Budget may be amended from time to time as deemed necessary by IMAGINE and the BOARD, including without limitation in the event actual enrollment or funding materially varies from projected enrollment for the Fiscal Year. 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 IMAGINE'S designated business manager 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. The Board agrees that its Treasurer may assist in the preparation of the Report.
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.
4. On or before October 15 of each year, IMAGINE shall account for all Qualified Revenue received and shall provide to the BOARD a calculation of the Indirect Cost Allocation for the immediately preceding Fiscal Year. Any shortfall of Indirect Cost Allocation shall be immediately paid to IMAGINE. Any overpayment of the Indirect Cost Allocation for the immediately preceding Fiscal Year shall be applied first to payment of any outstanding IMAGINE Operating

Advances, next to pre-payment of the Development Allocation expense and last to the Indirect Cost Allocation due for the then current Fiscal Year.

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 including Auditor of State Bulletin 2004-009, 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, finance and other records of IMAGINE directly related to the Charter School will be made available to the Auditor of State and the Charter School's Treasurer. IMAGINE will cooperate in the annual audit of the Charter School Operating Account as required by Auditor of State Bulletin 2004-009.

F. Charter School Depository Account. Except as hereinafter provided, all Revenues received 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. Except as otherwise provided herein, Revenues 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"), but shall not incur third-party costs or expenses for services which are the responsibility of IMAGINE pursuant to this Agreement without first consulting with IMAGINE and then only if IMAGINE is unable or unwilling to provide said services. 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 plus its own directors and officers insurance, Charter School Facility Payments, the Board's other contractual obligations, if any, and its own legal, accounting, auditing and professional fees. The Board shall not make capital expenditures for the Charter School Facility without the prior approval of IMAGINE. 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 Revenue 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 (3) 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. Operating Allocation and Expenses. Except as otherwise provided herein, 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 (the "Charter School Operating Account"). The balance of all Revenues transferred to the Charter School Operating Account shall be retained by IMAGINE as its gross operating allocation (the "Operating Allocation"). IMAGINE will pay from the Operating Allocation the Operating Expenses of the Charter School. 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: payroll processing expenses; personnel salaries and benefits expenses; cost of assessment materials; cost of furniture, fixtures, equipment, technology, textbooks and other materials and supplies, including equipment lease expenses incurred by IMAGINE in connection with the Charter School; 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; Development Allocation, Indirect Cost 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. "Operating Expenses" shall not include BOARD Expenses, the Charter School Facility Lease Payments, or other payments related to contracts entered into by the BOARD. IMAGINE shall be entitled to retain as compensation for services rendered pursuant to this Agreement the difference, if any, between the amount of the Charter School's Revenues for each Fiscal Year less any Non-Qualified Revenue and restricted Grant Revenue, the source of which prohibits the use of said Non-Qualified Revenue and/or Grant Revenue to fund an IMAGINE Surplus, as hereafter defined whether directly or indirectly, and the Operating Expenses of the Charter School for said Fiscal Year (the "IMAGINE Surplus"). In the event that during any Fiscal Year Revenues are insufficient to pay all budgeted Operating Expenses of the Charter School, IMAGINE shall provide such funds as may be necessary to pay such budgeted Operating Expenses as may remain due and owing (the "IMAGINE Advances"); provided that the BOARD has acted diligently and reasonably to consider and approve any Budget amendments proposed by IMAGINE pursuant to Article V, Sections B and J hereof. IMAGINE Advances shall be deposited in the Charter School Operating Account and such Advances represent an intra-company loan at IMAGINE and not a debt of the BOARD, except as otherwise provided herein. IMAGINE agrees not to charge any interest on IMAGINE Advances repaid in the same Fiscal Year. Simple interest at the rate of Ten Percent (10%) or such lower rate that IMAGINE may determine, shall be calculated and added to IMAGINE Advances outstanding at the end of the Fiscal Year. IMAGINE Advances shall be included in the financial statements and the Budget prepared for the BOARD.

H. Development Allocation. The BOARD hereby expressly agrees that IMAGINE shall be entitled to allocate a portion of the Operating Allocation to the payment to IMAGINE of a Development Allocation 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 September 1 of the first year of operation of the Charter School 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").

I. Indirect Cost Allocation. The BOARD hereby expressly agrees that IMAGINE shall be entitled to allocate a portion of the Operating Allocation to the payment to IMAGINE of an Indirect Cost Allocation for the performance of its responsibilities hereunder. The Indirect Cost Allocation shall be an Operating Expense of the Charter School included in the annual Budget. Commencing September 1 of the first year of operation of the Charter School and each Fiscal Year thereafter, the Indirect Cost Allocation shall be equal to thirteen percent (13%) of Qualified Revenues. The Indirect Cost Allocation shall be paid monthly, in an amount equal to one-twelfth (1/12th) of the annual budgeted amount, except for the first year of operation in which case the Indirect Cost Allocation shall be paid in an amount equal to one-tenth (1/10th) of the annual budgeted amount.

J. 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 as to absolve IMAGINE of its responsibility to fund IMAGINE Advances pursuant to Article V, Section G hereof; provided that the BOARD has acted diligently and reasonably to consider and approve any Budget amendments proposed by IMAGINE pursuant to Article V, Sections B and J hereof.

K. 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. Notwithstanding anything to the contrary herein, in the event IMAGINE incurs expenses that directly benefit multiple schools operated by IMAGINE, such expenses may be pro-rated among such schools.

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.

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 take reasonable steps 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, mission, goals or objectives of IMAGINE; or (iv) in the event that during any Fiscal Year, there is a reduction of more than ten percent (10%) twelve percent (12%) 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 and an alternate suitable facility cannot be located.

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) fraudulent misrepresentation or other willful misconduct by IMAGINE that has a material adverse effect on the Charter School; or (ii) the insolvency or bankruptcy of IMAGINE; or (iii) the loss or suspension of the Charter; or (iv) 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 (v) 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 (vi) in the event that use of the Charter School Facility becomes impractical by reason of fire, flood or other act of God and an alternate suitable facility cannot be located; or (vii) in the event that IMAGINE fails to remedy a material breach of its duties or obligations under this Agreement within four months, after written notice of the breach is delivered to IMAGINE by the BOARD, or such shorter time required by the Authorizer.

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 and IMAGINE'S failure to receive the contracted for revenues, compensation, or reimbursement as required by the terms of this Agreement, 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, IMAGINE shall have the right to: (i) remove equipment and other assets owned or leased by IMAGINE; or (ii) require that the BOARD reimburse IMAGINE for any equipment purchased by IMAGINE with unreimbursed IMAGINE Advances and used for purposes of the Charter School pursuant to Article III Section E; or (iii) require that the BOARD remit to IMAGINE such amounts as may remain outstanding under any equipment lease entered into pursuant to Article III Section E, including without limitation any amounts due to exercise any option to purchase under any such lease and complete transfer of title to the BOARD. Equipment and other assets purchased with Revenues shall remain the property of the BOARD.

3. Intellectual Property. Except as otherwise prohibited by law, 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 curricula, educational materials, and other intellectual property belonging to such other party; provided, however, that the BOARD may, if required by law to do so, maintain records of curriculum and other materials that are the intellectual property of IMAGINE as long as such curriculum or materials are maintained solely as historical records and not for any other purpose.

The BOARD acknowledges that IMAGINE owns title to the name "Imagine" and all intellectual property rights pertaining thereto. IMAGINE hereby grants the BOARD a non-exclusive license to use the name "Imagine" as part of the Charter School's name during the term of this Agreement, which Charter School name will be "Imagine Leadership Academy". The BOARD acknowledges that, subject to the limited license granted herein, the copyright and title to the name "Imagine" and any trademarks or service marks relating thereto remain with IMAGINE, and the BOARD may not assign or otherwise convey said license to any third party. The BOARD agrees that immediately

upon termination for any reason or expiration without renewal of this Agreement, the BOARD's license to use the name "Imagine" shall immediately terminate. The BOARD, if continuing to operate the Charter School, will thereafter take all necessary action to change the name of the Charter School to "Akron Leadership Academy", or such other name as the BOARD may determine, and will in no event continue to use "Imagine" in the name of the Charter School or in any materials or matters having to do with the Charter School.

4. Payment. In the event that as a result of a delay in the disbursement of Revenues by either the state and/or federal government or the BOARD, IMAGINE has not received all of the Operating Allocation due to IMAGINE for the academic year in which the termination is effective, the Board shall immediately upon termination of this Agreement, or as soon thereafter as such funds become available from the state and/or federal government, cause sufficient Revenues to be transferred to IMAGINE to pay for all budgeted expenses of the Charter School through the date of termination, including without limitation the Indirect Cost Allocation, or if termination is effective at the end of the academic year, all Revenues received from the state and federal government for such academic year. In addition, in the event the Agreement is terminated by the BOARD for any reason other than (i) fraudulent misrepresentation or other willful misconduct by IMAGINE that has a material adverse effect on the Charter School, or (ii) the loss or suspension of the Charter as a direct result of the acts or omissions of IMAGINE, the BOARD shall immediately upon termination, remit to IMAGINE a termination fee equal to any and all unreimbursed IMAGINE Advances made during the term of this Agreement, minus the difference between the then current outstanding balance of IMAGINE Advances less the then current balance of accumulated IMAGINE Surplus, if any, which calculation shall be made on the basis of the audited annual financial statements prepared by IMAGINE pursuant to this Agreement.
- 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, willful misconduct or failure to transfer funds from the Charter School Depository Account to the Charter School Operating Account pursuant to the terms hereof, 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

Each party hereto shall indemnify and hold harmless the other party, its officers, employees, agents and consultants from and against any and all actions, claims, suits, liabilities, proceedings, penalties, fines, costs, and expenses (including reasonable attorneys’ fees at both the trial and appellate levels, including paralegal expenses) relating directly or indirectly to any breach of this Agreement or of the Charter or any violation of the state Charter law or any other applicable law by such indemnifying party, its officers, employees, agents and consultants, servants or subcontractors, as applicable. Such indemnification may be achieved by the purchase of general liability and property insurance policies, or by such other means as the parties may mutually agree.

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, its Authorizer and the Authorizer’s Board, Executive Director and employees as the insured or as an additional insured, in an amount not less than one million dollars (\$1,000,000.00) per occurrence and three million dollars (\$3,000,000.00) 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, the Authorizer’s Board, Executive Director, employees and Charter School Specialists 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 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:

Imagine Leadership Academy

Attn: _____
Telephone: _____
Facsimile: _____

With a copy to:

Attn: _____

Telephone: _____
Facsimile: _____

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

With a copy to:

Attn: Isabel Berio, Esq.
Imagine Schools Inc.
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.

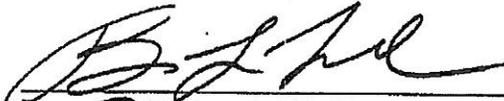
By: Barry J. Sharp
Title: SVP
Date: 4/30/13

IMAGINE LEADERSHIP ACADEMY

By: _____
Title: _____
Date: _____

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

IMAGINE LEADERSHIP ACADEMY, INC.
~~IMAGINE SCHOOLS, INC.~~


By: BRANDON FORD
Title: PRESIDENT
Date: 4-23-12

IMAGINE LEADERSHIP ACADEMY

By: _____
Title: _____
Date: _____

ATTACHMENT 3.5.3

Requirements of School Upon Closing

1. Immediate notification to school employees and parents of students of effective date of closure.
2. Implement steps to conserve all assets of the school.
 - a. Secure buildings, offices, and other real property.
 - b. Secure all student records.
 - c. Secure all other records of the school (institute "no destruction" policy).
 - d. Secure all personal property items within the school.
3. Within seven (7) business days of the school closing, transmit all student records of current students to the students' school district of residence.
4. Take inventory of all assets of the school.
 - a. Prepare written inventory list of all school assets, including financial assets.
 - b. Provide copies of the written inventory to Sponsor, Auditor of State and ODE.
5. Identify any outstanding liabilities of the school or moneys owed to the school.
 - a. Locate and secure records of governing authority (board resolutions, financial books, etc.).
6. Identify any personal property within the school that belongs to teachers or other third parties.
 - a. Prepare a written list of all personal property that belongs to teachers or third parties.
 - b. Return personal property that belongs to teachers or third parties, keep a record or receipt evidencing what property was returned.
7. Distribute assets according to statutory priority (R.C. 3314.074) in conjunction with Auditor of State:
 - a. State teachers retirement fund.
 - b. Salaries, wages, compensation, or reimbursements owed to employees of the school.
 - c. Compensation owed to private creditors of the school.
 - d. Any remaining funds to State of Ohio general revenue fund.
8. Return computer hardware or software received from eTech Ohio Commission (or former Ohio SchoolNet Commission) to the eTech Ohio Commission.

9. Supplement to Attachment 3.5.3 (next page) (as may be modified by the ODE in the future)

ODE Community School Closing Guidance

(with copies to Sponsor added)
(as may be modified by the ODE in the future)

I. Initial Notifications, Student Records and School Records

Date: _____ Notify ODE that the school is closing and send the board resolution or sponsor notice within 24 hours of the action with a copy to Sponsor.

Date: _____ Notify the Ohio State Teachers Retirement System and School Employees Retirement System and cc Sponsor.

Date: _____ Immediately take control of and secure all school records, property and assets when the school closes:

1. Student records shall immediately be put into order and transcript materials produced (certification of same required by Sponsor);
2. A final FTE review shall be requested while student records are on site at the closed school (written proof required by Sponsor);
3. Student records shall be provided to all resident districts within seven (7) business days of closure of the school as defined in R.C. 3314.44 (written proof required by Sponsor);
4. IEP records shall be provided directly to receiving school special education administrators for all students with disabilities, particularly for students with physical needs or low incidence disabilities (certification required by Sponsor);.

Date: _____ Notify the school's staff of the decision to close the school:

1. Provide a clear written timeline of the closing process;
2. Ensure that STRS and SERS contributions are current;
3. Clarify COBRA benefits and when medical benefits end;
4. Remind the faculty of their contractual obligation to teach up to the date of closing;
5. Ensure that each faculty's LPDC information is current and available to the teachers;
6. Provide sponsor contact person information to all staff; and
7. Copy Sponsor on all of the above.

Date: _____ Notify resident districts and other stakeholders of the decision to close the school:

1. Notify all resident districts, districts providing transportation and parents with a written timeline of the closing process;
 - a. Send notifications thirty (30) days prior to planned closures
 - b. Send notifications immediately for emergency closures
 - c. Notify county courts for court-placed students
2. Provide the reasons for closing and sponsor contact information;
3. Provide parents instructions about enrollment options at other community, traditional public, and nonpublic schools, including contact information;
4. Provide a written procedure with contact information for requesting student records by parents and receiving schools;
5. Notify the Information Technology Center (ITC) and arrange for a method by which all outstanding EMIS data will be reported (note: all fiscal year EMIS data must be submitted even if the school closes prior to the required submission date);
6. Notify the Office of Community Schools to eliminate all SAFE, CCIP and other ODE account logins for personnel associated with the closed school, with the exception of designated closing process reporting personnel; and
7. Copy Sponsor on all of the above.

Date: _____ Notify the public:

1. Prepare written press releases for the local media specific to the school that can be disseminated to media and provide name and phone of the school spokesperson and copy Sponsor.

Date: _____ Submit all outstanding Federal Programs and other competitive award FER and APR reports to ODE including Title I using the CCIP and copy Sponsor.

II. Disposition of Assets

Date: _____ **Keep State and Federal assets separated for purposes of disposition. Federal dollars cannot be used to pay state liabilities.** Account for all school property throughout the closing process by distinguishing state from federal dollars (copy Sponsor on all such accountings):

1. Review the financial records of the school;
 - a. Establish the fair market value (initial and amortized) via fixed assets policy, for all fixed assets;

- b. Establish check off list of purchasers with proper USAS codes (599), state codes (001,499), the price of each item, and identify the source of funds;
 - c. Establish legal authority for payment processes (e.g. checks, cash, credit cards, etc.);
 - d. Establish disposition plan for any remaining items; and
 - e. Identify any State Facilities Commission guarantees.
2. Copy Sponsor on all of the above.

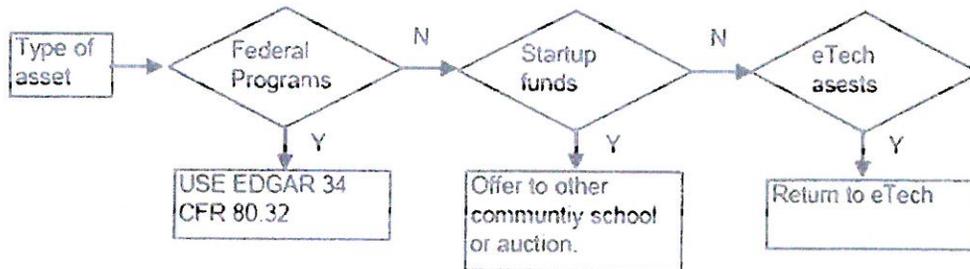
Date: _____ Make disposition of the school's fixed assets:

- 1. Offer real property acquired from a public school district to that school district's board first at fair market value. If the district board does not accept the offer within 60 days, dispose of the property in another lawful manner below.
- 2. For Federal Title and other consolidated and competitive funds, follow EDGAR liquidation procedures in 34 CFR 80.32 including disposition for items valued at \$5,000 or greater;
- 3. Current Public Charter School Program (PCSP) grant period assets must first be offered to other community schools with requisite board resolutions consistent with the purpose of the PCSP. If there are no takers, then an auction sale must be held to dispose of the assets along with the state funded assets;
 - a. Notify Office of Community Schools, then public media (print media, radio) of the date and location of any property disposition auction;
 - b. Follow EDGAR liquidation procedures in 34 CFR 80.32 for items valued at \$5,000 or greater;
 - c. Refund auction proceeds with correct federal and state program codes listed to the appropriate program with checks payable to, "Treasurer, State of Ohio";
 - d. Provide board resolutions and minutes of any transfer of assets with a dollar value of "0" to another school;
 - e. Provide OCS with a written report of the property (bill of sale);
 - f. Return to eTech (formerly Ohio SchoolNet) hardware and software to be redistributed per statutory requirements to other schools;
 - g. Remaining assets purchased from funds prior to the current USDOE award grant period may be offered to any public

school district with documented board resolutions by the community school and the accepting district.

4. Certify to and provide proof to Sponsor that 1-3 (a-g) above are completed.

Disposition Process



Date: _____ Utilize only state dollars, auction proceeds, foundation dollars and any other non-federal dollars to pay the following in order:

1. STRS/SERS/retirement and other adjustments;
2. Teachers and staff;
3. Audit preparation (prepared financials);
4. Private creditors;
5. Foundation overpayments;
6. Resident school districts pro-rated for students attending the community school; and
7. Certify to Sponsor that the above have been completed. Should Treasurer of School dispute any priorities listed by ODE above, they must notify Sponsor and provide a legal opinion supporting dispute.

III. Preparation of Itemized Financials

Date: _____ Review and prepare the following itemized financials:

1. Fiscal-year end financial statements;
2. A cash analysis (taking the previous month's recap and determining the cash balance as of the closing date);
3. A list of compiled bank statements for the year and give to the sponsor;
4. A list of investments in paper hard copy format and provide to the sponsor;

5. A list of payables and determine when a check to pay the liability clears the bank;
6. A list of all unused checks (collect and void all unused checks);
7. A list of any petty cash and provide to sponsor;
8. A list of bank accounts, closing the accounts once all transactions are cleared;
9. A list of all payroll reports including taxes, retirement, or adjustments on employee contract;
10. A list of all accounts receivables; and
11. Copy to Sponsor of 1-10 above.

Date: _____ Arrange for and establish a date for an independent accounting firm or the
 _____ Auditor of State to perform a financial closeout audit.
 _____ Copy to Sponsor of such request.

The School Governing Authority and its Treasurer have completed the above school closing procedures required by the ODE and have provided Sponsor with proof of the same.

 School Name

By: _____
 Name and Title of Board President

 Date

By: _____
 School Treasurer

 Date

By: _____
 Chief Administrator of School

 Date

ATTACHMENT 4.1

- Conflict of Interest Policy

Imagine Leadership Academy

8/17/17

114 Ethics and Conflicts Policy

A. General Ethical Behavior. While serving on the Governing Authority, each Director agrees to:

1. Obey the law and follow and implement the School's policies;
2. Not disclose or use, without appropriate authorization, any information acquired in the course of the Director's duties that is privileged or confidential under the law;
3. Not speak or act for the Board unless granted proper authority;
4. Work with the Board to establish, review and revise effective policies;
5. Delegate authority for administration to School administrators/staff;
6. Make every effort to attend all Board meetings;
7. Become informed on issues before the Board and relating to Community Schools and school choice;
8. Debate matters before the Board, but once voted upon, accept and support the Board's decision; and
9. Act ethically and in conformance with the School's mission and goals.

B. Public Officers Ethics and Conflicts Rules – Improper Influence or Use of Authority.

Ohio law requires that all Board members and School officials, including teachers performing or possessing authority to perform administrative/supervisory functions, comply with these laws.

1. Revised Code Section 102.03(D) & (E). A Board member cannot use, or authorize the use of, the authority or influence of his/her office or employment, or solicit or accept anything of value of such character as to manifest a substantial and improper influence upon him/her with respect to his/her duties.
 - a. "Anything of value" includes money and every other thing of value.
 - b. A thing of value has an improper character when it is secured from a party interested in matters before, or doing or seeking business with, the community school, its Board or employees, or where it could impair a Board member's objectivity and independence of judgment regarding his/her official actions and decisions.
 - c. A Board member shall not participate in matters that will benefit parties with whom he or she has a close family, economic, or business relationship.
 - d. **Abstain.** A Board member may avoid a conflict under R.C. 102.03(D) and (E) by abstaining from voting and refraining from discussions or deliberations of the Board regarding the matter. The Board shall follow the procedures set forth in Part E of this policy when presented with a transaction to which R.C. 102.03(D) or (E) applies.
2. Revised Code Section 2921.42(A)(1). A Board member cannot authorize or employ

- b. **Abstain.** A Board member may avoid a conflict under R.C. 2921.42(A)(1) by abstaining from voting and refraining from discussions or deliberations of the Board regarding the matter. The Board shall follow the procedures of Part D of this policy when considering a situation involving R.C. 2921.42(A)(1).
3. Revised Code Section 2921.42(A)(3). A Board member shall not occupy any position of profit in the prosecution of a public contract which she or the community school board authorized, and which was not let by competitive bidding to the lowest and best bidder while the Board member holds a position on the Board or within one year thereafter.
 - a. A Board member occupies a position of profit in a public contract whenever he/she will receive a fee or compensation that is paid from or is dependent upon the contract, or the Board member will receive some other profit or benefit from the contract.
 - b. **Abstention** will not cure an R.C. 2921.42(A)(3) conflict.
4. Revised Code Section 2921.42(A)(4). A Board member cannot have an interest in the profits or benefits of a public contract entered into by or for the use of the community school.
 - a. A Board member has a prohibited interest in the profits or benefits of a public contract if the Board member would financially benefit from the contract, or the Board member has an ownership or fiduciary interest in the entity that is entering into the contract, unless the exception in R.C. 2921.42(C) applies.
 - b. For the exception to apply pursuant to R.C. 2921.42(C), the subject of the contract must be necessary supplies or services for the community school, and the supplies or services must be unobtainable elsewhere for the same or lower cost, or be furnished to the community school as part of a continuing course of dealing established prior to the Board member becoming associated with the community school, and, treatment of the community school must either be preferential to or the same as that accorded to other customers in a similar transaction. Under the exception, the entire transaction conducted at "arms-length" with the Board's full knowledge of the Board member's interest.
 - c. Abstention will not cure an R.C. 2921.42(A)(4) conflict unless the exception in R.C. 2921.42(C) applies.
5. Revised Code Section 2921.43(A). No public servant may knowingly solicit or accept improper compensation (a) other than as allowed by R.C. 102.03 (G), (H) and (I), to perform their acts, duties or services in their public servant capacity or as a supplement thereof, or, (b) for any additional or greater fees or costs than allowed by law in order to perform their official duties;
6. Revised Code Section 2921.43(B). No public servant shall solicit or accept anything of value for their own personal or business use or for the business or personal use of another public servant or party official, in consideration for (a) appointing, securing, maintaining, or renewing the appointment of any person to public office, employment or agency, or, (b) preferring or maintaining a public employee's compensation, duties, placement, location, promotion or other material aspect of employment. A person is not prohibited from making voluntary contributions.
7. Revised Code 2921.43(C). No person shall coerce any contribution for the benefit of a political party, campaign committee, legislative campaign fund, political action committee or political contributing entity, in consideration for (a) appointing, securing, maintaining or renewing the appointment of any person to any public office, employment or agency, or (b) preferring or maintaining the status of any public employee's compensation, duties, placement, location, promotion or other material aspects of employment. Coercion need not actually cause or prohibit any action from actually occurring. A person is not prohibited from making voluntary contributions.
8. Revised Code Section 2921.44. A fiscal officer shall be disqualified from serving as a public official for four years after being found guilty of dereliction of duty in Ohio and, also prohibited from holding a public office until all restitution or repayment required by a court has been satisfied. Dereliction of duty may include (a) recklessly

by the general assembly for the use in any one year for the entity to which the public official is connected; or, (b) recklessly failing to perform a duty expressly imposed or forbidden by law with respect to the public servant's office.

C. **Excess Benefit Transaction.** Internal Revenue Code Section 4958 provides for an excise tax that is imposed on a "disqualified person" who enters into an "excess benefit transaction" with the School. The tax may be imposed on members of management who approve the transaction. A transaction is an "excess benefit transaction" if the School pays more than fair market value for goods or services.

I. "Disqualified person" includes:

- a. A person in a position to exercise substantial influence over the affairs of the School at any time during a five year period ending on the date of the transaction;
- b. A member of the family of a person described in a, above;
- c. A corporation or other entity in which persons described in a and b, above, have a 35% or greater voting or ownership interest; and
- d. Any person having a relationship described in a, b, or c above with a company that has contracted to manage the School.

D. **IRC Procedure for Matters Involving Conflicts.** The Board shall follow the following procedures when it is called upon to consider any matter with respect to which an "interested person" has a "financial interest" as those terms are defined below. Please note: the fact that the Board of Directors has followed the procedures set forth below will not enable an "interested person" to avoid the legal prohibitions of R.C. 2921.42(A)(3) and (4) discussed in Parts B.3 and B.4, above.

1. For purposes of these procedures the following words have the following definitions.

- a. An "interested person" is any Board member, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below.
- b. A person has a "financial interest" if the person, directly or indirectly, through business, investment, or family has:
 - i. An ownership or investment interest in any entity with which the School has a transaction or arrangement;
 - ii. A compensation arrangement with the School or with any entity or individual with which the School has a transaction or arrangement; or
 - iii. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the School is negotiating a transaction or arrangement.
- c. "Compensation" includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

2. **Duty to Disclose.** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Board members and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

3. **Determining Whether a Conflict of Interest Exists.** A financial interest is not necessarily a conflict of interest. Under this procedure, a person who has a financial interest will have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists. Please note: the situations described in Part B present a conflict of interest. As such, the Board need not determine whether a conflict exists for any situation described in Part B. If the situation is not described in Part B, after disclosure of the financial interest and all material facts, and after any discussion with the interested person that is permitted under these policies, he/she shall leave the Board or committee meeting while the determination of a conflict of interest is

conflict of interest exists.

4. **Procedures for Addressing the Conflict of Interest.**

- a. Except as otherwise provided in these policies, an interested person may make a presentation at the governing board or committee meeting, but after the presentation permitted under these policies, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether the School can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested Board members whether the transaction or arrangement is in the School's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

E. Other Procedures and Record Keeping Requirements.

1. **Violations of the Conflicts of Interest Policy.**

- a. If the Board or committee has reasonable cause to believe a member has failed to disclose an actual or possible conflict of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

2. **Documentation.** The minutes of the Board and all committees with board-delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

3. **Annual Statements.** Each Board member, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. Received a copy of the conflict of interest policy;
- b. Read and understands the policy;
- c. Agreed to comply with the policy;
- d. Understands the School is charitable and must engage primarily in activities which accomplish one or more of its tax-exempt purposes to maintain its federal tax exemption;

- e. Acknowledges that a voting Board member who receives compensation, directly or indirectly, from the School for services is precluded from voting on matters pertaining to that member's compensation;
 - f. Acknowledges that a voting committee member whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the School for services is precluded from voting on matters pertaining to that member's compensation; and
 - g. Acknowledges that no voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the School, either individually or collectively, is prohibited from providing information to any committee regarding compensation.
4. **Periodic Reviews.** To ensure the School operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:
 - a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
 - b. Whether partnerships, joint ventures, and arrangements with management companies conform to the School's written policies, are properly recorded, are a reasonable investment or a reasonable payment for goods and services, further its charitable purposes and do not result in inurement, impermissible private benefit, or an excess benefit transaction.
 5. **Use of Outside Experts.** The School may use outside experts in conducting its reviews, but, such use does not relieve the Board's obligation to conduct periodic reviews.
 6. **Immediate Relatives.** An "immediate relative" means the Board member's spouse, children, parents, grandparents, and siblings, as well as in-laws residing in the same household as the Board member.
 - a. If the School is not sponsored by a school district or educational service center, no present or former Board member, or immediate relative of any present or former Board member, shall be an owner, employee, or consultant of the School's sponsor or operator, unless at least one year has elapsed since the person's Board membership ceased.
 - b. If the School is sponsored by a school district or educational service center, no present or former Board member, or immediate relative of any present or former Board member, shall (i) be an officer of the Sponsor's governing board, unless at least one year has elapsed since the person's Board membership ceased, or (ii) serve as an employee of or consultant for the department, division, or section of the Sponsor organization that is directly responsible for sponsoring community schools, or have supervisory authority over such a department, division, or section, unless at least one year has elapsed since the person's Board membership ceased.
 7. **Annual Disclosure Requirement.** Each Board member shall annually file a disclosure statement setting forth the names of any immediate relatives or business associates employed, within the previous three (3) years, by (a) the sponsor or operator of the School, (b) a school district or educational service center that has contracted with the School, or (c) a vendor that is or has engaged in business with the School.

Each Governing Authority Director (Board member) shall sign a copy of this Ethics and Conflicts Policy in order to demonstrate his/her commitment to these principles.

8/16/17

Signature and Title

Date

Note: All School officials and employees, including teachers who do perform or who have the

Conflicts Laws and should sign the above acknowledgment as well.

Ohio Revised Code Chapter 102, Sections 2921.42, 2921.43, 2921.44 and 3314.02.

ATTACHMENT 5.1

- Detailed Description of Facilities, including:
 - (a) a detailed description of each facility used for instructional purposes;
 - (b) the annual costs associated with leasing each facility that are paid by or on behalf of the School;
 - (c) the annual mortgage principal and interest payments that are paid by the School; and
 - (d) the name of the lender or landlord, identified as such, and the lender's or landlord's relationship to the School's management company/operator, if any.)

SCHOOL SUBLEASE
(Imagine Leadership Academy/2405 Romig Road, Akron OH 44320)

THIS SUBLEASE ("Sublease") is dated March 29, 2013 (the "Effective Date"), by and between SCHOOLHOUSE FINANCE, LLC, a Virginia limited liability company ("Sublandlord"), and IMAGINE LEADERSHIP ACADEMY, an Ohio non-profit corporation ("School") and NORTH CENTRAL EDUCATIONAL SERVICE CENTER, an Ohio political subdivision ("NCESC"). School and NCESC are hereinafter collectively referred to as "Subtenant".

1. Grant Of Sublease. In consideration of the mutual covenants contained herein, Sublandlord hereby subleases to Subtenant and Subtenant hereby subleases from Sublandlord that certain parcel of land approximately ____ acres in size and more particularly described on Exhibit A attached hereto (the "Land") together with (i) the Facility (defined later), and (ii) all rights, easements and appurtenances belonging or appertaining to the Land or Facility (collectively, "Premises"). An approximately ____ square foot building (the "Building"), for the operation of a School (defined later), together with other related improvements and appurtenances is located on the Land (collectively, the "Facility").

2. Master Lease.

(A) Subtenant acknowledges that Sublandlord leases the Premises from Education Capital Solutions, LLC, a Delaware limited liability company ("Master Landlord") pursuant to that certain Third Amended and Restated Master Lease Agreement dated as of January 20, 2010 (such lease, together with all amendments, modifications, supplements or substitutions thereto or thereof being collectively referred to as the "Master Lease"). The existence of this Sublease is dependent and conditioned upon the existence of Sublandlord's rights under the Master Lease with respect to the Premises, and in the event of the cancellation or termination of such rights for any reason, the continuance of this Sublease shall be subject to the terms and conditions of that certain Subordination, Non-Disturbance and Attornment Agreement by and among Subtenant, Master Landlord and Sublandlord dated as of the Effective Date (the "SNDA"). All rights of Subtenant hereunder are junior and subordinate to the terms and provisions of the Master Lease. With respect to any term or provision of this Sublease which provides that Sublandlord's consent to or approval of any matter shall not be unreasonably withheld, if Master Landlord's consent to or approval of any such matter is required pursuant hereto or pursuant to the Master Lease, Subtenant agrees that it shall be deemed reasonable for Sublandlord to withhold its consent to or approval of such matter if, after reasonable diligence by Sublandlord to obtain the consent or approval of Master Landlord with respect to such matter, Master Landlord withholds its consent to or approval of such matter.

(B) Anything in this Sublease to the contrary notwithstanding, Sublandlord shall not be deemed to be in default of any term, covenant or condition in this Sublease if the Master Landlord has promised in the Master Lease to perform such term, covenant or condition and Sublandlord, after receipt of written request from Subtenant, is proceeding diligently at Subtenant's sole cost and expense to require Master Landlord to perform the same. Sublandlord

shall not be liable in damages, nor shall rent abate under this Sublease, for or on account of any failure of Master Landlord to perform any of the duties or obligations imposed on Master Landlord under the Master Lease. Nothing in this Sublease shall be construed to create privity of estate or contract between Subtenant and Master Landlord.

(C) If the Master Lease terminates, subject to the terms and conditions of the SNDA, this Sublease shall terminate and the parties shall be relieved of any further liability or obligation under this Sublease except for the liabilities accrued through such termination and the liabilities that survive such termination, provided, however, that if the Master Lease terminates as a result of a default or breach by Subtenant under this Sublease, then Subtenant shall be liable to Sublandlord for the damage suffered as a result of such termination.

(D) If any provision of this Section is in conflict with any other provisions of this Sublease, the terms of this Section shall control.

3. Master Landlord-Related Provisions.

(A) Master Landlord's Enforcement and Consent Rights. Subtenant hereby agrees that Master Landlord shall have the absolute right at any time after the occurrence and continuance of an event of default by Sublandlord under the Master Lease, upon notice to Subtenant, to enforce any and all rights Sublandlord may have under this Sublease, and all extensions, modifications and renewals thereof. Subtenant acknowledges and agrees that Sublandlord shall not consent to, cause or allow any material modification or alteration of any of the terms, conditions or covenants of this Sublease or the termination thereof, without the prior written approval of Master Landlord which shall not be unreasonably withheld, conditioned or delayed.

(B) Master Landlord's Right to Cure. Subtenant acknowledges and agrees that to the extent permitted by law, Master Landlord shall have the right, at its sole option, to cure any defaults by Subtenant under this Sublease, and any consequences thereof, for the account and at the expense of Subtenant, and Subtenant shall pay to Master Landlord all sums so advanced for such purpose, together with interest thereon at the Default Rate (as hereinafter defined) from the date of expenditure to the date of repayment; such payment shall be made upon demand.

(C) Master Landlord's Right To Access Premises. Master Landlord shall have the right to access the Premises as provided in Section 12 of this Sublease.

(D) Reporting Information. In addition to Subtenant's reporting requirements in Section 41 of this Sublease, Subtenant agrees to promptly provide Sublandlord with Subtenant's financial and other documentation that Sublandlord or Master Landlord may reasonably request.

(E) Ownership of Facility. Subtenant acknowledges that the Premises, including, without limitation, the Facility (but excluding Subtenant's Property), shall be Master Landlord's property.

(G) No Liability of Master Landlord. Subtenant acknowledges that in no event shall Master Landlord be liable for the performance of any of the covenants or obligations of Sublandlord hereunder or for the inaccuracy or incompleteness of any representations or warranties made by Sublandlord hereunder.

(H) Restrictive Agreements; Grants of Easements. Subtenant agrees during the Sublease Term to comply with and promptly perform each and all of the terms and provisions of any Restrictive Agreements (defined later), if any, insofar as they relate to the Premises and the Facility. The term "Restrictive Agreement" shall mean those certain reciprocal easement agreements, restrictive covenants, operating agreements, development agreements, easement agreements and/or other similar agreements and instruments that govern and regulate the development, use and operation of the Premises or relate to the Premises, as amended from time to time.

4. Rental.

(A) Base Rent. The "Commencement Date" hereunder is July 1, 2013. Commencing on the Commencement Date, Subtenant shall pay to Sublandlord as base rent, without demand, setoff or deduction, annual base rent ("Base Rent") in the amount of Five Hundred Eighty Three Thousand Three Hundred Twenty and 00/100 Dollars (\$583,320.00). Commencing July 1, 2014 and on the first day of each Sublease Year thereafter, Base Rent shall escalate annually at a rate equal to the lesser of the overall Consumer Price Index for the immediately preceding calendar year as reported by the Bureau of Labor Statistics ("CPI") and the maximum amount permitted by law (the "Annual Base Rent Increase").

Base Rent shall be payable to Sublandlord in equal monthly payments in advance on the first day of each and every calendar month during Sublease Term, without prior notice or demand and without setoff, deduction or counterclaim, at such place as Sublandlord shall designate from time to time in writing. Base Rent for any period during the Sublease Term or Renewal Term which is less than one (1) month shall be paid in a pro rata portion of the monthly rental installment amount.

This Sublease is not terminable by the Subtenant except as provided for herein, and the Subtenant is not entitled to any abatement of or reduction in Base Rent or Additional Rent payable hereunder, except as herein expressly provided. Any present or future law to the contrary shall not alter any provision of this Sublease.

As used in this Sublease, the term "Rent" or "rent" shall mean Base Rent and any Additional Rent. The term "Additional Rent" shall mean any and all sums payable to Sublandlord by Subtenant under this Sublease other than Base Rent.

(B) Late Fees. Sublandlord may assess a late fee of five percent (5%) of the amount due for any payment due to Sublandlord and not paid within five (5) days of the date due, to compensate Sublandlord for the extra expense of handling late payments. Such late fee will be in addition to any and all interest and costs of collection of late due amounts.

(C) Interest on Past Due Amounts. Any sum of money due to Sublandlord and not paid when due will bear interest from the due date until paid at the Default Rate (defined below). "Default Rate" shall be the lesser of (i) the Prime Rate (as defined in the Master Lease) plus four percent (4%) or (ii) the highest rate of interest that may lawfully be charged to the party then required to pay interest under this Sublease at the Default Rate.

(D) Security Deposit. On the Commencement Date, Subtenant shall pay to

Sublandlord Twelve Thousand Five Hundred and 00/100 Dollars (\$12,500.00) (the "Security Deposit"), which shall be held by Sublandlord to secure Subtenant's performance of its obligations under this Sublease. Sublandlord may, from time to time and without prejudice to any other remedy, use all or a part of the Security Deposit to perform any obligation Subtenant fails to perform hereunder. Following any such application of the Security Deposit, Subtenant shall pay to Sublandlord within thirty (30) days following demand by Sublandlord the amount so applied in order to restore the Security Deposit to its original amount. Sublandlord shall, within thirty (30) days after the Term ends, (a) return to Subtenant the portion of the Security Deposit (or, if applicable, the entire Security Deposit) and earned interest which was not applied to satisfy Subtenant's obligations and (b) provide Subtenant a statement in commercially reasonable detail indicating how the applied Security Deposit was used. The Security Deposit shall be held by Sublandlord in a non-interest-bearing account and may be commingled with other funds of Sublandlord. If Sublandlord transfers its interest in the Premises and the transferee assumes Sublandlord's obligations under this Sublease, then Sublandlord shall assign the Security Deposit to the transferee and Sublandlord thereafter shall have no further liability for the return of the Security Deposit.

5. Term. The term of this Sublease ("**Sublease Term**") shall commence on the Effective Date and shall expire twenty (20) years from the Commencement Date, unless sooner terminated pursuant to any provisions hereof. Sublandlord and Subtenant hereby confirm that the Commencement Date is July 1, 2013. Subtenant's obligation to pay Base Rent commences on the Commencement Date. As used in this Sublease, the term "**Sublease Year**" shall mean a period of twelve (12) full calendar months during the Term, with the first Sublease Year beginning on the Commencement Date, with each succeeding Sublease Year commencing on the anniversary of the first Sublease Year, provided that the last Sublease Year will end on the date of the termination or expiration of the Sublease Term.

6. Payments Of Utilities And Related Services. Subtenant shall pay for all light, heat, gas, power, garbage, water, sewer and janitorial services used in or on the Premises directly to the providers of such services. Sublandlord shall not be liable for any loss or damage caused by or resulting from any variation, interruption, or failure of said utility services due to any cause whatsoever; and no temporary interruption or failure of such services incident to the making of repairs, alterations or improvements, or due to accident, strike, act of God, or conditions or event not under Sublandlord's control, shall be deemed a breach of the Sublease or as an eviction of Subtenant, or relieve Subtenant from any of its obligations hereunder.

7. Subtenant's Acceptance Of Premises As Is. Subtenant acknowledges that Subtenant fully accepts the Facility and possession of the Premises as of the Effective Date. Subtenant acknowledges that Sublandlord makes no warranty or representation, either express or implied except as set forth herein, and, Subtenant accepts the Premises, "**AS IS, WHERE IS**", **WITH NO REPRESENTATION OR WARRANTY BY LESSOR AS TO THE FITNESS, SUITABILITY, OR USABILITY OF THE PREMISES, OR AS TO THE PRESENCE OR ABSENCE OF ANY HAZARDOUS MATERIALS ON, ABOUT OR ADJACENT TO THE PREMISES.** In addition, Subtenant hereby accepts the Premises subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, Restrictive Agreements, and all matters of record, and accepts the Sublease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Subtenant

acknowledges that neither Sublandlord nor Sublandlord's agent has made any representation or warranty as to the suitability of the Premises for the conduct of Subtenant's business or use.

8. Restrictions On Use.

(A) Subtenant shall use the Premises only for the operations of a Charter School and incidental and related purposes thereto. Subtenant will not use or permit the Premises to be used for any other purpose whatsoever without Sublandlord's prior written consent, which consent may be given or withheld in Sublandlord's sole discretion.

(B) Subtenant shall continuously occupy the Premises and conduct its business from the Premises during the Sublease Term.

(C) Subtenant covenants and agrees to comply promptly with all statutes, ordinances, rules, orders, regulations and requirements of Federal, State, County and City governments having jurisdiction over Subtenant's use and occupation of the Premises, including the Americans with Disabilities Act, as amended, 42 U.S.C. §12101 et seq. ("ADA") and Section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 791 et seq. Subtenant acknowledges and agrees that it is responsible for compliance with the ADA, and its supporting regulations, and all similar Federal, state or local laws, regulations and ordinances relating to removal of the barriers within the workplace; i.e., arrangement of interior furnishings and access within the Premises, and any improvements installed by Subtenant. If Sublandlord's consent would be required for alterations to bring the Premises into compliance, Sublandlord agrees not to unreasonably withhold its consent.

(D) Subtenant will not use or permit the use of the Premises in any manner that will tend to create a nuisance, or tend to injure the reputation of the Premises.

(E) Subtenant represents and warrants to the Sublandlord that Subtenant's use of the Premises will not involve the use of any hazardous substances regulated under the Environmental Laws (defined later). "Environmental Laws" means any past, present or future federal, state or local law, statute, rule, regulation, code, ordinance, order, decree, judgment, injunction, notice, policy, or binding agreement, and all amendments thereto, issued, promulgated, or entered into by any governmental authority, relating in any way to the surface or subsurface environment or atmosphere; the preservation, degradation, loss, damage, restoration, replacement or reclamation of natural resources; waste, petroleum or chemical handling, exposure, migration, importing, exporting, management, generation, processing, treatment, storage, transport, disposal; health; industrial hygiene; safety; or hazardous material, substance, chemical, product or any derivative, byproduct or constituent thereof.

(i) Subtenant agrees to use a high degree of care to be certain that no such hazardous substance is used on the Premises during the Sublease Term by Subtenant, its agents or assigns, or is introduced to the Premises by the act of any third party.

(ii) The parties agree that Sublandlord shall have no responsibility to the Subtenant for remedial action under any of the Environmental Laws, in the event of a release of or disposition of any such hazardous substance on, in, or at the Premises, whether such release or

disposition occurred before or during the term of this Sublease, unless caused by the gross negligence or Sublandlord.

(iii) Subtenant agrees to indemnify and hold harmless the Sublandlord from any obligation and actual and reasonable expenses, including fees incurred by Sublandlord for attorneys, consultants, engineers, laboratory testing charges, personal injury and/or natural resource damage claims, etc., arising by reason of the release or disposition of any hazardous substance upon the Premises occurring after Subtenant's first occupancy of the Premises, including any remedial action under the Environmental Laws, unless caused by the gross negligence of Sublandlord.

(iv) Subtenant agrees to promptly remedy any hazardous waste contamination upon the Premises occurring during the Sublease Term, and to pay the Sublandlord any damages incurred Sublandlord in connection with the remediation of any hazardous substance contamination discovered, any diminution of the value of the Premises occasioned by such contamination, expenses for ongoing mitigation or monitoring of the Premises, or any delay in marketing of the Premises caused by any investigation or remediation of such contamination. Such expenses shall, at the option of the Sublandlord, be considered to be Additional Rent to be paid by Subtenant to Sublandlord.

(v) The representation, covenants and obligation of this Paragraph shall survive the termination or expiration of this Sublease.

(F) Subtenant will not permit under any circumstances, any gambling (other than bingo or raffles in compliance with laws) or any other illegal practice at the Premises.

(G) Subtenant will not do or permit to be done in or about the Premises anything which will be dangerous to the life or limb, or which will increase any insurance rates upon the Premises or other buildings and improvements.

9. Taxes.

(A) Tax on Leasehold. In the event that any governmental authority having jurisdiction over this Sublease during the Sublease Term, shall levy any tax on this Sublease or any part thereof or any rental occupancy tax, then Subtenant shall promptly pay such charge even though such tax may be a liability of the Sublandlord, and such payment made by Subtenant hereunder shall be considered Additional Rent.

(B) Taxes on Subtenant's Property. Subtenant shall pay promptly when due all taxes assessed during the Sublease Term upon Subtenant's fixtures, furnishings, equipment and other property, Subtenant's leasehold interest under this Sublease, or upon any other personal property situated in or upon the Premises.

10. Maintenance Of Premises. Subtenant shall pay all costs, expenses, fees and charges incurred in connection with the use or occupancy of the Premises, including without limitation, all costs and expenses required to be incurred in the event that any governmental authority imposes mandatory controls or guidelines on the Premises, or any part thereof, relating to the use or conservation of energy, water, gas, oil and electricity or in the event that

Sublandlord is required to make alterations to the Premises as required to comply such mandatory or voluntary obligations. Subtenant shall at all times, at its own expense, and subject to reasonable wear and tear and damage, keep the Premises in first class condition and repair as a charter school. With respect to the Premises, such maintenance and repair shall include, without limitation, all interior and exterior repairs (including all replacements of components, systems or parts which are a part of, or are incorporated into, the Premises or any part thereof), whether structural or nonstructural, foreseen or unforeseen, ordinary or extraordinary and all Premises maintenance including, without limitation, removal of dirt, rubbish and other obstructions and maintenance of sidewalks and landscaping. Subtenant acknowledges and agrees that Sublandlord shall have no obligation to maintain or repair the Premises, or any portion thereof. Subtenant shall have full responsibility for maintenance, repairs, and replacements, capital or otherwise. Subtenant shall attend any maintenance training required by Sublandlord from time to time and shall comply with any maintenance and repair requirements established by Sublandlord from time to time and all guidelines, requirements and standards contained in any construction and manufacturing warranties with respect to the maintenance, repair and replacement of the Premises, any portion thereof, and any equipment serving the Premises. All replacements made by Subtenant in accordance under this Lease shall be of like size, kind and quality to the items replaced as they existed when originally installed and shall be subject to Sublandlord's approval. Subtenant shall forthwith replace in a neat and workmanlike manner any glass doors and windows broken upon the Premises. Subtenant will not overload and will permit no waste, damage or injury to the Premises and at Subtenant's own cost and expense, will keep all drainage pipes free and open and will protect water, heating and other pipes so that they will not freeze or become clogged, and will repair all leaks, and will also repair all damages caused by leaks or by reason of a Subtenant's failure to protect and keep free, open and unfrozen any of the pipes and plumbing on the Premises. Upon Sublandlord's request, Subtenant shall, at its sole cost and expense, contract with a qualified service company approved by Sublandlord for the periodic maintenance and the repair and replacement, as necessary, of the Premises, and any portion thereof, including air-conditioning system serving the Premises. If Subtenant fails to perform Subtenant's obligations under this Paragraph in a manner satisfactory to Sublandlord in its reasonable determination, Sublandlord may at its option (but shall not be required to) enter the Premises, after ten (10) days' prior written notice to Subtenant, and put the same in good order, condition and repair, and the cost thereof together with interest thereon at the Default Rate shall become due and payable as Additional Rent to Sublandlord upon demand.

11. Right Of Inspection. Sublandlord, Master Landlord and their respective contractors, employees and agents may enter the Premises at all reasonable hours and upon reasonable verbal or written notice (and in emergencies at all times) without diminution or abatement of rent and without liability to Subtenant, to: (a) inspect the Premises; (b) make repairs, additions or alterations to the Premises or to any property owned or controlled by Sublandlord and Master Landlord; (c) serve or post any notice required or permitted under the provisions of this Sublease or by law; (d) cure any Event of Default by Subtenant or to exercise any remedy of Sublandlord available for an Event of Default; (e) show the Premises to prospective new Subtenants and purchasers; and (f) for any other lawful purpose incident to Master Landlord's ownership of the Premises. In exercising the foregoing rights, Sublandlord shall use commercially reasonable efforts to minimize any interference with Subtenant's operations at the Premises, and comply with Subtenant's reasonable rules or requirements for safety and security of students.

12. Alterations. Subtenant will not make any alteration, additions or improvements in or to the Premises without the written consent of Sublandlord first having been obtained, which consent may be withheld in Sublandlord's sole discretion. Before commencing any work relating to approved alterations, additions and improvements affecting the Premises, Subtenant shall notify Sublandlord in writing of the expected date of commencement thereof. Subtenant shall not permit any mechanics or materialmen's liens to be levied against the Premises for any labor or material furnished to Subtenant or claimed to have been furnished to Subtenant or to Subtenant's agents or contractor in connection with work of any character performed or claimed to have been performed on the Premises by or at the direction of Subtenant. Unless Sublandlord requires their removal by notice to Subtenant given at the time of consent, all alterations, improvement or additions which may be made on the Premises shall become the property of Sublandlord and remain upon the Premises and be surrendered with the Premises at the expiration of the Sublease Term. If any mechanics or materialmen's lien, at any time, is filed against the Premises, or any part of the Premises, Subtenant will cause such lien to be discharged of record within thirty (30) days after the filing of such lien (or any shorter period if required under any superior instruments applicable to the Premises), except that if Subtenant desires to contest such lien, it will furnish Sublandlord, within such 30-day (or shorter) period, security reasonably satisfactory to Sublandlord and its lender of at least 150% of the amount of the claim (or such higher amount as required to comply with applicable statutes to release the lien), plus estimated costs and interest or comply with such statutory procedures as may be available to release the lien. If a final judgment establishing the validity or existence of a lien for any amount is entered, Subtenant will pay and satisfy the same at once.

At any time Subtenant either desires to or is required to make any repairs, alterations, additions, improvements or utility installation thereon, or otherwise, Sublandlord may at its sole option require Subtenant, at Subtenant's sole cost and expense, to obtain and provide to Sublandlord a lien and completion bond in an amount equal to one and one-half (1½) times the estimated cost of such improvements, to insure Sublandlord against liability for mechanics and materialmen's liens and to insure completion of the work. Subtenant agrees that Sublandlord, at its option, may at its own expense make repairs, alterations or improvements which Sublandlord may deem necessary or advisable for the preservation safety or improvement of the Premises, including the right to modernize, improve, alter or make other changes to the Facility, or any portion thereof following no less than thirty (30) days' notice to Subtenant and approval of Subtenant (which approval shall not be unreasonably withheld, delayed, or conditioned) solely as to the nature of such alterations or improvements to make sure they are consistent with Subtenant's use of the Premises and its programmatic requirements, provided that Subtenant shall at all times have reasonable access to the Premises, and Sublandlord shall schedule all such activities to minimize interference with Subtenant's school program.

13. Limitation Upon Lessor's Liability. Sublandlord shall not be liable for any damage to property or persons caused by, or arising out of (a) any defect in or the maintenance or use of the Premises; or (b) water coming from the roof, water pipes, or any other source whatsoever, whether within or without the Premises; or (c) any act or omission of Subtenant or other occupants of the building, or their agents, servants, employees or invitees thereof.

14. Insurance.

(A) Sublandlord's Insurance. Sublandlord shall procure and maintain during the Sublease Term all policies of insurance required of Sublandlord under the Master Lease, including without limitation insurance against all risk of physical loss or damage to the Premises, and any other insurance policies Sublandlord may carry from time to time as determined in Sublandlord's reasonable discretion. Subtenant shall reimburse Sublandlord, as Additional Rent, for all premium and deductible expenses incurred by Sublandlord in connection with insurance against all risk of physical loss or damage to the Premises and comprehensive boiler and machinery/equipment breakdown.

(B) Subtenant's Insurance.

(i) Liability Insurance. The Subtenant shall obtain and maintain at its own expense during the Sublease Term a policy of comprehensive public liability insurance insuring Sublandlord and Subtenant against any liability arising out of the use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be in an amount of not less than \$2,000,000 for injury to or death of one person in any one accident or occurrence and in an amount of not less than \$2,000,000 for injury to or death of more than one person in any one accident or occurrence, plus additional umbrella coverage in the amount of at least \$5,000,000.00. Such insurance shall further insure against liability for property damage of at least \$2,000,000. The limits of said insurance shall not, however, limit the liability of Subtenant hereunder. Such insurance shall name Sublandlord and Master Landlord (and Master Landlord's lender if requested by Master Landlord) as additional insureds.

(ii) Insurance on Personal Property. Subtenant agrees, at Subtenant's expense, to maintain during the entire Sublease Term a policy providing fire and extended coverage, vandalism, malicious mischief, sprinkler leakage and special extended coverage insurance in an amount adequate to cover the full cost of replacement of all personal property, inventory, decorations, trade fixtures, furnishings, equipment and other contents in the Premises.

(iii) Business Interruption Insurance. Subtenant agrees, at Subtenant's expense, to maintain during the entire Sublease Term a policy providing business income/extra expense insurance at limits sufficient to cover 100% of the period of indemnity not less than six (6) months from the time of loss and an extended period of indemnity of thirty (30) days. Such insurance shall name Sublandlord and Master Landlord (and Master Landlord's lender if requested by Master Landlord) as additional insureds.

(iv) Other Insurance Policies. In addition to the foregoing policies, Subtenant agrees, at Subtenant's expense, to maintain the following insurance policies during the entire Sublease Term: (i) Workers' Compensation Insurance as required by law for all of its employees who work at or visit the Premises; and (ii) such other insurance policies as Sublandlord may reasonably require from time to time or as are customary for reasonably prudent lessees similarly situated to Subtenant to carry.

(C) Insurance Policies. All Subtenant's insurance policies required under this Section shall name Sublandlord, Master Landlord and the holder of any first mortgage or deed of trust on the Premises as additional insureds. All insurance policies required under this Section 14 (to the extent applicable) shall be delineated as primary in coverage to any other available insurance coverage. Any company underwriting any of the insurance required to be procured by Subtenant under this Sublease shall have, according to *A.M. Best Insurance Guide*, a Best's rating of not

less than A:XX and a claims paying ability of AA or better by S&P or equivalent rating agency approved by Sublandlord, Master Landlord and Master Landlord's lender (if any) and shall be licensed in the state in which the Premises are located. Prior to the Commencement Date, Subtenant shall deliver to Sublandlord copies of policies of such insurance acquired by Subtenant, or certificates evidencing the existence and amounts of such insurance with loss payable clauses satisfactory to Sublandlord. No such policy shall be cancelable or subject to reduction of coverage or other modification except after thirty (30) days prior written notice to Sublandlord. Subtenant shall, not less than thirty (30) days prior to the expiration of such policies, furnish Sublandlord with renewals or "binders" thereof, and if not so provided after five (5) days' notice to Subtenant, Sublandlord may order such insurance and charge the cost thereof to Subtenant, which amount shall be payable by Subtenant upon demand. Subtenant shall not do or permit to be done anything which shall invalidate the insurance policies referred to above. Subtenant shall forthwith, upon Sublandlord's demand, reimburse Sublandlord for any additional premiums attributable to any act or omission or operation of Subtenant causing such increase in the cost of insurance. If the Subtenant shall fail to procure and maintain any insurance required hereunder, the Sublandlord may, but shall not be required to, procure and maintain the same, but at the expense of Subtenant. If Sublandlord is the insuring party, and if the insurance policies maintained hereunder cover other improvements in addition to the Premises, Sublandlord shall deliver to Subtenant a written statement setting forth the amount of any such insurance cost increase and showing in reasonable detail the manner in which it has been computed.

(D) Release: Waiver of Subrogation. Anything in this Sublease to the contrary notwithstanding, it is agreed that each party (the "Releasing Party") hereby releases the other (the "Released Party") from any liability which the Released Party would, but for this Section, have had to the Releasing Party during the Sublease Term resulting from any accident or occurrence or casualty (i) which is covered by Subtenant's required insurance hereunder, or (ii) which is or would be covered by a fire or "all risk" property insurance policy in use in the state in which the Premises is located, whether or not the Releasing Party is actually maintaining such an insurance policy, or (iii) which is covered by any other casualty or property damage insurance being carried by the Releasing Party at the time of such occurrence, which casualty may have resulted in whole or in part from any act or neglect of the Released Party, its officers, agents or employees; provided, however, the mutual releases hereinabove set forth shall become inoperative and null and void if the Releasing Party wishes to place such insurance with an insurance company which takes the position that the existence of such release vitiates or would substantially adversely affect any policy so insuring the Releasing Party and notice thereof is given to the Released Party. Notwithstanding any other term or provision to the contrary set forth herein, Subtenant agrees and acknowledges that Sublandlord shall have no responsibility or liability for any loss, damage or injury to Subtenant's Property which is located in, on or about the Premises at any time and from time to time, regardless of the cause of such loss, damage or injury, and that all of Subtenant's Property is located in, on or about the Premises at Subtenant's sole risk. Subtenant hereby releases Sublandlord from any and all claims with respect to loss, damage or injury to Subtenant's Property located in, on or about the Premises, regardless of the cause of such loss, damage or injury, except to the extent the same is caused by any willful or grossly negligent act or omission of Sublandlord, its agents, employees or contractors.

(E) Hold Harmless. Subtenant agrees to indemnify and save harmless, Master Landlord, Sublandlord, their trustees, directors, officers, agents and servants from and against all

liabilities, costs and expenses (including reasonable attorney's fees and expenses) and all actual damages imposed upon or asserted against the Master Landlord, as fee owner of the Premises, and/or Sublandlord, as a leasehold owner of the Premises, or consequential damages imposed upon or asserted against the Master Landlord or Sublandlord by unaffiliated third parties, including, without limitation, any liabilities, costs and expenses damages imposed upon or asserted against Master Landlord or Sublandlord, on account of (i) any use, misuse, non-use, maintenance or repair by Subtenant of the Premises, (ii) any impositions which are the obligation of Subtenant to pay pursuant to the applicable provisions of this Sublease, (iii) any liability Sublandlord may incur or suffer as a result of the ADA affecting the Premises, (iv) any accident, injury to or death of any person or damage to property on or about the Premises, except in each instance to the extent the same is caused by any willful or grossly negligent act or omission of Master Landlord or Sublandlord, their agents, employees or contractors; and (v) any and all liabilities, claims, demands, damages, penalties, expenses (including, without limitation, reasonable costs and attorneys' fees including reasonable costs and attorneys' fees on any appeal), judgments, proceedings and causes of action imposed upon, incurred by, or asserted against Sublandlord or Master Landlord, which arise out of, or are alleged to have arisen out of, any violation by Subtenant or Subtenant's agents, contractors, Subtenants, employees, licensees, concessionaires or invitees (collectively, "Subtenant's Agents") of any of the terms or provisions of the Sublease. If at any time any claims, costs, demands, losses or liabilities are asserted against Master Landlord or Sublandlord by reason of any of the matters as to which Subtenant indemnifies Sublandlord hereunder, Subtenant will, upon notice from Sublandlord, defend any such claims, costs, demands, losses or liabilities at Subtenant's sole cost and expense by counsel selected by Subtenant and reasonably acceptable to Master Landlord and/or Sublandlord.

(F) Exemption of Sublandlord from Liability. Except for claims arising from Sublandlord's gross negligence or willful misconduct that are not covered by Sublandlord's and Subtenant's insurance required hereunder, Subtenant waives all claims against Sublandlord for injury or death to persons, damage to property, personal property, or to any other interest of Subtenant sustained by Subtenant or any party claiming, through Subtenant resulting from: (i) any occurrence in or upon the Premises, (ii) leaking of roofs, bursting, stoppage or leaking of water, gas, sewer or steam pipes or equipment, including sprinklers, (iii) wind, rain, flooding, freezing, fire, explosion, earthquake, excessive heat or cold, or other casualty, (iv) the Facility, Premises, or the operating and mechanical systems or equipment of the Facility, being defective, or failing, and (v) any theft, vandalism, malicious mischief, theft or other acts or omissions of any other parties including, without limitation, contractors and invitees at the Premises.

15. Force Majeure. In the event that either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lockouts, labor troubles, unavailability of materials, failure of power, restrictive change in governmental laws or regulations, riots, insurrections, war, or any other cause or contingency beyond the control of the party delayed in performing work or doing acts required under the terms of this Lease (each an event of "Force Majeure"), then performance of such act shall be extended for a period equivalent to the period of such delay. The provisions of this paragraph shall not, however, operate to excuse Subtenant from the prompt payment of Base Rent, Additional Rent, or any other payment required by the terms of this Sublease, to be made by Subtenant.

16. Assignments And Subleases.

(A) Sublandlord may assign this Sublease or any interest in this Sublease at any time without the consent of Subtenant.

(B) Subtenant shall not, either voluntarily or by operation of law, assign, transfer, mortgage, encumber, pledge or hypothecate this Sublease, or Subtenant's interest in this Sublease, in whole or in part, permit the use of the Premises or any part of the Premises by any persons other than Subtenant or Subtenant's employees, or sublease the Premises or any part of the Premises, without the prior written consent of Sublandlord, which consent shall not be unreasonably withheld, it being understood and agreed that Master Landlord shall retain the right to approve or deny any such request in Master Landlord's sole discretion and any denial by Sublandlord as a result of a denial by Master Landlord shall in all cases be deemed reasonable. If Subtenant is or becomes a profit corporation, an unincorporated association or a partnership, the assignment, transfer, mortgage, encumbrance, pledge or hypothecation of any stock or interest in such corporation, association or partnership shall be deemed an assignment within the meaning of this Section. Subtenant agrees to reimburse Sublandlord for all expenses incurred by Sublandlord in connection with any such request for sublease or assignment. Any transfer of this Sublease from Subtenant by merger, consolidation, liquidation or transfer of assets shall constitute an assignment for the purposes of this Sublease. Regardless of Sublandlord's consent, no subletting or assignment shall release Subtenant of Subtenant's obligation to pay the rent and to perform all other obligations to be performed by Subtenant hereunder for the term of this Sublease. The acceptance of rent by Sublandlord from any other person shall not be deemed to be a waiver by Sublandlord of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. Any sale assignment, hypothecation, transfer or subletting of this Sublease which is not in compliance with the provisions of this Section shall be void. Sublandlord's consent, if any, in writing to Subtenant's subleasing the Premises, or any portion thereof, shall not be effective until and unless Subtenant and its sublessee execute and deliver to Sublandlord a Consent to Sublease in the form attached as **Exhibit B** to this Lease.

(C) Notwithstanding anything to the contrary in Subsection (B) above, Subtenant may without Sublandlord's consent, grant licenses as part of its functioning as a public school to community groups such as boy scouts, girl scouts, community sports leagues, or churches ("**Third Party Temporary Occupant**") for temporary or episodic use of a portion of the Premises outside of school hours ("**Incidental Concurrent Use**"), provided that such licenses shall be subject and subordinate at all times to this Sublease, and to all of the terms and conditions of this Sublease and shall in no event extend beyond the June 30 immediately succeeding the commencement date thereof; provided further that Sublandlord shall not be bound by any of the terms, covenants, conditions, provisions or agreements of such licenses and shall not be liable to such licensees for any of Sublandlord's actions or omissions under this Sublease. Prior to each Incidental Concurrent Use, Subtenant shall confirm that either the Third Party Temporary Occupant has obtained commercial general liability and workers' compensation insurance as described in Section 14 above naming Landlord as an additional insured or that Subtenant's insurance as described in Section 14 above shall cover said Incidental Concurrent Use, and prior to such Incidental Concurrent Use, Subtenant shall provide Sublandlord with certificates to evidence such insurance. Subtenant shall provide Sublandlord copies of any such

permitted licenses within fifteen (15) days following execution of the same.

(D) Anything contained in this Sublease to the contrary notwithstanding, Subtenant shall not: (i) sublet or assign or enter into other arrangements such that the amounts to be paid by the sublessee or assignee thereunder would be based, in whole or in part, on the income or profits derived by the business activities of the sublessee or assignee; (ii) sublet or assign the Premises or this Sublease to any person that Master Landlord owns, directly or indirectly (by applying constructive ownership rules set forth in Paragraph 856(d)(5) of the Internal Revenue Code), a 10% or greater interest within the meaning of Paragraph 856(d)(2)(B) of the Code; or (iii) sublet or assign the Premises or this Sublease in any other manner or otherwise derive any income which could cause any portion of the amounts received by Sublandlord or Master Landlord pursuant to this Sublease, the Master Lease or any sublease to fail to qualify as "rents from real property" within the meaning of Paragraph 856(d) of the Code, or which could cause any other income received by Sublandlord or Master Landlord to fail to qualify as income described in Paragraph 856(c)(2) of the Code. The requirements of this Section (D) shall likewise apply to any further subleasing by any sublessee.

17. Destruction Of Premises.

(A) Damage or Destruction; Sublandlord to Rebuild. In case the Premises or the Facility are partially or totally destroyed by fire or other casualty insurable under the insurance policies maintained by Sublandlord under Section 14 so as to become partially or totally untenable, Sublandlord agrees to rebuild and repair the Premises as provided in Subsection (C) below and there shall be no abatement or reduction of Rent, unless Sublandlord elects not to rebuild as provided in Subsection (B) below.

(B) Sublandlord's Option to Terminate. In the event that:

(i) The Premises are declared unsafe or unfit for occupancy by any governmental authority and repairs are thereby required in excess of \$500,000, and Sublandlord and Subtenant cannot reach agreement as to the payment and/or amortization of such costs necessary to make such repairs;

(ii) Such destruction occurs during the last two (2) years of the Sublease Term and Sublandlord's estimated time to complete the repairs is more than 90 days to complete the repairs;

(iii) Sublandlord's estimated time to complete the repairs is more than 240 days to complete the repairs;

(iv) Sublandlord is required to pay all or substantial portion of insurance proceeds under its insurance policy to Master Landlord or Master Landlord's lender, as applicable;

(v) Insurance proceeds adequate to repair the Facility are not available to Sublandlord for any reason other than Sublandlord's failure to maintain insurance in amounts and types as required by Section 14.2(A) above;

(vi) To the extent the consent of Master Landlord's lender (if any) is required for restoration of the Facility, Master Landlord's lender is not willing to grant such consent;

(vii) To the extent the consent of Master Landlord is required for restoration of the Facility, Master Landlord is not willing to grant such consent; or

(viii) Sublandlord, as the Tenant under the Master Lease, has the right to terminate the Master Lease,

then, in any such event, Sublandlord shall promptly notify Subtenant in writing of the foregoing ("Sublandlord's Notice") and either party may terminate this Sublease within twenty (20) days after Sublandlord's Notice by giving written termination notice to the other party. If neither party elects to terminate this Sublease as provided above, subject to the provisions of (D) below, this Sublease will remain in full force and effect and the parties waive the provisions of any law to the contrary, and Sublandlord shall, with the insurance proceeds available to Sublandlord and only to the extent such proceeds are sufficient for such repair, rebuild or put the Facility in good condition and fit for occupancy within 240 days after such destruction or damage (using due diligence but subject to Force Majeure events).

(C) Portions to be Rebuilt by Sublandlord and Subtenant. Sublandlord's obligation to rebuild (should Sublandlord elect or be obligated to repair or rebuild) will be limited to the Facility, as originally provided to Subtenant on the Commencement Date, to the extent that insurance proceeds are available to Sublandlord to rebuild. All insurance proceeds available as a result of any casualty, including any proceeds payable under Sublandlord's insurance policy or any other property insurance covering the Premises maintained by Subtenant or Sublandlord under Section 14 of this Sublease, will be payable solely to Sublandlord, and Subtenant will have no interest in such proceeds. Unless this Sublease is terminated by Sublandlord, Subtenant shall replace all personal property and trade fixtures placed in the Premises by Subtenant in a manner and in at least a condition equal to that existing prior to the destruction or casualty and the proceeds of all insurance carried by Subtenant on its property and fixtures shall be held in trust by Subtenant for the purpose of said repair and replacement.

18. Condemnation.

(A) Rights under Master Lease. If the Master Lease gives Sublandlord any right to terminate the Master Lease in the event of the partial or total condemnation of the Premises, the exercise of such right by Sublandlord shall not constitute a default or breach hereunder.

(B) Termination of Lease. If the whole or a substantial portion of the Premises shall be acquired or condemned by eminent domain proceedings for any public or quasi-public use, then Sublandlord shall have the right to terminate this Sublease as of the date title or possession shall be transferred in such proceedings, whichever shall first occur, and all rental shall be paid up to that date and Subtenant shall have no claim against Sublandlord for the value of any unexpired Sublease Term.

(C) Partial Condemnation. If any part of the Premises shall be taken, and such partial taking shall render that portion not so taken unsuitable for the conduct of the business of Subtenant, then Sublandlord may terminate this Sublease. If such partial taking is not extensive enough to render the Premises unsuitable for the business of Subtenant, then this Sublease shall

continue in effect without any rent abatement and Sublandlord shall, upon receipt of the award in condemnation, make all necessary repairs or alterations to the Facility (excluding Subtenant's Property), provided that Sublandlord shall not be required to expend for such work an amount in excess of the amount received by Sublandlord as damages for the part of the Premises so taken.

(D) Condemnation Award. In the event of any condemnation or taking as herein above specified, whether whole or partial, Subtenant shall not be entitled to any part of the award, as damages or otherwise, for such condemnation, and Sublandlord is to receive the full amount of such award, Subtenant hereby expressly waiving any right or part thereto; provided that Sublandlord will not be entitled to any award made to Subtenant for loss of business, cost of removal of trade fixtures and relocation expenses.

19. Surrender of Premises. On the last day of the Sublease Term, or on any sooner termination, Subtenant shall surrender the Premises to Sublandlord in good condition, broom clean, ordinary wear and tear excepted and deliver all keys to the Premises to the Sublandlord. On or before the last day of the Sublease Term, Subtenant shall remove from the Premises any and all personal property of Subtenant located on the Premises, including, but not limited to, furniture, equipment, and fixtures belonging to or leased by Subtenant and repair, at its expense, any damage to the Premises occasioned by its removal, which repair shall include the patching and filling of holes and repair of structural damage. Any and all alterations, additions or improvements which may be made by either of the parties on the Premises, except movable office furniture or trade fixtures put in at the expense of Subtenant, shall be the property of the Sublandlord and shall remain on and be surrendered with the Premises as part thereof upon termination of this Sublease, unless Sublandlord requires to remove them at the end of the Sublease Term.

20. Defaults; Remedies.

(A) Subtenant's Default. The occurrence of any one or more of the following events shall constitute a default and breach of this Sublease by Subtenant (an "Event of Default"):

- (i) the abandonment of the Premises by Subtenant;
- (ii) the failure or refusal of Subtenant to make any payment of Base Rent, Additional Rent or any other payment required to be made by Subtenant hereunder, as and when due, where such failure continues for a period of five (5) days after notice thereof from Sublandlord to Subtenant;
- (iii) the failure by Subtenant to observe or perform any of the other covenants, conditions or provisions of this Sublease, including any Exhibit of this Sublease, to be observed or performed by Subtenant, where such failure shall continue for a period of thirty (30) days after written notice thereof from Sublandlord to Subtenant; provided, however, that if the nature of the Event of Default is such that more than thirty (30) days are reasonably required for its cure, then Subtenant shall not be deemed to be in default if Subtenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion, or if Subtenant neglects or fails to perform or observe any of the other covenants, terms, provisions or

conditions on the part of Sublandlord, as Subtenant under the Master Lease, within the period therein specified;

(iv) Subtenant makes an unauthorized assignment of this Sublease or enters into any unauthorized sublease;

(v) the termination or expiration without renewal of the Operating Agreement between the School and Imagine Schools, Inc. ("Imagine") dated as of _____, 2013 (the "Operating Agreement"). In the event that Imagine stops providing Critical Services to the Charter School (as defined in the Operating Agreement) or terminates the Operating Agreement other than at the end of a school year and such termination of services is not as a result of the School's fraudulent misrepresentation or willful misconduct, then notwithstanding any provision in this Sublease to the contrary, Subtenant shall have the option to continue leasing the Premises upon the terms and conditions set forth in this Sublease until the end of the then current school year or the next succeeding June 30, whichever is later and thereafter Subtenant shall have no further obligations under this Sublease;

(vi) any representation or warranty made by Subtenant herein or in any certificate, financial statement or document furnished pursuant to the provision hereof shall prove to have been false or misleading in any material respect as of the time made or furnished;

(vii) if Subtenant (a) admits in writing its inability to pay its debts generally as they become due, (b) commences any case, proceeding or other action seeking to have an order for relief entered on its behalf as debtor or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any federal, state or local law relating to bankruptcy, insolvency, reorganization or relief of debtors, (c) makes an assignment for the benefit of its creditors, (d) is generally unable to pay its debts as they mature, (e) seeks or consents to the appointment of a receiver of itself or of the whole or any substantial part of its property, or (f) files a petition or answer seeking reorganization or arrangement under an order or decree appointing, without the consent of Sublandlord, a receiver of Subtenant of the whole or substantially all of its property, and such case, proceeding or other action is not dismissed or stayed within ninety (90) days after the commencement thereof; or

(viii) if the estate or interest of Subtenant in the Premises or any of them or any part thereof is levied upon or attached in any proceeding and the same is not vacated or discharged or stayed within the later of ninety (90) days after commencement thereof or thirty (30) days after receipt by Subtenant of notice thereof from Sublandlord (unless Subtenant is contesting such lien or attachment in accordance with this Lease).

(B) Sublandlord's Remedies:

(i) Remedies. Upon any Event of Default by Subtenant under this Sublease, Sublandlord may at any time, without waiving or limiting any other right or remedy available to Sublandlord, take any or all of the following actions:

(a) perform in Subtenant's stead any obligation that Subtenant has failed to perform, and Subtenant shall reimburse Sublandlord promptly for any cost incurred by Sublandlord with interest from the date of such expenditure until paid in full at the Default Rate;

(b) terminate Subtenant's rights and interests under this Sublease by providing written notice of termination to Subtenant;

(c) reenter and take possession of the Premises by any lawful means (with or without terminating this Lease);

(d) pursue any other legal or equitable remedy including, without limitation, specific performance or declaratory or injunctive relief.

(ii) Miscellaneous. Subtenant shall pay to Sublandlord damages arising from Subtenant's default and any and all costs of exercising any of the foregoing remedies, including attorney and expert fees and costs, the cost of recovering possession of the Premises, all costs of reletting, including reasonable renovations, remodeling and alteration of the Premises, the amount of any commissions paid by Sublandlord in connection with such reletting, and all other costs and damages arising out of the Subtenant's default. No reentry to or taking possession of the Premises or other action by Sublandlord or its agents on or following the occurrence of any Event of Default by Subtenant shall be construed as an election by Sublandlord to terminate this Sublease or as an acceptance of any surrender of the Premises, unless Sublandlord provides Subtenant written notice of such termination or acceptance. No remedy or election hereunder shall be deemed exclusive, but shall wherever possible, be cumulative with all other remedies at law or in equity.

(C) Liability of Subtenant. Notwithstanding any termination or reentry upon an Event of Default by Subtenant, the liability of Subtenant for the rent payable under this Sublease shall not be extinguished for the balance of the Sublease Term, and Subtenant agrees to compensate Sublandlord on demand for any deficiency, whether arising from (v) re-letting the Premises at a lesser rent than applies under this Lease, (w) re-letting the Premises for a term shorter than the remaining Sublease Term, (x) re-letting less than all of the Premises, (y) any default in the payment of rent by any person to whom Sublandlord re-lets the Premises, or (z) any other cause whatsoever.

(D) Default by Sublandlord. Sublandlord shall not be in default under this Sublease unless Sublandlord fails to perform an obligation required of Sublandlord under this Sublease within thirty (30) days after written notice by Subtenant to Sublandlord and the holder of any mortgage or deed of trust covering the Premises whose name and address have been furnished to Subtenant in writing, specifying the respects in which Sublandlord has failed to perform such obligation, and such holder fails to perform such obligation within a second thirty (30) day period commencing on the expiration of such first thirty (30) day period. If the nature of such obligation is such that more than thirty (30) days are reasonably required for performance or cure, Sublandlord shall not be in default if Sublandlord or such holder commences performance within their respective thirty (30) day periods and after such commencement diligently prosecutes the same to completion.

21. Termination of Charter. In the event of (i) the loss or suspension of the Charter; or (ii) the enactment, repeal, promulgation or withdrawal of the state charter law such that this Sublease or the operation of the School on the Premises in conformity with this Sublease or the School's charter contract violates the law, subject to the terms and conditions of the SNDA, this Sublease shall terminate and the parties shall be relieved of any further liability or obligation under this Sublease except for the liabilities accrued through such termination and the liabilities that survive such termination.

22. Waiver. No waiver by Sublandlord of a breach by Subtenant of any covenant, agreement, stipulation or condition of this Sublease shall be construed to be a waiver of any succeeding breach of the same covenant, agreement, stipulation or condition or breach of any other covenant, agreement, stipulation or condition. The acceptance by Sublandlord of rent after any breach by the Subtenant of any covenant or condition by the Subtenant to be performed shall be construed to be payment for the use and occupation of the Premises and shall not waive any such breach or right of forfeiture arising therefrom.

23. Status of Parties. Nothing contained in this Lease shall be deemed or construed by the parties or by any third party to create the relationship of principal and agent, or of partnership, or of joint venture, or of any association whatsoever between Sublandlord and Subtenant.

24. Recording Short Form Sublease. This Sublease shall not be recorded except by agreement of both parties.

25. Binding Effect; Choice of Law. Subject to any provisions hereof restricting assignment or subletting by Subtenant, all of the provisions hereof shall bind and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. This Sublease shall be governed by the laws of the State of Ohio, without giving effect to its conflict of law principles.

26. Notices. All notices under this Sublease shall be in writing and delivered in person, with written acknowledgment of receipt thereof, or sent by overnight courier service, or by certified mail, return receipt requested, unto the other party at the following addresses:

SUBLANDLORD:

Schoolhouse Finance, LLC
1005 North Glebe Road, Suite 610
Arlington, VA 22201
Attention: President

SUBTENANT:

North Central Ohio ESC
928 West Market Street
Tiffin, OH 44883
Attn: Dr. Jim Lahoski, Supt/CEO

or in case of any notice unto Subtenant after the Commencement Date, to the Premises, or such address as may hereafter be designated by either party in writing.

27. Estoppels. Subtenant shall at any time upon not less than ten (10) days prior written notice from Sublandlord execute, acknowledge and deliver to Sublandlord a statement in writing (i) certifying that this Sublease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Sublease, as so modified, is in full force and effect) and the date to which the rent, security deposit, and other charges are paid in advance, if any, (ii) acknowledging that there are not, to Subtenant's knowledge, any uncured defaults on the part of Sublandlord hereunder, or specifying such defaults, if any, which are claimed, and (iii) including any other information as may be requested by Sublandlord and/or Master Landlord. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises. Subtenant's failure to deliver such statement within such time shall be conclusive upon Subtenant (i) that this Sublease is in full force and effect, without modification except as may be represented by Sublandlord, (ii) that there are no uncured defaults in Sublandlord's performance, and (iii) that not more than one (1) month's rent has been paid in advance.

28. Financial Statements. If Sublandlord or Master Landlord desires to finance or refinance the Premises, or any part thereof, Subtenant hereby agrees to deliver to any lender designated by Sublandlord or Master Landlord such financial statements of Subtenant as may be reasonably required by such lender. Such statements shall include the past three (3) years' financial statements of Subtenant (if available).

29. Legal Review. Each party has reviewed, and has had the opportunity to consult with its own counsel as to the terms of this Sublease and represents that it understands and has full knowledge of its rights and obligations under this Sublease. The parties hereto expressly waive any and all applicable common law and statutory rules of construction that any provision of this Sublease should be construed against the Sublease's drafter, and agree and affirm that the Sublease and all provisions thereof shall in all cases be construed as a whole, according to the fair meaning of the language used.

30. Incorporation of Prior Agreements, Amendments. This Sublease contains all agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Sublease may be modified in writing only, signed by the parties in interest at the time of the modification.

31. Holding Over. If the Premises are not surrendered at the end of the Sublease Term, Subtenant will indemnify Sublandlord for, from and against any loss or liability resulting from delay by Subtenant in so surrendering the Premises, including without limitation, any claims made by Master Landlord and/or any succeeding lessee based on such delay. This indemnity will survive the expiration or earlier termination of the Sublease Term and any holdover term. If Subtenant should remain in possession of the Premises after the expiration of the Sublease Term without executing a new Sublease, then such holding over will be construed as a tenancy from month to month, subject to all the covenants, terms, provisions and obligations of this Sublease except that the Base Rent during any holdover tenancy will be equal to the Base

Rent in effect at the expiration of the Sublease Term multiplied by 150%. Nothing contained in this Section or elsewhere in this Sublease will be construed as Sublandlord's permission for Subtenant to hold over or as limiting Sublandlord's remedies against a holdover lessee.

32. Subordination; Attornment.

(A) This Sublease shall be automatically subordinate to any mortgage, deed of trust, or any other hypothecation for security ("**Mortgage**") now or hereafter placed upon the Premises and to any and all advances made on the security thereof. If any mortgage, trustee or ground lessor, including the Master Landlord, shall elect to have this Sublease prior to the lien of its mortgage, deed of trust or ground lease, including the Master Lease, and shall give written notice thereof to Subtenant, this Sublease shall be deemed prior to such mortgage, deed of trust, ground lease, or Master Lease, whether this Sublease is dated prior to subsequent to the date of said mortgage, deed of trust, ground lease, or Master Lease, or the date of recording thereof. Subtenant agrees to execute any reasonable documents required to effectuate such subordination or to make this Sublease prior to the lien of any mortgage, deed of trust, ground lease, or Master Lease, as the case may be, and the failing to do so within ten (10) days after written demand, does hereby make, constitute and irrevocably appoint Sublandlord as Subtenant's attorney in fact and in Subtenant's name, place and stead, to do so.

(B) In the event that (i) the Master Lease is terminated, or (ii) the Master Lease or this Sublease is rejected under Section 365 of the Bankruptcy Code, Subtenant will attorn to the Master Landlord and recognize the Master Landlord as the lessor under this Sublease, provided that Master Landlord has provided Subtenant with a non-disturbance agreement with commercially reasonable terms containing a covenant binding upon the holder thereof to the effect that as long as no Event of Default shall have occurred and be continuing, this Sublease shall not be terminated or modified in any respect whatsoever, nor shall the rights of Subtenant hereunder or its occupancy of the Premises be affected in any way.

(C) In the event Subtenant enters into a sublease for any part of the Premises (a "**Sub-Sublease**"), the Sub-Sublease shall include a requirement that the tenant under the Sub-Sublease will attorn to (i) Master Landlord in the event that the Master Lease and this Lease are terminated or in the event that the Master Lease, this Sublease and the Sub-Sublease are rejected under Section 365 of the Bankruptcy Code, or (ii) Sublandlord, as the tenant under the Master Lease, in the event this Sublease is terminated or in the event that this Sublease or the Sub-Sublease are rejected under Section 365 of the Bankruptcy Code.

33. Attorney's Fees. If either party named herein brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, on trial or appeal, shall be awarded their reasonable attorney's fees to be paid by the losing party as fixed by the court, in addition to any other damages or awards.

34. Authority. Any individual executing this Sublease on behalf of an entity hereby individually represents and warrants that they are duly authorized to execute this Sublease on behalf of the entity and to cause the entity to be bound thereby. Subtenants each represent to Sublandlord that their respective Boards of Directors ("**Board**") have approved the terms of this Sublease. On or prior to the execution of this Sublease by Subtenants, each Subtenant shall

submit to Sublandlord a copy of the Board resolution approving the terms of the Sublease and authorizing an individual executing this Sublease on behalf of such Subtenant to execute this Sublease; such resolution shall be in substantially the same form as Exhibit C to this Sublease.

35. Broker. Neither Sublandlord nor Subtenant has dealt with any broker or agent in connection with the negotiation or execution of this Sublease. Tenant and Landlord shall each indemnify the other against all costs, expenses, attorneys' fees, and other liability for commissions or other compensation claimed by any other broker or agent, except for Broker, claiming the same by, through, or under the indemnifying party.

36. Transfer of Premises by Sublandlord. In the event of any sale, conveyance, transfer or assignment by Sublandlord of its interest in the Premises, Sublandlord shall be relieved of all liability arising from the Sublease and arising out of any act, occurrence or omission occurring after the consummation of such sale, conveyance, transfer or assignment. The Sublandlord's transferee shall be deemed to have assumed and agreed to carry out all of the obligations of the Sublandlord under this Sublease, including any obligation with respect to the return of any security deposit.

37. Interpretation. Whenever the context requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include both other genders. The section headings contained in this Sublease are for purposes of reference only and shall not limit, expand, or otherwise affect the construction of any provisions of this Sublease. The provisions of this Sublease shall be construed both as covenants and conditions in the same manner as though the words importing such covenants and conditions were used in each separate provision hereof.

38. Invalidity of Provision. If any provisions of this Sublease as applied to either party or to any circumstance shall be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, the same shall in no way affect (to the maximum extent permitted by applicable law) any other provision of this Sublease, the application of any such provision under circumstances different from those adjudicated by the court, or the validity or enforceability of the Sublease as a whole.

39. Counterparts. This Sublease may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and all of which shall together constitute one and the same instrument.

40. Time of Essence. Time is of the essence of each provision of this Sublease.

41. Reporting Requirements.

(A) Subtenant's Reporting Requirements.

(i) Enrollment. School covenants and agrees to provide Sublandlord and Master Landlord with the expected enrollment and actual enrollment (as verified by State published reports, if any) as soon as such items are available, as calculated by including each student considered as participating in the School as a result of the most recent count required by the governmental agency responsible

for granting Subtenant its charter or other such agency as designated by the laws of Ohio (the "State") to collect and verify enrollment data from public charter schools. Subtenant shall also provide to Sublandlord an annual report documenting (i) the previous school year's progress in meeting the performance-based goals identified in Subtenant's Charter and (ii) all State-mandated test scores and other accountability indicators, including proficiency rates and Annual Yearly Progress (AYP) results as required under the federal No Child Left Behind Act of 2001 (for so long as such statute applies to public Charter Schools).

(ii) Financials. Within thirty (30) days following its annual issuance, School shall provide to Sublandlord a copy of its annual audited financial statements and its auditor's report. In addition, within thirty (30) days after submittal to the State, School shall provide to Sublandlord a copy of its annual operating budget, as approved by the School's governing board and submitted to the State.

(iii) Good Standing. On the first day of each Sublease Year, School shall provide to Sublandlord documentation from the government agency responsible for granting School its charter that School is in good standing under its charter. School shall also provide to Sublandlord all documentation related to School's five-year compliance review by the governmental authority having jurisdiction over School's charter.

(iv) Other. Subtenant shall also provide such other documents and instruments as Sublandlord of Master Landlord may reasonably require.

(B) Master Landlord's Status as a REIT. Subtenant acknowledges that Master Landlord intends to elect to be taxed as a real estate investment trust ("REIT") under the Code. Subtenant shall exercise its reasonable best efforts not do anything which would materially adversely affect Master Landlord's status as a REIT. Subtenant agrees to enter into reasonable modifications of this Sublease which do not materially adversely affect Subtenant's rights and liabilities if such modifications are required to retain or clarify Master Landlord's status as a REIT.

[ALL SIGNATURES APPEAR ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, Sublandlord and Subtenant have executed this Lease under seal as of the day and year first above written.

SUBLANDLORD:

SCHOOLHOUSE FINANCE, LLC,
A Virginia limited liability company

By: 

Name: Ken M. Brown

Title: Vice President

SUBTENANT:

IMAGINE LEADERSHIP ACADEMY,
an Ohio non-profit corporation

By: _____

Name: _____

Title: _____

NORTH CENTRAL EDUCATIONAL SERVICE CENTER,
an Ohio political subdivision

By: _____

Name: _____

Title: _____

IN WITNESS WHEREOF, Sublandlord and Subtenant have executed this Lease under seal as of the day and year first above written.

SUBLANDLORD:

SCHOOLHOUSE FINANCE, LLC,
A Virginia limited liability company

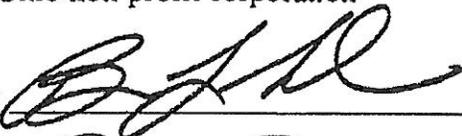
By: _____

Name: _____

Title: _____

SUBTENANT:

IMAGINE LEADERSHIP ACADEMY,
an Ohio non-profit corporation

By:  _____

Name: BRANDON FORD

Title: BOARD PRESIDENT

NORTH CENTRAL EDUCATIONAL SERVICE CENTER,
an Ohio political subdivision

By:  _____

Name: Mr. James Kahoski

Title: Superintendent/CEO

Exhibit A
Legal Description of Land

Fire Evacuation Route

