

MANAGEMENT AGREEMENT

This Management Agreement is made and entered into as of the ____ day of _____, 2005, by and between **National Heritage Academies, Inc.** a Michigan corporation ("NHA"), and **Bennett Venture Academy**, an Ohio non profit corporation and Ohio public community school (the "School").

Balance on file
NHA
2/2/05

RECITALS

The School is a charter school, organized as a public community school under the revised Ohio Code Section 3314 (the "Code"). The School has been granted a contract (the "Contract") by the Lucas County Educational Service Center (the "Sponsor") to organize and operate a public community school, with Sponsor as the authorizing body.

The School and NHA desire to enter into a Management Agreement which will allow them to create an enduring educational alliance by promoting educational excellence and innovation, based on NHA's school design, comprehensive educational program and management principles.

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 School represents that it is authorized by law to contract with a private entity and for that entity to provide educational and business administration management services. The School further represents that it has been or will be granted the Contract by Sponsor to organize and operate a public community school. The School is therefore authorized by the Code and Sponsor to supervise and control such school, and is invested with all powers necessary or desirable for carrying out the educational program contemplated in this Agreement.

B. Contract. The School hereby contracts with NHA, to the extent permitted by law, for the provision of all labor, materials, equipment, facilities and supervision necessary for the provision of educational services to students, and the management, operation and maintenance of the School in accordance with the educational goals, instructional programs, curriculum, methods of pupil assessment, admission and other policies and criteria, school calendar and school day schedule, age and grade range of pupils to be enrolled, and method to be used to monitor compliance with performance of targeted educational outcomes, all as adopted by the School's Board of Directors (the "Board") and included in the Contract between the School and Sponsor. The School certifies that, to the best of its knowledge, upon its execution, this Agreement will be a valid and binding obligation of the School enforceable in accordance with its terms, except as the enforceability thereof may be limited by applicable reorganization,

insolvency, liquidation, adjustment of debt, moratorium or other similar laws affecting the enforcement of the rights of creditors generally as such laws may be applied in the event of the reorganization, insolvency, liquidation, adjustment of debt or other similar proceeding or a moratorium applicable to the School and by general principles of equity.

C. Designation of Agents. The Board designates the employees of NHA as agents of the School having a legitimate educational interest such that they are entitled to access to educational records under 20 U.S.C. §1232g, the Family Educational Rights and Privacy Act (“FERPA”).

D. Status of the Parties. NHA is a for-profit Michigan corporation, and is not a division or a part of the School. The School is an Ohio non profit corporation and part of the State of Ohio’s program of public education as authorized by the Code, and is not a division or part of NHA. The parties to this Agreement intend that the relationship created by this Agreement is that of an independent contractor and not employer - employee. Except as expressly provided in this Agreement, no agent or employee of NHA shall be deemed to be the agent or employee of the School. NHA shall be solely responsible for its acts and the acts of its agents, employees and subcontractors. The relationship between NHA and the School is based solely on the terms of this Agreement, and the terms of any other written agreements between NHA and the School.

ARTICLE II

TERM

A. Term. This Agreement shall be effective as of the date of signing of this Agreement and unless otherwise renewed or terminated pursuant to this Agreement shall continue until termination or expiration of the Contract, inclusive of any contract renewal periods and subject to the terms and obligations herein..

ARTICLE III

FUNCTIONS OF NHA

A. Responsibility. NHA shall be responsible and accountable to the Board for the administration, operation and performance of the School in accordance with the Contract. NHA’s responsibility is expressly limited by: (i) the School’s budget which is to be submitted and approved by the Board as provided in this Agreement, and (ii) the availability of base state funding to pay for said services. Neither NHA nor the School shall be required to expend School funds on services in excess of the amount set forth in the School budget.

B. Educational Program. NHA agrees to implement the educational goals and programs as set forth in the Contract (the “Educational Program”). In the event NHA determines that it is necessary to modify the Educational Program, NHA shall inform the Board of the proposed changes and obtain Board approval, and if required under the Contract, approval of Sponsor. 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 and efficiency, and that the School and NHA are interested in results and not in inflexible prescriptions. Not less than annually, and otherwise as requested, NHA will provide the Board with updated reports on progress towards implementing each of the School’s educational goals in the Educational Program.

C. Specific Functions. Subject to the oversight and authority of the Board as provided herein, NHA shall be responsible for the management, operation, administration, accounting and Educational Program at the School. Such functions include, but are not limited to:

1. Implementation and administration of the Educational Program, including the selection and acquisition of instructional materials, equipment and supplies, and the administration of any and all extra-curricular and co-curricular activities and programs approved by the Board.

2. Employment and Management of all personnel functions, including standard professional development for the School Administrator and instructional personnel and the personnel functions outlined in Article VI.

3. Securing a facility to be leased or otherwise provided to the Board, operation of the facility, and the installation of technology integral to the school design.

4. All aspects of the business administration of the School.

5. All aspects of the accounting operation, including budgets, general ledger management and financial reporting, including but not limited to audits (annual or special).

6. Transportation and food service, if any is provided, for the School.

7. Any other function necessary or expedient for the administration of the School, including but not limited to the annual reports, ADM or similar reporting, EMIS and other reporting required by Ohio law.

D. Purchases. Purchases made by NHA on behalf of the School with the School’s funds, such as non-proprietary instructional and/or curriculum materials, books and supplies, and equipment will be the property of the School (exclusive of capital items leased or purchased by NHA). NHA’s educational materials and teaching techniques used by or at the School shall be subject to disclosure to the extent required under the Ohio Revised Code and the Freedom of Information Act. The School will own all proprietary rights to curriculum or educational

materials that (i) are both directly developed and paid for by the School; or (ii) were developed by NHA at the direction of the Board with School funds dedicated for the specific purpose of developing such curriculum or materials. However, NHA shall own all proprietary rights to, and the School's proprietary interest shall not include, curriculum or educational materials that were previously developed or copyrighted or similarly protected by NHA, or curriculum or educational materials that are developed by NHA with funds from the School that are not otherwise dedicated for the specific purpose of developing School curriculum or educational materials. NHA's educational materials and teaching techniques used by or at the School shall be subject to disclosure to the extent required under the Ohio Revised School Code and the Freedom of Information Act.

E. Subcontracts. NHA reserves the right to subcontract any and all aspects of all services it agrees to provide to the School, including, but not limited to transportation and/or food service. However, NHA 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.

F. Place of Performance. NHA 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.

G. Student Recruitment. NHA 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 accordance with the procedures set forth in the Contract and in compliance with the Ohio Revised Code and other applicable law.

H. Due Process Hearings. NHA shall provide student due process hearings in conformity with the requirements of state and federal law regarding discipline, special education, confidentiality and access to records, to an extent consistent with the School's own obligations.

I. Legal Requirements. NHA shall provide educational programs that meet federal, state, and local requirements, and the requirements imposed under the Code and the Contract, unless such requirements are or have been waived, but the School shall interpret state and local regulations as liberally as allowed by law, in order to give NHA flexibility and freedom to implement its educational and management programs.

J. Rules and Procedures. NHA shall recommend reasonable rules, regulations and procedures applicable to the School and is authorized and directed to enforce such rules, regulations and procedures adopted by the School.

K. School Year and School Day. The school year and the school day shall be as provided in the Contract consistent with the Ohio Revised Code.

L. Pupil Performance Standards and Evaluation. NHA shall implement pupil performance evaluations that permit evaluation of the education progress of each School student.

NHA shall be responsible and accountable to the Board for the performance of students who attend the School. NHA will utilize assessment strategies required by the terms of the Contract. The Board and NHA will cooperate in good faith to identify measures of and goals for School students and school performance, including but not limited to parent satisfaction.

M. Services to Disabled Students and Special Education. NHA shall provide special education services to students who attend the School in conformity with the requirements of state and federal law. NHA may subcontract as necessary and appropriate for the provision of services to students whose special needs cannot be met within the School's program, subject to approval of the School Board. Such services shall be provided in a manner that complies with local, state and federal laws and applicable regulations and policies.

N. Contract between the School and Sponsor. NHA will not act in a manner which will cause the School to be in breach of its Contract with the Sponsor or its Policies or with applicable law .

O. Unusual Events. NHA agrees to timely notify the Board and/or 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 School in complying with its responsibilities hereunder.

P. Student and Financial Records. All student and financial information related to the School shall be available for inspection at the School upon reasonable request consistent with applicable federal and state laws.

Q. School Records/Proprietary. The financial, educational and student records pertaining to the School are School property, and such records are subject to the provisions of the Ohio Public Records Law to the extent required by applicable law. All School records shall be physically or electronically available, upon request, at the School. Except as prohibited under the Contract and applicable law, the Sponsor and the public shall have access to the School's records.

R. Intellectual Property Rights. NHA shall own all intellectual property rights, including (without limitation) any copyright rights, in and to, the Educational Program and all Educational Materials relating thereto, as well as any non-curriculum materials created or provided by NHA in connection with, or related to, the implementation of the educational Program, including all corrections, modifications, and derivatives thereof (collectively, "NHA Materials"). The parties acknowledge that to the extent School Materials are derivative of NHA Materials, the School's intellectual property ownership rights extend only to the new, original aspects of such works and not to any underlying or pre-existing material. Relevant Education Materials and teaching techniques used by or at the School shall be subject to disclosure to the extent required under the Revised School Code and Freedom of Information Act.

NHA hereby grants to the School the non-exclusive, non-transferable license to use the NHA Materials in furtherance of the Education Program only during the terms of this Agreement

or any renewal thereof, including (without limitation) the right to reproduce, publicly display, distribute, and create derivatives of same, in hard copy format, or electronically via the School's intranet, (whether or not the latter is hosted by the NHA, SCHOOL DATA COMPANY, LLC or a third party). To the extent any School Materials may be derivative of NHA Materials, the School shall have the non-exclusive, non-transferable right to use such NHA Materials, as same may have been previously embodied or incorporated in the School Materials, beyond the termination or expiration of this Agreement solely in connection with the operation of the School and in the ordinary course of such operations. The School represents and warrants that during the term of this Agreement, or following the expiration or termination of this Agreement, the School will not exploit, or assist any third party in exploiting, the School Materials or any NHA Materials for commercial purposes. The School hereby grants NHA the non-exclusive, irrevocable, worldwide, assignable right to use, distribute, modify and display the School Materials, in any and all media now known or hereafter developed, solely for education purposes.

NHA hereby grants the School the non-exclusive, non-transferable license to use NHA's trade name and the trademark(s) specified in Exhibit A hereto to promote and advertise the School. No other use of the NHA Trademarks is permitted without NHA's prior written permission. The School shall acquire no rights in the NHA Trademarks, and all goodwill of the NHA Trademarks shall inure to the benefit of and remain with NHA. NHA shall have pre-approval rights for each form and manner of public display of the NHA Trademarks.

Educational Materials" shall include (without limitation) print and electronic textbooks, instructional materials, lesson plans, teacher guides, exercise, workbooks, tests and other curriculum-related materials.

ARTICLE IV

OBLIGATIONS OF THE BOARD

A. Good Faith Obligation. The Board shall be responsible for its fiscal and academic policy. The Board shall exercise good faith in considering the recommendations of NHA, including but not limited to, NHA's recommendations concerning policies, rules, regulations and budgets.

B. Assistance to NHA. The School shall cooperate with NHA in furnishing all information and submitting all forms and reports required in association with this Agreement, including timely notice of all Board meetings. The School shall timely furnish NHA all documents and records necessary and in the Board's possession for NHA to properly perform its responsibilities under this Agreement.

C. Unusual Events. The School agrees to timely notify NHA 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 NHA in complying with its responsibilities hereunder.

D. NHA Office Space. For the term of this Agreement, suitable office space shall upon request be provided at the School without cost for NHA personnel and subcontractors. The office space shall be used by NHA only for NHA activities related to the School. The School shall also provide NHA, upon NHA's request, with an additional room to be used for activities related to the School.

E. Retained Authority. The Board shall retain the authority to make reasonable regulations relative to anything necessary for the proper establishment, maintenance, management, and carrying on of the School, including regulations relative to the conduct of pupils while in attendance at the School.

F. Building Facility. NHA shall lease or otherwise cause a facility to be made available to the Board for school classroom facilities. The facility shall comply with, or otherwise be approved, with respect to state and federal (ie: ADA) regulations governing the use of the facility as an elementary/middle school, as applicable.

ARTICLE V NON-GOVERNMENTAL SOLICITATION OF FUNDS

NHA shall seek Board approval prior to receipt of non-governmental funds or contributions on behalf of the Academy. Any such funds so received may only be used in accordance with the purpose for which they were solicited, applicable donor restrictions, or as otherwise approved by the Board.

ARTICLE VI FINANCIAL ARRANGEMENTS

A. Revenues. Except as hereinafter provided, all monies received by the School Board shall be deposited in the School's depository account within three (3) business days with a financial institution acceptable to the Board, provided, however, that upon the receipt of a notice from NHA, the School agrees to pay all such sums owing under this Agreement directly to the account or party specified in such notice. Except as specifically excluded by the terms of this Agreement, the term "Revenues" shall include all funds received by or on behalf of the School, including but not limited to:

- 1) Funding for public school students enrolled in the School.
- 2) Special education funding provided by Federal or State Governments to the School that is directly allocable to special education students in the School.

- 3) Gifted and Talented funding provided by Federal and State Governments that is directly allocable to Gifted and Talented students in the School.
 - 4) At-Risk Funding provided by Federal and State Governments to the School that is directly allocable to At-Risk students in the School.
 - 5) Funding provided by Federal and State Governments to the School that is directly allocable to students in the School with limited English proficiency.
 - 6) Federal and State grant sources, including Title I, which is directly allocable to the School.
 - 7) All other grants and donations received by the School (except to the extent NHA is not required or involved in soliciting, administering, or managing such grants and/or donations).
 - 8) Fees charged to students for extra services as and to the extent permitted by law.
- (All of the above are hereinafter collectively referred to as the "Revenues").

In performing its obligations under this Agreement, NHA shall comply with the terms of the Budget approved and authorized by the Board, and NHA thereby guarantees fiscal solvency during the period of time in which the School operates. The expenditure of Revenues received from governmental entities shall be consistent with all applicable regulations and policies, and in the case of private donations, the directives of the donor where applicable.

B. Budget

1. Projected Budget. NHA shall provide the Board with an annual projected Budget (the "Budget"). For the School's first academic year, the Budget shall be submitted prior to the beginning of the academic year. Thereafter, the Budget shall be submitted to the Board prior to May 1st of the next academic year.

2. Budget Detail. The Budget shall contain reasonable detail as requested by the Board. The Budget shall include all projected expenses and costs reasonably associated with operating the School and the NHA school program including, but not limited to, the projected cost of: all services and education programs provided to the School, leasehold and other lease or purchase costs incurred for the facility, maintenance and repairs to School facilities and capital improvements except as otherwise agreed upon, supplies and furnishings necessary to operate the School, all taxes of any kind that are assessed or imposed, insurance premiums, utilities, professional fees, and other costs and expenses connected to operating the School.

3. Approval. The Budget shall be prepared by NHA and submitted to the Board for approval. The Budget may be amended from time to time as deemed necessary by NHA and the Board.

4. Expenditures. NHA shall comply with the provisions of the Budget or amended Budget and shall not deviate materially therefrom without Board approval.

5. Board Designated Funds. Notwithstanding any other provision of this Agreement, during the term of this Agreement, there shall be reserved in the School's account an amount up to 2%, not to exceed \$35,000. No annual special or independent audits shall be paid by Board designated funds, however, the designated funds may otherwise be used during the year by the Board at its discretion. During each year of the Agreement, the designated funds shall accumulate pro rata as Revenues are received during the year.

C. Fee. NHA shall receive all Revenues as its gross Management Fee (the "Fee"), from which it shall pay all operating costs of the School identified in the Budget approved by the Board. It is anticipated that NHA will be paid its Fee on the same frequency that the School receives its Revenues. NHA shall be entitled to retain as compensation for its services rendered pursuant to this Agreement the difference, if any, between the amount of the School's Revenues and the amount of Revenues actually expended by NHA in operation and/or management of the School. Notwithstanding any provision to the contrary contained herein, the School acknowledges and agrees that, with the exception of moneys which, pursuant to State or federal law or in the case of private donations the directions of the donor, are restricted as to use, upon the receipt of Revenues due or payable to the School either by the Sponsor or a governmental unit, such moneys immediately become compensation of NHA for its services provide pursuant to this Agreement. Further, the School understands and acknowledges that the School has no further right to or claim upon the Revenues as outlined in Article VII of this Agreement.

D. Availability of Funds. NHA shall only be required to perform its responsibilities under this Agreement to the extent that there are sufficient Revenues on a per annum basis to make payments in accordance with the terms of the Budget provided such budget has been reasonably updated on a regular basis to reflect needed changes.

E. Other Public School Academies. The School acknowledges that NHA may enter into similar management agreements with other public school academies. NHA shall maintain separate accounts for expenses incurred by and behalf of the School and other NHA managed schools, and shall only charge the School for expenses incurred by or on behalf of the School. If NHA incurs authorized reimbursable expenses on behalf of the School and other NHA managed schools which are incapable of precise allocation, then NHA shall allocate such expenses among all such academies, including the School, on a prorated basis based upon the number of students enrolled at such academies, or upon such other equitable basis as is acceptable to the parties.

F. Financial Reporting. NHA shall provide the Board with:

- 1) The projected annual Budget as required by the terms of this Agreement.
- 2) Detailed statements of all Revenues received, and detailed statements of all direct expenditures for services and or expenses rendered or incurred to or on behalf of the School, whether incurred on-site or off-site, upon request.

3) Reports on School operations, finances, and student performance shall be provided upon request (at regularly scheduled Board meetings), but not less frequently than four (4) times per year.

4) Other information on a periodic basis to enable the Board to (i) monitor NHA's performance and the efficiency of its operation of the School, and (ii) furnish reports and information which the School is required to provide pursuant to its Contract and/or the Code.

G. Access to Records. NHA shall keep accurate financial records pertaining to its operation of the School, together with all School financial records prepared by or in possession of NHA, 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. NHA and the School shall maintain the proper confidentiality of personnel, students, and other records as required by law.

H. Review of Operational Budget. The School Board shall be responsible for reviewing and approving the annual Budget of the School.

I. Independent Audit. If required by statute or to obtain financing, the School Board and NHA shall select and retain an independent auditor to conduct an audit of the School. Subject to applicable law, all finance and other records of NHA related to the School will be made available to the School's independent auditor. The annual audit to be performed by the Auditor of the State will be paid by the School. Any independent or special audit shall be paid by NHA, using its gross management Fee.

J. Start-up Financing/Operating Losses. NHA will provide funds for start-up costs and/or operating losses for the School, including funds for the development of a curriculum, technology system and school operations plan; recruiting, selecting and pre-service training of staff members; and cleaning, fixing and equipping of the School building as required by this Agreement. NHA advances shall be included in the Budget and shall be in amounts acceptable to NHA. NHA shall be reimbursed from the Revenues as and when funds are available and upon proper documentation. Nothing herein shall be deemed to exclude the School from receiving state or federal start-up funds, grants or sub-grants.

K. Other Financing. The Board may apply to NHA for financing from time to time. The School shall reimburse NHA for any such financing from its Revenues.

ARTICLE VII

PERSONNEL & TRAINING

A. Personnel Responsibility. NHA shall select and hire qualified personnel to perform services at the School. Personnel shall be employees of NHA, unless otherwise agreed

by NHA and the Board. Each party shall be responsible for all compensation for their respective employees. The compensation of all employees will be paid in accordance with the Budget referenced in Article V as amended from time to time. NHA shall have the responsibility and authority to determine staffing levels, and to select, evaluate, assign, discipline, transfer and terminate personnel consistent with the Budget and state and federal law.

B. School Administrator. The accountability of NHA to the School is an essential foundation of this Agreement. Since the responsibility of the School Administrator is critical to the School's success, NHA shall have the authority, consistent with state law, to select and supervise each School Administrator and to hold the School Administrator accountable for the success of the School. NHA shall consult with the Board with respect to the hiring of the School Administrator, and NHA shall remove the School Administrator from the School if the Board is reasonably dissatisfied with his or her performance. The duties of the School Administrator, and the terms of the school administrator's employment contract, shall be determined by NHA subject to approval by the Board. The School Administrator shall be accountable for the performance of the School, and shall work with NHA in conjunction with the operation and management of the School. Since the selection and performance of the School Administrator is essential to the success of the School, the Board's failure to adopt/ratify NHA's recommendations with respect to the School Administrator

C. Teachers. NHA shall, consistent with subparagraph A above, determine the number of teachers, and the applicable grade levels and subjects, required for the operation of the School. NHA shall provide the School with such teachers, qualified in the grade levels and subjects required, as are required by the School. The curriculum taught by such teachers shall be consistent with the Educational Program. Such teachers may, in the discretion of NHA, work at the School on a full or part time basis. If assigned to the School on a part time basis, such teachers may also work at other schools managed or operated by NHA. Each teacher assigned to the School shall hold a valid teaching certificate issued by the state board of education under the Code and undergo a criminal background check as if such teacher was employed by the School.

D. Support Staff. NHA shall, consistent with subparagraph A above, determine the number and the functions of support staff required for the operation of the School. NHA shall provide the School with qualified staff to efficiently operate the _school in accordance with the Contract. The support staff may, in the discretion of NHA, work at the School on a full or part time basis. If assigned to the School on a part time basis, the support staff may also work at other schools managed or operated by NHA.

E. Training. NHA shall provide training in its methods, curriculum, program, and technology to all teaching personnel on a regular basis. Non-instructional personnel shall receive such training as NHA determines reasonable and necessary under the circumstances.

F. Limitations on Discretion. All decisions made by NHA, and any discretion exercised by NHA, in its determination of staffing levels and its selection, evaluation, assignment, discipline, and transfer of personnel, shall be consistent with the Budget, State and

federal law, and consistent with the parameters adopted and included within the Educational Program.

G. Background Checks. NHA shall comply with Ohio law regarding background checks and certification or licensure, as applicable, for all persons working in the School.

H. Terms of Employment. No member of the staff at the School shall be subject to any covenant not to complete or other employment restriction as part of the terms of his or her employment with NHA for services at the School.

ARTICLE VIII

TERMINATION OF AGREEMENT

A. Termination.

1. **By NHA.** NHA may, at its option, terminate this Agreement prior to the end of the terms specified in Article II in the event the Board fails to remedy a material event within 30 days after notice from NHA. A material event includes, but is not limited to, NHA's failure to receive for any reason compensation or reimbursement as required by the terms of this Agreement, or the School's loss or suspension of its Contract.

2. **By School.** The School may terminate this Agreement prior to the end of the terms specified in Article II in the event that NHA shall fail to remedy a material breach within 30 days after notice from the Board. Material breach includes, but is not limited to: (i) failure to account for its expenditures or to pay School operating costs (provided funds are available to do so), (ii) failure to follow policies, procedures, rules, regulations or curriculum duly adopted by the Board which are not in violation of the Contract, this Agreement, or law, or (iii) receipt by the Board of unsatisfactory reports from NHA or from an educational consultant retained by the Board about matters concerning NHA's performance or the performance of the staff which are not adequately corrected or explained.

3. **By Either Party.** Either party may terminate this Agreement for any reason upon giving not less than 90 days notice to the other party.

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 a material event or unusual and compelling circumstances, the termination will not become effective until the end of the current academic year.

2. Removal of personal property. Upon termination or expiration of this Agreement, NHA shall have the right to remove equipment and other assets owned or leased by NHA. Equipment and other assets owned by the School or leased by the School from third parties shall remain the property of the School.

3. Future Advances/Out-of-Pocket Expenses. Upon termination or expiration of this Agreement, for any reason, all future advances or out-of-pocket expenses paid by NHA shall be immediately repaid by the School unless otherwise agreed in writing by NHA.

ARTICLE IX

INDEMNIFICATION

A. Indemnification. Each party to this Agreement does hereby indemnify and hold harmless the other, and Sponsor, and their respective boards of directors, partners, officers, employees, agents, representatives, and attorneys from and against any and all claims, actions, damages, expenses, losses or awards which arise out of (i) the negligence of the other party, (ii) any action taken or not taken by the other party, or (iii) any noncompliance or breach by the other party of any of the terms, conditions, warranties, representations, or undertakings contained in or made pursuant to this Agreement. As used in this subsection, "party" shall include the party's trustees, directors, officers, employees, agents, representatives and attorneys. Such indemnification may be achieved by the joint purchase of general liability and property insurance policies, by directors and officers' liability policies or by such other means as the parties may mutually agree.

ARTICLE X

INSURANCE

A. Insurance Coverage. Each party shall maintain general liability insurance in the amount of One Million Dollars (\$1,000,000.00) per occurrence (or such greater amount if required by the terms of the Contract or applicable law), with the other party listed as an additional insured. In addition, the School shall maintain an umbrella liability policy of two million dollars (\$2,000,000.00) (or such greater amount if required by the terms of the Contract or applicable law), with NHA listed as an additional insured. The building and related capital facilities remain the responsibility of the Board and the Board shall cover its property with insurance. Each party shall, upon request, present evidence to the other that it maintains the requisite insurance in compliance with the provisions of this paragraph. Each party shall comply with any information or reporting requirements required by the other party's insurer(s), to the extent reasonably practicable.

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

ARTICLE XI

WARRANTIES AND REPRESENTATIONS

A. School Warranties and Representations. The School 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. NHA Warranties and Representations. NHA warrants and represents that it is a corporation in good standing and is authorized to conduct business in the State of Michigan. NHA will comply with all registration and licensing requirements relating to conducting business under this Agreement and in the State of Ohio. The School agrees to assist NHA in applying for such licenses and permits and in obtaining such approvals and consents.

C. Mutual Warranties. The School and NHA 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 its obligations under this Agreement.

ARTICLE XII

MISCELLANEOUS

A. Sole Agreement. This Agreement supersedes and replaces any and all prior agreements and understandings between the School and NHA.

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 similar occurrences; 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. 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. NHA and the School hereby waive the right to a jury trial in any action, proceeding or counterclaim brought by either NHA or the School against the other.

D. Agreement in Entirety. This Agreement (including attachments) constitutes the entire agreement of the parties.

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) by 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 School 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 initial Board President and Board, are as follows:

The School: Bennett Venture Academy
President of the Board of Directors
5130 Bennett Road
Toledo, OH 43612
Phone: _____
Facsimile: _____

WITH COPY TO:

Eastman & Smith Ltd.
Attn: Amy Borman
P.O. Box 10032
Toledo, OH 43699-0032
Phone: (419) 247-1716
Facsimile: (419) 247-1777

NHA: National Heritage Academies, Inc.
Attn: Greg Lambert
3850 Broadmoor SE, Ste. 201
Grand Rapids, Michigan 49512
Telephone: (616) 222-1700
Facsimile: (616) 222-1701

WITH A COPY TO:

McShane & Bowie
Attn: John R. Grant
1100 Campau Square Plaza
99 Monroe Ave., N.W.
Grand Rapids, Michigan 49501

F. Assignment. NHA may assign this Agreement with the consent of the School Board.

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

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. Severability. Should any term or provision of this Agreement be deemed unenforceable or invalid in any way, such term shall be stricken and the remainder of this Agreement shall continue in full force and effect, or, such term or provision shall be replaced, if mutually agreed upon, with a new provision that replicates the parties' original intent as nearly as possible.

K. Compliance with Law. The parties to this Agreement agree to comply with all applicable laws and regulations.

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

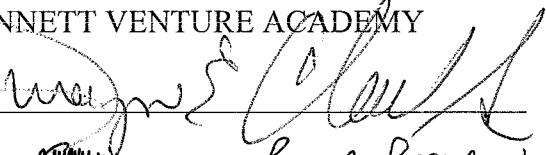
Date: August 12, 2005

NATIONAL HERITAGE ACADEMIES,
INC., a Michigan Corporation

By: 
Greg Lambert
Its: Senior Vice President

Date: August 11, 2005

BENNETT VENTURE ACADEMY

By: 
Its: ~~XXXXXXXXXXXXXXXXXXXX~~ Board President