

CERTIFICATION OF RESOLUTION**MANAGEMENT AGREEMENT WITH FUSIONED**

Capital High School
(Ohio Non-Profit Corporations)

The Governing Authority (the "Board") of West Columbus Drop Back In, dba Capital High School (the "School" and the "Corporation"), a non-profit corporation organized under the laws of the State of Ohio, hereby resolves as follows:

IT IS HEREBY RESOLVED that the Capital High School Board of Directors approves the establishment of a Management Agreement with FusionEd. The adoption of the final Management Agreement with FusionEd is subject to review and approval by the Chairman, legal counsel, and sponsor (ERCO). The final agreement will be attached as Exhibit A, attached hereto and incorporated herein as restated.

APPROVAL AND ADOPTION OF RESOLUTION

Motion to approve and adopt the Management Agreement with FusionEd (~~without~~ with)

amendments, made by K. Gibson

seconded by A. Bates.

Board Member Name/Initials	AYE	NAY	OTHER (Abstain, Not Present, etc.)
Kimberly Gibson	✓		
Desmond Bryant	✓		
Jon Lauden	✓		
Raymond Hutson	✓		
Aryn Bates	✓		
Anthony Forte, Chairman	✓ <i>af</i>		

As adopted on this 23 day of April, 2020.

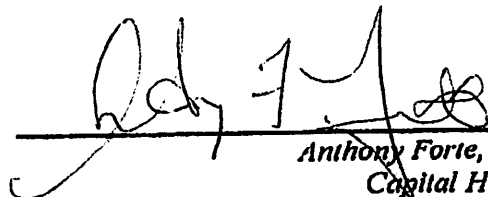

 Anthony Forte, Chairman
 Capital High School

EXHIBIT A

Management Agreement

This Management Agreement ("Agreement") is entered into effective as of this first day of July, 2020, by and between Fusion Ohio LLC, a Nevada Limited Liability Company (the "Company") and West Columbus Drop Back In, Inc., an Ohio not-for-profit corporation (the "School") governed by a Board of Directors ("Board") (Collectively "the Parties").

WHEREAS, the School is a not-for-profit corporation which operates a community school known as "Capital High School";

WHEREAS, the Educational Program has been developed by the Company, and the Company has researched, developed and provides the requisite educational, managerial, financial and other consulting services necessary for the implementation of the Educational Program;

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

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

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

1. Statement of Mission and Purpose.

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

i. The School's mission is to provide an individualized and self-paced program set in a flexible scheduling environment that is responsive to its students' needs, and by providing an education experience that leads to a high School diploma and post-secondary success. The School will strive to motivate, teach, and guide each student through his/her educational growth and development. The School will offer researched based educational programs which have proven very successful in educating at-risk students. The School will focus on educating the whole child by involving support services, parents, and the local community.

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

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

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

2. Term. The initial term of this Agreement shall commence on the date of full execution of this Agreement, and shall continue for a term of five (5) academic years currently ending on June 30 of each year, unless terminated sooner pursuant to the terms herein. Thereafter, this Agreement will automatically renew for successive five (5) year terms, or a shorter period not to exceed the length of subsequent sponsor contracts, unless one party notifies the other party at least nine (9) months prior to the expiration of the then-current term of its intention not to renew this Agreement. The Company shall take all actions necessary to enable it to commence its responsibilities in the operation of the school as of July 1, 2020, including hiring of staff, facilitating transfer of information from management company currently

operating School, preparing financial analysis, preparing marketing plans, and advising board as necessary for successful operations after July 1, 2020. The Board agrees that it will agree to pay the Company for necessary Reimbursable items or services for the School occurring between April 1, 2020 and July 1, 2020 as invoiced by the Company.

3. Company Responsibilities. In order to assist the School in carrying out the terms of the Contract, the Company agrees to provide comprehensive School management services all aspects of School operations ("Company Responsibilities" including:

- a. Executing on the School's business plan to promote the Schools long term financial stability;
- b. The development of a comprehensive marketing plan that support the School in recruiting, enrolling, and retaining students.
- c. Coordinating community relations and establishing community partnerships that provide resources to the students of the School.
- d. Overseeing day-to-day management of the School, in accordance with the School's mission and in compliance with obligations placed upon the School by its Sponsor and all applicable laws and regulations.
- e. Provide updated reports on financial, academic, and operation performance and then reporting to these results to the Board, Sponsor, ODE, and any entity as required or requested by the Board.
- f. Maintain all organizational and School compliance and addressing any deficiencies.
- g. Provide comprehensive human resource management services for all School staff.
- h. Provide all systems and tools related to recruiting, hiring, and staff evaluation.
- i. Develop a high quality Educational Program aligned with the School's mission.
- j. Provide academic leadership to teachers, School leaders, and support staff including curriculum planning, teacher development, and team building.
- k. Develop and support the execution of a professional development schedule that aligns with the Educational Program and academic goals.
- l. Directly provide targeted professional development on the researched based practices detailed in the Educational Program.
- m. Lead and train administrative staff and ensure accurate student enrollment data is reported into student information systems.
- n. Train and support School staff on data analysis, state testing, progress monitoring, and RTI process, the IPDP, TBT and BLT process.
- o. Lead curriculum development, including curriculum and individual learning plan framework.
- p. Draft operations manuals, forms (including teacher contracts, applications, enrollment and similar forms), and management procedures, as the same are from time to time developed by the Company and as approved or requested by the Board.
- q. Coordinate with other advisors engaged by the Board, including, but not limited to, legal, financial and accounting.
- r. Determine staffing levels, and select, evaluate, assign, discipline, transfer and terminate personnel, consistent with the Contract, the Statement of Mission and Purpose and state and federal law.
- s. Perform advisory services regarding special education and special needs students, programs, processes and reimbursements through the Company's Special Education Department that focuses specifically on students with special education needs.
- t. Provide to the Board regular reporting on the status of School report card progress and compliance with applicable standards.
- u. Collaborate with the Board in naming the School.
- v. Using reasonable efforts to establish a program to provide education and high school diplomas to individuals twenty-two (22) years of age and older provided adequate funding and resources are available.
- w. Using reasonable efforts to assist with establishing other locations for the School or relocating the School as determined to be necessary by written agreement between the Company and the Board.
- x. Provide career courses and curriculum to students that at a minimum meet all obligations upon the Board relating to courses and curriculum, including a career-technical education program that qualifies for and is funded by weighted career-technical education funding.
- y. Working with the Board to implement cultural directives which shall encompass: cultural affirming and empowering educational experience, including, but not limited to curriculum, building, leadership, and social atmosphere.
- z. Assist in identifying and apply for grants (federal, national, state, local and philanthropic).
- aa. Recruit and enroll students subject to general recruitment and admission policies. Students shall be recruited and selected in accordance with the procedures set forth in the Charter Agreement and Board adopted policies and in compliance with all applicable federal, state and local law.
- bb. The Company shall procure necessary equipment, facilities and property for the operation of the School.

- cc. The Company shall procure all necessary services for the maintenance, cleaning and operation of the School.
- dd. The Company shall arrange for the provision of food services for the students at the School.
- ee. The Company shall arrange for the provision of utilities to the School, including, without limitation, electricity, oil, gas, telephone, cable (TV/internet), water and waste charges.
- ff. The Company shall present a branding, marketing, enrollment & retention strategic plan, prior to April 30 each year, unless action has been taken pursuant to terminate pursuant to Section 16 this Agreement. The plan shall specify personnel, operation & results goals. The implementation and success of the plan shall be reported to the Board regularly.

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

5. Loans by the Company. Loans by the Company for payment of expenses that are not Operating Expenses, shall be pursuant to a separate agreement between the parties and not controlled by this Agreement.

6. Annual Budget. On or before the last day of May each year, the Board, with assistance from its Treasurer, will approve the annual budget for the School for the period beginning July 1 of that year, and ending June 30 of the next year and any revisions based on reasonable changes in circumstances (collectively, the "Annual Budget"). The Company shall present all versions of the Annual Budget, including revised versions, to the Board in consultation with the School's Treasurer, and the Board shall approve the Annual Budget provided it meets the minimum requirements of funding set forth in this Agreement. The Annual Budget shall include not less than \$5,000 for School extracurricular activities and graduation. Further, during the process of drafting the Annual Budget, the Company shall seek to provide for \$10,000 for School field trips provided that other Operating Expenses are covered by anticipated revenues. The Board shall not refuse to approve the Annual Budget, unless there is an unquestionable failure of the proposed Annual Budget to fund the obligations of this Agreement or unless the proposed Annual Budget proposes an improper use of funds. If the Board believes that the proposed Annual Budget unquestionably fails to fund the obligations of this Agreement, the Board present its objections and the reasons for their position and shall work with its Treasurer, and the Company to resolve the dispute in 10 business days to the satisfaction of the Company and the School. Board expenditures on behalf of the School shall either be taken from the Board Stipend or be approved by the Company and shall not deviate from the Annual Budget without prior written consent of the Company. The treasurer fee is to be included in the Annual Budget as Operating Expenses. The Company and the Board hereby agree and acknowledge that the approved Operating Expenses set forth in the Annual Budget, which may be adjusted as presented by the Company and approved by the Board during the fiscal year due to financial changes, shall provide for the payment of the necessary operational expenses (the "Operating Expenses") of the School which include:

- 1. All costs associated with the lease space in which the School is located;
- 2. All cost for utilities provided to the School;
- 3. All costs for School staff, hired by the Company.
- 4. All curriculum costs.
- 5. All costs for insurance.
- 6. Normal maintenance cost for the School facility, including normal refurbishing of facilities (including but not limited to: paint, floor coverings, ceiling tiles and maintenance if required by the School's lease).
- 7. Necessary costs for supplies, furniture, and machines for the School.
- 8. Necessary costs for student transportation, including providing transportation as necessary to enable students to attend School extracurricular or co-curricular programs.
- 9. The Board Stipend, which shall include anticipated costs for the Board's legal counsel, Board compensation, and meals during Board meetings.
- 10. Errors and omissions policy of insurance for the Board.
- 11. For years in which the School is up for Sponsor contract renewal or in the final year of automatic closure, a reasonable reserve fund shall be established to cover the reasonably necessary financial obligations that will arise relating to the closure of the School.
- 12. The Management Fee.
- 13. Any other necessary expenses for the provision of the School's program and Company Responsibilities as determined by the Company.
- 14. The cost of the designated fiscal officer as required by R.C. 3314.011 also referred herein as "Treasurer."

Capital expenditures for facility improvements, shall not be Operating Expenses.

The adoption of the Annual Budget is solely the Board's responsibility. Under no circumstance shall a category of expenditure set forth in the approved Annual Budget, except costs that vary by student enrollment, such as Sponsor fee, staffing, curriculum, and other such student variable costs, be exceed by more than ten thousand dollars (\$10,000.00) without amendment of the approved Annual Budget.

Any expenditure to a person or entity that exceeds ten thousand dollars in an academic year shall require prior notice to the Board. The Company shall, in cooperation with the Board's designated fiscal officer, prepare for Board review and approval in conjunction with the adoption of the Annual Budget, a list of persons, employees (including categories of employees) or companies to whom payments in excess of Ten Thousand Dollars (\$10,000.00) are anticipated to be made throughout the next Fiscal Year.

The Company may submit amendments to the In Excess of \$10,000 List to add additional parties at any time throughout the Fiscal Year ("Request to Amend").

7. Educational Program. The Educational Program developed and provided by the Company to the School has been approved by the School and may be materially adapted and modified by the Company from time to time only upon obtaining prior written approval of the Board. The School and the Company agree to work together to effectuate any necessary change in the Educational Program, recognizing that an essential principle of this educational program is its flexibility, adaptability and capacity to change in the interest of continuous improvement and efficiency, provided that any such changes shall be consistent with the Statement of Mission and Purpose. Although built on a platform provided by outside vendors, Company's curricular materials are and shall remain proprietary information owned solely by the Company and provided to School for a reasonable cost paid by the School with its other Reimbursable costs and separate from the Management Fee. The Company agrees to provide the proprietary Educational Program, including career-technical education programs, at fair market value and within amounts set forth in the Annual Budget.

8. Subcontracts. The Company reserves the right to subcontract any and all aspects of services it agrees to provide to the School, but may only do so upon providing written notice to the Board listing all vendors for services that will exceed \$10,000 per fiscal year and describing any common ownership between Company or its parent or affiliates and any such vendors. The Company shall be solely responsible for all costs, expenses and fees associated with such subcontractors.

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

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

11. Fees.

a. Management Fee. The School shall also pay a management fee to the Company of Sixteen Percent (16%) of the School's Qualified Gross Revenues (the "Management Fee"). "Qualified Gross Revenues" shall mean the revenue per student received by the School from the State pursuant to the Ohio Revised Code and uncodedified state law. Qualified Gross Revenue also does not include any state or federal funding that is meant to be a dollar for dollar reimbursement for expenditures made by the School/Company.

Performance Incentives: A performance incentive of .5% of qualified School's Qualified Gross Revenues for each indicator met on the Ohio DORP State Report Card shall be paid. For the purpose of this Agreement indicators will include student progress, gap closing (AMO), test passage rate, and overall graduation rate, not to exceed 2% of Qualified Gross Revenues. Indicators met will be defined as "met standards," "exceeds standards," and/or exceeding performance of similar Schools set forth in the School's sponsorship contract. If indicators or progress measures change the School will work with the Company to define updated reasonable performance incentives not to exceed 2% Qualified Gross Revenues.

b. Payment of Costs and Fees.

- (i) In consideration of the Management Fee, and except as otherwise explicitly provided in this Agreement, the costs incurred by the Company in fulfilling its responsibilities hereunder shall be borne by the Company, whether or not the fees to be paid to the Company by the School in this Section (a) and (b) are sufficient to satisfy the same. The School shall make all such Management Fee payments to the Company within seven (7) calendar days after the foundation payment has been made to the School from the State of Ohio and delivery by the Company to the School of an invoice therefore, and in accordance with Section 11 (b)(vii).
- (ii) Except as otherwise explicitly provided in this Agreement, the School shall be liable for all costs associated with the operation of the School that are not related to activities described in (i) above. Additionally, the School shall reimburse the Company for any reasonable expense(s) that were incurred by the Company on the School's behalf, and included in the Approved Budget including all costs relating to the Educational Program as set forth in the Approved Budget, any reasonable and documented costs for performing the Company Responsibilities in Section 3 not including divisions (a, c, t, u, & y) of Section 3, or any specific program agreements entered into by, managed by, and/or consented to in writing by the Company (collectively, "Reimbursables"). Reimbursables may include the actual costs of all employee expenses, compensation, benefits, retirement plans whether state or federal or private, all equipment, materials, educational programming and professional development costs, and life or disability insurance for Company and Board employees working on site at the School, or for the pro rata share of Company employees shared with other Ohio community schools, the current expenses of operating the School and the Program, Company's comprehensive general liability, officers, directors, errors and omissions insurance, employment liability insurance premiums and deductibles so long as the Board is an additional insured thereunder and the cost is for that portion of premiums or deductible attributable to the School, the School facility or facilities costs including rent, compliance, safety, maintenance, repair or replacement, the cost of assessment and testing materials; technology, textbooks and other materials and supplies, and workers and unemployment liability compensation premiums; provided however, the Board shall not reimburse Company for the main office general overhead of the Company or the employees of Company who do not work on-site at the school or who are not shared and allocated pro rata between School and other schools for regional or shared oversight, or for Company's own equipment, materials, proprietary methods or programs or procedures. The Company shall not add any type of markup or additional fee to any third-party contract or fee invoiced to the School. All costs identified in this paragraph are "direct costs", which except for payroll, shall be invoiced twice a month. The invoice shall be supported with backup detail for the items invoiced of sufficient detail to enable classification of the expenses for accounting purposes. Payroll shall be invoiced twice a month as incurred by the Company, and with supporting detail sufficient to enable accounting classification of the expenses by employee.
- (iii) All amounts payable by the School hereunder shall, at the Company's option, shall be made via electronic funds transfer. The School shall cooperate with the Company to set up and establish necessary accounts and procedures.
- (iv) Board Account. The Treasurer shall retain sums which shall be accounted for as the Board Account which shall be managed by the Treasurer to be used for the Board's compensation for attending meetings, special programs, field trips or opportunities for students, legal fees, and other Board approved expenses. The Company shall include in the proposed budget an initial amount of Thirty-Five Thousand Dollars (\$35,000) at the outset of the fiscal year to be paid to the Board Account or retained by the Treasurer. The Board account shall be funded at a minimum, the sum of Two Thousand Nine Hundred Sixteen Dollars and Sixty -Seven Cents (\$2,916.67) per month in the aggregate. After the payment of the initial Thirty-Five Thousand Dollars (\$35,000.00), to the Board Account and after the payment of the initial Thirty-Five Thousand Dollars (\$35,000.00) in Management Fees. All sums remaining at the end of the Fiscal Year after: (1) paying all obligations due or owing; and (2) maintaining a minimum balance of Five Thousand Dollars (\$5,000.00); shall be paid to the Board Account.
- (v) The Company shall pay all expenses (which includes but is not limited to payroll, Educational Program Fees, and other Reimbursables) as set forth in the Approved Budget not paid by the

Treasurer as they come due and shall invoice the Board for such cost by providing such invoice to the Treasurer. The Treasurer shall pay the Company upon its invoices for Reimbursables within ten (10) business days of the school being invoiced for the Reimbursable, taking into account the provisions set forth in Section 11 (b)(vi) if necessary. It is understood and agreed that the Treasurer will at a minimum directly pay before all other obligations: (1) all Company-invoiced Reimbursables for payroll costs consistent with the Budget; (2) the Treasurer fees as provided for in the Approved Budget on a monthly basis as they come due; (3) the sums of \$2,916.67 to be deposited monthly into the Board Account as provided in Section 11 (b)(v); (4) the Sponsor fees; and (5) invoices due and owing on any contracts that are in the Board's name and are included in the Approved Budget up to the Approved Budget amount.

- (vi) In the event that, at any time during the Term, the School's expenditures, including payments to the Company as well as those budgeted and due or owing to third party vendors within the time period of the fifteenth of the month through the fourteenth of the next month (the "**Total Expenditures**") shall cause the School to have a cash position below \$5,000 (the "**School Balance Minimum**") the Company shall first defer any and all Management Fees due and payable (the "**Deferred Management Fees**"). If the Deferred Management Fees do not result in the School maintaining an amount above the School Balance Minimum, then the Company shall defer any and all reimbursement obligations due and payable to the Company (the "**Deferred Reimbursements**"). If the Deferred Management Fees and the Deferred Reimbursements do not result in the School maintaining an amount above the School Balance Minimum, then the Company shall advance to the School such funds as may be necessary to pay third party vendors and Board Compensation to the extent required to pay the Total Expenditures and maintain an amount above the School Balance Minimum (a "**Company Advance**"). The Treasurer shall determine the School Balance Minimum, and the need for Deferred Management Fee, Deferred Reimbursements, and or a Company Advance. At the time of making such a determination the Treasurer shall provide notice of the determination by email to the Company so stating and making a determination of how much, if any, of the Management Fee or Reimbursements invoiced can be paid or the need for a Company Advance. If the Company disagrees with the Treasurer's determination, it shall so state in writing to the Treasurer within ten (10) business days of the Treasurer sending the email determining the need for a Deferred Management Fee, a Deferred Reimbursement and/or a Company Advance. Consistent with paying first the obligations due and owing set forth in the approved Budget and maintaining the School Balance Minimum, when funds are available in excess of current Operating Expenses, the School shall first repay any Company Advances and then any Deferred Reimbursements and then any Deferred Management Fees in the fiscal year they occurred. Notwithstanding the foregoing, every July 1 of the Term of this Agreement, the Company agrees to waive 50% of all Deferred Management Fees. In paying oldest Company Advances, Deferred Reimbursements, and Deferred Management Fees, the Company agrees not to charge any interest on Deferred Management Fees or Deferred Reimbursements or Company Advances repaid in the same fiscal year that they were incurred. Simple interest shall be charged on the unpaid balance of Company Advances, Deferred Reimbursements and Deferred Management Fees beginning at the end of the fiscal year (the "**Unpaid Balance**"), which shall be calculated as the lesser of: (1) US Federal Funds Rate (as of 6/30 at end of fiscal year debt originally incurred) plus 200 basis points or (2) 300 basis points per annum (the "**Interest**"), provided, however the Unpaid Balance shall not include any Deferred Management Fees or Deferred Reimbursements or Company Advances forgiven by the Company as hereinafter provided. Company Advances, Deferred Reimbursements and any Deferred Management Fees shall be included in the Board's financial statements. At the request of the Company, the Board shall execute a promissory note evidencing the Company Advances, Deferred Reimbursements, and Deferred Management Fees, in a mutually acceptable form. The Company shall not be required to defer Management Fees or provide Company Advances to the extent that Board Expenses (other than Sponsor Fees, STRS and SERS payments, payroll, insurance payments, sums owed to the landlord of any facility) exceed the Approved Budget in the aggregate by more than five percent (5%) and notwithstanding anything to the contrary included above, the Parties shall have the right to mutually agree to waive the School Balance Minimum requirement and allow the cash balance to fall below \$5,000. The Unpaid Balance shall not include any future debt obligations arising in future academic years relating to financing for purchases or working capital or for other reasons. The oldest prior fiscal year Unpaid Balance

shall be paid first. It shall be paid after all current fiscal year Deferred Management fees, Deferred Reimbursements and Company Advances are paid in full, and to the extent the School can maintain the School Balance Minimum. All payments will be applied first to interest and fees, then to principal.

12. Additional Programs. The Company shall not be obligated to provide any goods or services under the Agreement that are not explicitly agreed to with the Board. The Board and the Company may decide that the Company may provide additional programs which are not inconsistent with the Contract or state or federal law. Payment for such programs or services shall be negotiated by the Parties separate and apart from this Agreement. The Company agrees to match funding of student program improvements by the School in an amount up to \$5,000.00.

13. Three Mile Radius. The Company, nor any affiliate of the Company, shall operate any other School that provides instruction or services to students in the grades of 9 through 12 or any program to achieve a high School diploma for students age 22 years or older within three miles of the School, unless the Company manages the other School prior to the effective date of this Agreement, without written consent of the Board. The Board will consider reasonable requests for a location within the three-mile radius.

14. School Personnel

A. Personnel. All administrators, teachers and staff at the School shall be Company employees. The Company shall determine staffing levels at the School in consultation with the Board and shall select, evaluate, assign, discipline, transfer and terminate personnel, consistent with the Charter, and federal and State law.

B. School Director. Notwithstanding the foregoing, the School Director shall be selected by Company in consultation with the Board. The Company shall give the Board at least 10 days' written notice of its intent to terminate or transfer the School Director; provided, that the School Director may be terminated without such notice upon the occurrence of any of the following:

- a. An event that jeopardizes the health, safety or welfare of students or staff School and was caused by the act, failure to act or negligence of the School Director; or
- b. The willful or deliberate violation by the School Director of the Charter or of a federal or State law that relates to the operation of the Charter School.

If the Company believes that the School director has engaged in:

- a. Willful or deliberate violation of written School policies; or
- b. Willful or deliberate failure to follow and adhere to the Company's directives as to educational design; and,
- c. The Company reasonably believes that such conduct is or is likely to cause damage to the School from the stand point of marketing, financial success, student performance, moral, employee retention and/or recruiting, and the Company further believes that without taking immediate action for removal of the School Director that irreparable harm will occur to the School in these areas, then the Company shall contact the Board chairperson regarding the situation and, within five (5) business days of consultation with the Board chairperson, terminate the employment of the School Director, or take other action as mutually agreed to with the Board chairperson. If the Company believes that the School Director must no longer physically be in the School on an emergency basis, then it may suspend the School Director's employment until the Company has consulted with the Board chairperson regarding termination of the School Director.

The Company shall promptly provide the Board with all performance evaluations and records of any disciplinary actions or proceedings of or relating to the School Director. The Board shall appoint a committee that shall be responsible for reviewing any performance issues related to the School Director.

The School shall not solicit the Company's employees for employment with the School or any other Schools with overlapping Board members during the period that they are employed at the Company or for up to twenty-four (24) months after the employee leaves the employment of the Company. Notwithstanding the foregoing or any employment agreement term to the contrary, if this Agreement is not renewed as provided in Section 2 of this Agreement, Company employees who devote full-time work activities at the School may be employed by the School or a management company operating the School for the Board, at any time after this Agreement expires or if it is terminated by the Company or by mutual agreement of the parties. If this Agreement is not renewed pursuant to Section 2, then the Company and School shall cooperate and issue a written statement to all employees at the School who may work for the School or a management company hired by the School after the termination of this Agreement, advising them of their right to do so. The Company shall ensure that all criminal background checks are performed with respect to any person who has or is expected to have direct contact with students.

15. Insurance.

1. Liability Insurance.

a. The Company shall secure and maintain insurance covering its liability arising out of its performance of its duties under this Agreement, and provide coverage to the School, at levels of coverage that are not less than:

i. Commercial general liability insurance including coverage for damage or loss to personal property used in the operation of the School, and liability coverage for damage to the physical premises in which the School is located, with limits of one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) in aggregate; and

ii. Automobile liability insurance of one million dollars (\$1,000,000); and

iii. Workers' Compensation insurance pursuant to the requirements of the State of Ohio and with Statutory primary coverage and at least one million dollars (\$1,000,000) of Employer's Liability coverage; and

iv. Crime/Employee Dishonesty insurance with limits of at least five hundred thousand dollars (\$500,000); and

v. Professional Errors & Omissions insurance with limits of at least one million dollars (\$1,000,000); and

vi. Umbrella liability coverage of five million dollars (\$5,000,000) in excess of the primary commercial general liability, automobile liability and employer's liability insurance policies.

Such insurance policies shall be issued by an insurance company or companies selected by the Company and licensed to do business in the State. All such insurance coverage shall be primary insurance, and, whenever possible, shall be occurrence-based and not claims-made insurance. The School shall be an additional insured on the Company's commercial general liability, premises liability for the School premises, property coverage for the School premises, automobile liability and crime insurance policies. The costs for obtaining and maintaining such insurance shall be treated as an Operating Cost.

a. The Board shall secure and maintain, as an operating expense, insurance covering professional liability and management liability for the Board, Professional Liability and

Management Liability Insurance for Schools with limits of at least one million dollars (\$1,000,000).

- b. . Such insurance policies shall be issued by an insurance company or companies selected by the Board and licensed to do business in the State. The costs for obtaining and maintaining such insurance shall be treated as an Operating Expense.
- c. The Company shall require all other persons performing services at the School to name the School and the Company as additional insureds under such persons' commercial insurance policies.
- d. The insurance policies maintained by each Party pursuant to this Agreement shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or reduced, in coverage or limits, except upon 30 days' prior written notice to the policy holder. Upon request, the Parties shall furnish one another certified copies of the insurance policies or else Certificates of Insurance which demonstrate compliance with this Agreement.

2. Workers' Compensation Insurance. The Company and the Board shall secure and maintain workers' compensation insurance covering their employees.

3. Coordination of Risk Management. The Parties shall coordinate risk management with one another. This will include the prompt reporting of any pending or threatened claim, the timely filing of notices of claim, cooperating fully with one another in the defense of any claim, and compliance with any defense and reimbursement provisions of State governmental immunity laws and/or applicable insurance policies.

16. Termination

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

The Board may terminate this Agreement if the Company has a judgment or finding of recovery taken against it of over \$500,000, and the amount owed remains due and payable (not subject to stay: for appeal, by bond or resolution in settlement) for more than thirty (30) days.

If the School receives a report card or other evaluation from the Ohio Department of Education that reflects an overall score of "does not meet standards" for two consecutive years, the Board may terminate this agreement effective at the end of the School year in which the second "does not meet standards" was announced.

The Board may terminate this Agreement in the event the Company's or its parent's ownership changes by seventy-five percent or more from its ownership as of the date of this Agreement during the Term. The Company will notify the Board of any changes of seventy-five percent or more in ownership of the Company or its parent, within ten business days of the change. If ownership changes by seventy-five percent or more from the ownership as of the date of this Agreement during the Term, the School agrees to allow new owners to present a plan for operation consistent with the terms of this Agreement within thirty (30) days of any such change before taking any actions to terminate this Agreement. The Board may take any such action to terminate consistent with this paragraph by providing written notice of termination within thirty (30) days of the new owners' presentation of its plan for operation, and the effective date of such termination shall be either within sixty days from issuing the notice or the end of the then-current fiscal year, whichever is later.

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

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

17. Duties Upon Termination.

a. Upon termination of this Agreement for any reason whatsoever, the School shall (i) immediately pay to the Company and/or any of the Company's affiliates any Deferred Reimbursements or Company Advances for monies owing to such person or entity unless subject to a repayment schedule memorialized in an executed promissory note, and (ii) promptly return to the Company any materials containing the Educational Program, the Company's methods of instruction or operation and, subject to paragraph (b) below, all Company real and personal property, the Parties in furtherance of this Agreement shall be property of the Company, any personal property paid for with School funds, belongs to the School. The Company shall assist the School in any transition of management and operations, including, but not limited to, (i) the orderly transition of all student records and other School property, equipment and material (if any), (ii) sending notices to students as reasonably requested by the School, and (iii) at the School's option, delivering student records directly to the students. This Section shall survive any expiration or termination of this Agreement. Notwithstanding the foregoing, the Parties may agree to a reasonable payment schedule for all Deferred Management Fees then due and owing for services rendered as of the date of termination.

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

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

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

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

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

If to the Company, to:
Fusion Ohio LLC
1462 Brittain Road
Akron, Ohio 44310

With a copy to:
Adam Schira
Dickinson Wright PLLC
150 East Gay Street, Ste. 2400
Columbus, Ohio 43214

If to the School, to:
East Columbus Drop Back In, Inc.
Mason Run High School
923 South James Rd.
Columbus, Ohio 43227

Attention: Board President

With a copy to: Board Legal Counsel

Sean A. McCarter
88 North Fifth St.
Columbus, Ohio 43215

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

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

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

24. Assignment; Binding Agreement; Change of Ownership. Neither party shall assign this Agreement without the written consent of the other party. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

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

26. Representations and Warranties of the Company. The Company hereby represents and warrants to the School as follows:

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

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

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

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

e. By entering into this Agreement, the Company is not in violation of any other agreement, legal or regulatory obligation.

27. Representations and Warranties of the School. The School hereby represents and warrants to the Company as follows:

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

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

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

d. By entering into this Agreement, the School is not in violation of any other agreement, legal or regulatory obligation.

28. Arbitration.

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

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

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

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

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

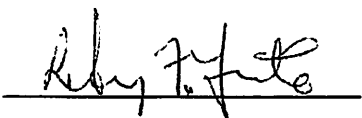
30. Contingency. This Agreement is contingent upon being approved by the School's sponsor pursuant to the School's Sponsor Agreement.

31. Entire Agreement. This Agreement and any Appendices and Exhibits hereto shall constitute the full and complete agreement between the Parties. All prior representations, understandings and agreements are merged herein and are superseded by this Agreement.

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

SCHOOL:

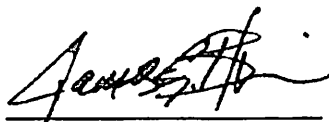
South Columbus Drop Back In, Inc.
dba Capital High School



Its: Board President

COMPANY:

Fusion Ohio LLC



Its: CEO