MANAGEMENT AGREEMENT

This Management Agreement (the "Agreement") is made and entered into as of the 1st day of December, 2013, by and between Havasu Preparatory Academy High School, an Arizona nonprofit corporation ("CPP") and Leona Arizona Management, LLC, an Arizona limited liability ("LAM").

RECITALS

A. CPP has been granted a charter (the "Charter") by the Arizona State Board for Charter Schools (the "Authorizer") to operate a non-profit charter school (the "Charter School") pursuant to the Charter in accordance with Sections 15-101 *et seq.* of the Arizona Revised Statutes (the "Code") at _____, under the name of Havasu Preparatory Academy High School.

B. CPP and LAM desire to create an enduring educational partnership, whereby CPP and LAM will work together to develop an environment of educational excellence and innovation at the Charter School, based upon LAM's school design and capacity to implement and manage a comprehensive educational program ("Educational Program").

C. CPP has approved LAM's Educational Program, and agrees that it is in the best interest of CPP and the Charter School to enter into this Agreement with LAM.

THEREFORE, the parties mutually agree as follows:

1. Educational Services. For the Term of this Agreement, LAM will provide to CPP in conjunction with the Charter School the following educational services (the "Educational Services"):

1.1 Curriculum. The development and implementation of the curriculum used at the Charter School.

1.2 Instruction. Oversight and coordination of the services to be provided by instructional personnel, including the School Leader(s), its teachers and support staff, all in accordance with this Agreement.

1.3 Instructional Tools. The selection of instructional tools, equipment and supplies, including text books, computers, software and multi-media teaching tools.

1.4 Extra-Curricular and Co-Curricular Programs. The development and implementation of appropriate extra-curricular and co-curricular activities and programs.

1.5 Additional Educational Services. Any other services required by the Authorizer or the State of Arizona Department of Education and such other services as are necessary or expedient for the improvement of teaching and learning at the Charter School as agreed to from time to time between LAM and CPP ("Supplemental Programs").

2. Administrative Services. For the Term (as defined in Section 8), subject to the Charter and the approval of the Board of Directors of CPP (the "Board"), LAM will provide to CPP for the Charter School the following administrative services (the "Administrative Services"):

2.1 Personnel Management. Management and professional development of all personnel providing Educational Services and Administrative Services in accordance with Section 13.

2.2 Facility Operation and Maintenance. Coordination with entities with which LAM contracts on behalf of CPP for the Charter School for the provision of operation and maintenance services for the Charter School's facility (the "Facility") to the extent consistent with any and all documents pertaining to the Facility, together with the management and assessment of the services provided under such contracts and/or the supervision of employees involved in providing such services.

2.3 Technology and Professional Development. Coordination with entities with which LAM contracts on behalf of CPP for the Charter School for the provision of technology and professional development services for the Charter School, together with the management and assessment of the services provided under such contracts and/or the supervision of employees involved in providing such services.

2.4 Business Administration. Administration of all business aspects of the Charter School operation;

2.5 Transportation and Food Services. Coordination with entities with which LAM contracts on behalf of CPP for the Charter School for the provision of transportation and food services for the students enrolled at the Charter School, together with the management and assessment of the services provided under such contracts and/or the supervision of employees involved providing such services.

2.6 Public Relations. Coordination and assistance with any and all advertising, media and public relations efforts, including community outreach programs. All public relations will be subject to the mutual approval of both parties, which approval may not be unreasonably withheld.

2.7 Budgeting, Budgeting Process, Financial and Other Reporting.

2.7.1 Beginning with respect to the 2008-2009 School Year, the preparation of a proposed annual budget (the "Charter School Budget") for each School Year, subject to the reasonable approval of the Board acting in its fiduciary capacity. For purposes of this Agreement, the term “School Year” shall have the meaning as provided in the application for the Charter submitted to and approved by the Authorizer. The projected Charter School Budget will include, but not be limited to, the financial details relating to the Educational Services and Administrative Services to be provided pursuant to this Agreement.

2.7.2 LAM shall deliver a draft of the Charter School Budget for each School Year to the Board not less than forty-five (45) days prior to the date on which the Charter

School Budget for any School Year must be submitted to Authorizer and or any other State governmental agency. The Board shall review the Charter School Budget within ten (10) business days following the receipt thereof (the "Budget Review Period") which review may include an independent evaluation of the Charter School Budget by such accountants, attorneys, and other financial advisors that the Board deems necessary or desirable. The Board shall deliver any comments or objections to the Charter School Budget prior to the expiration of the Budget Review Period. Within five (5) business days following the expiration of the Budget Review Period, the President of CPP and the Chief Financial Officer of LAM shall reconcile any comments or objections made by the Board during the Budget Review Period. LAM and CPP shall agree to a final Charter School Budget for each such year not later than two (2) business days prior to the date on which the Charter School Budget must be submitted to the Authorizer and/or any other State governmental agency.

2.7.3 Working in cooperation with the Board, LAM shall prepare, for Board approval, modifications or amendments to the Charter School Budget which may be necessitated by changes in projections or circumstances or the occurrence of unexpected events, which impact projected revenue and/or expense items contained in the approved Charter School Budget.

2.7.4 On the 40th day of instruction and the 100th day of instruction of each School Year as required by the Authorizer or such other time as may be necessary or desirable in LAM's reasonable judgment, LAM shall provide the Board with an enrollment report stating the number of actual students enrolled at the Charter School and LAM's calculation of Average Daily Membership (as defined in the Code) in connection with the Charter School (an "Enrollment Report"). If an Enrollment Report indicates that enrollment is lower than that which was projected in the Charter School Budget and such lower enrollment number shall materially adversely impact the Charter School Budget for such School Year, LAM shall propose a student recruitment plan to restore the enrollment level to the projected enrollment reported to the Authorizer and or any other governmental agency prior to the commencement of the next following School Year.

2.7.5 The preparation of detailed statements of all revenues received, from whatever source, with respect to the Charter School, and detailed statements of all expenses, including an accounting of all expenditures for services rendered to, or on behalf of, the Charter School by LAM, whether incurred on-site or off-site.

2.7.6 The preparation of other financial statements as required by and in compliance with the Charter, the Code and other applicable laws and regulations, including such documentation as may be reasonably required by the independent certified public accountants retained by the Board to perform annual audits of the Charter School's financial statements. The cost for preparation of the financial statements and audits will be responsibility of CPP and will be provided for in the Charter School Budget.

2.7.7 The preparation of such other reports on a periodic basis, relative to the finances and operation of the Charter School, as the same may be requested or required by the Arizona Department of Education or the Authorizer to ensure compliance with the terms of the Charter.

2.7.8 Other information on a periodic basis reasonably necessary to enable the CPP to monitor LAM's performance under this and related agreements including the effectiveness and efficiency of its operations at the Charter School.

2.8 Maintenance of Financial and Student Records.

2.8.1 LAM will maintain accurate financial records pertaining to its operation of the Charter School, together with all Charter School financial records prepared by LAM and retain all such records for a period of five (5) years (or longer if required by the Code or other applicable laws and regulations) from the close of the School Year to which such books, accounts and records relate. All financial records retained by LAM pertaining to the Charter School will be available to CPP, the Authorizer or the Arizona Department of Education for inspection and copying within two weeks of a written request to the extent practicable.

2.8.2 LAM will maintain accurate student records pertaining to the students enrolled at the Charter School as is required and in the manner provided by the Charter, the Code and applicable laws and regulations and retain such records permanently on behalf of CPP or until this Agreement or its successor (if any) is terminated, at which time such records will be transferred to CPP and become the sole responsibility of the Board. LAM and CPP will maintain the proper confidentiality of personnel, students and other records as required by law and the Charter.

2.8.3 CPP shall be entitled at any time upon reasonable written notice to LAM to audit the books and records of LAM pertaining to its operation of the Charter School pursuant to this Agreement (including, without limitation, the financial records relating thereto), provided that any such audit shall be at the sole expense of CPP.

2.9 Admissions. Implementation of the Charter School's admission policy per Charter and Application.

2.10 Student Hearings. Administration and enforcement of student disciplinary and special education hearings in conformity with the requirements of the Code and other applicable laws and regulations (including, but not limited to, requirements involving due process and confidentiality) to the extent consistent with the Charter School's duties and obligations under the Code and other applicable laws and regulations.

2.11 Academic Progress Reports. LAM will provide to CPP on a periodic basis as necessary or appropriate for CPP to satisfy its obligations under the Charter, the Code and other applicable laws and regulations, a report detailing (i) the Charter School's students' academic performance, and (ii) LAM's performance of the Educational Services and Administrative Services.

2.12 Rules and Procedures. LAM will recommend rules, regulations and procedures applicable to the Charter School and its students and will enforce such rules, regulations and procedures adopted by CPP that are not in direct conflict with this Agreement, the Charter, the Code and other applicable laws and regulations.

2.13 Advances. LAM may, during the Term, elect to make advances of cash to CPP for the Charter School (an "Advance") for the purpose of meeting the short term working capital or cash flow needs of the Charter School to the extent consistent with the Charter School Budget. Each Advance shall bear interest at the then Prime Rate of interest announced by Wells Fargo Bank plus 2% per annum from the date of the Advance until date of repayment by CPP from the subsequent free cash flows of the Charter School or CPP other resources.

2.14 Additional Administrative Services. Any other services reasonably necessary or expedient for the effective administration of the Charter School as agreed to, in writing, from time to time by LAM and the Board.

3. Provision of Educational Services and Administrative Services. The Educational Services will be provided in accordance with the educational goals, curriculum, methods of pupil assessment, admissions policy, student recruitment policy, school calendar, school day schedule and age and grade range of pupils to be enrolled at the Charter School (the "Educational Program") as proposed by the LAM and adopted by the Board, all in compliance with the Charter and the Code. The Administrative Services will be provided in a manner consistent with the Educational Program, the Code and the Charter.

4. Modification of Educational Services and Administrative Services. Subject to this Agreement, the Charter, Authorizer oversight, the Code and other applicable laws and regulations, LAM may modify (i) the Educational Services, provided that any material modification of the Educational Services will be subject to the prior approval of the Board and (ii) the methods, means and manner by which such Administrative Services are provided at any time, provided that CPP will have the right to approve all material changes.

5. Budgeting for Educational Services and Administrative Services. LAM will be responsible and accountable to the Board for the provision of all Educational Services and Administrative Services, provided, that such obligations, duties and responsibilities are expressly limited by the Charter School Budget established pursuant to Section 2.7, and LAM will not be required to expend funds on such services in excess of the amounts set forth in such Charter School Budget.

6. Place of Performance; Provision of Offices. CPP will provide LAM with necessary and reasonable classroom and office space at the Facility to perform all Educational and Administrative services described in this Agreement. LAM will provide instructional, extra-curricular and co-curricular services at the Facility. LAM may provide other services elsewhere, unless prohibited by the Charter, the Code and other applicable laws and regulations.

7. Authority. By this Agreement, CPP provides LAM such authority and power as is reasonably necessary or proper for LAM to undertake its responsibilities, duties and obligations provided for in this Agreement, except in cases wherein such authority may not be delegated by the Code and other applicable laws and regulations.

8. Term.

8.1 Term. Subject to extension pursuant to Section 8.1, this Agreement will be effective on the date hereof and shall remain in effect through the last day of the tenth (10th) School Year thereafter (the "Term").

8.2 Extension of Term. The Term of this Agreement shall automatically extended for an additional five (5) School Years ("Automatic Extension(s)"), unless (i) written notice of intent to terminate or renegotiate is given by either party not less than 180 days prior to the expiration of the Term, as the same may have been extended by one or more Automatic Extensions or (ii) this Agreement is terminated pursuant to Section 14.

9. Further Assurance. CPP and LAM shall do and cause to be done all such acts, matters and things and shall execute and deliver all such documents and instruments as shall be required to enable the parties to perform their respective obligations under, and to give effect to the transactions contemplated by, this Agreement. Notwithstanding the foregoing, LAM shall have no obligation to agree to any changes which (a) materially increase LAM's obligations or materially reduce its rights under this Agreement, (b) materially alter any terms of the Agreement, including without limitation the economic terms, (c) would jeopardize LAM's receipt of the Management Fee, (d) would prevent LAM from meeting CPP and LAM's educational goals.

10. Relationship of the Parties. The relationship between CPP and LAM is based on the terms of this Agreement, and the terms of any other agreements between the parties. Further, each party is acting as an independent contractor and not as a partner, joint venturer, agent or employee of the other. Each party will be solely responsible for its own actions and those of its agents, employees and subcontractors, and neither party will be liable for any debts or expenses incurred by the other or the other's employees, agents and subcontractors.

11. Consideration for Services.

11.1 Management Fee. For the Term of this Agreement (including the Term as extended pursuant to Section 8.1), CPP will pay LAM an annual fee equal to _____ (__%) of the Gross Revenue of CPP ("Management Fee"), payable in monthly installments. For purposes of this Agreement the term "Gross Revenue" shall mean any and all receipts of CPP of whatsoever kind or nature, excluding any donations to CPP or the proceeds from borrowings undertaken by CPP.

11.2 Reasonable Compensation. The Management Fee under this Agreement is reasonable compensation for services rendered. LAM's compensation for services under this Agreement will not be based, in whole or in part, on a share of net surplus or profits from the operation of the Charter School.

11.3 Payment of Costs. In addition to the Management Fee, CPP will reimburse LAM for all commercially reasonable costs incurred and paid by LAM in providing the Educational Services and Administrative Services to CPP for the Charter School.

11.4 Payments to LAM. LAM will receive the monthly installment of its Management Fee or Adjusted Management Fee (as applicable) in advance on or about the fifteenth (15th) day of each month (but in no event later than the date that CPP receives payments from the State) beginning the month of August 2014.

12. Other Revenue Sources. CPP and LAM may, together or independently, solicit and receive grants and donations from public and private sources consistent with the mission and the Charter of the Charter School, in the name of either LAM, CPP or the Charter School; provided, however, that (i) any solicitation of such grants by LAM in the name of CPP and/or the Charter School that are in excess of One Hundred Thousand Dollars ($100,000) shall be subject to the prior approval of the Board, (ii) all such funds received by LAM or CPP for the benefit of the Charter School from such other revenue sources shall be deemed to be Charter School funds, (iii) LAM shall not be required to administer any grants that are not specifically approved, in writing, by LAM, in advance, (iv) only to the extent specifically provided in a grant, LAM shall be entitled to receive, in addition to all any other amounts which are payable to LAM under this Agreement, a grant administration fee, and (v) both CPP and LAM shall be required to mutually approve, in writing, any grants proposed by a third party grant writer. Nothing in this Section 12 will be construed to prohibit LAM from soliciting funds or grants solely for its own general corporate purposes and using such funds or grants solely for such purposes, except that LAM shall not use CPP's and/or the Charter School's name in such solicitation without the consent of CPP.

13. Personnel and Training.

13.1 Personnel Responsibility. Subject to the limitations of this Agreement, the Charter, the Code and other applicable laws and regulations, LAM will have the sole responsibility and authority to determine staffing levels, and to select, evaluate, assign, discipline, supervise, manage, transfer and terminate personnel necessary to carry out the Educational Services, the Administrative Services, the Supplemental Programs (if any) and all other services provided under this Agreement, all within the financial constraints of the Charter School Budget approved by the Board.

13.2 Employment Status. Except as specified in this Agreement or as required by the Code or the Charter, the School Leader, teachers and support staff selected by LAM for the Charter School pursuant to this Agreement will be employees of CPP or employees of any employee leasing company with which CPP has entered into employee leasing agreement ("Employee Leasing Company"). LAM will be responsible for conducting or causing to be conducted by the Employee Leasing Company all reference, employment checks, criminal background checks and unprofessional conduct checks on all employees and other personnel working or providing services at the Charter School to the extent required under the Code and other applicable laws and regulations. Upon request, LAM will provide or cause to be provided to CPP documentary evidence of such background checks.

13.3 School Leader. CPP and LAM acknowledge and agree that the accountability of LAM to CPP and the Charter School is an essential foundation of this Agreement, and because the responsibility of the administrator of the Charter School (the "School Leader") is critical to the success of the Charter School, LAM will have the authority, consistent with the Code and other applicable laws and regulations, to select and supervise the School Leader and hold the

School Leader accountable for the success of the Charter School. The employment contract with the School Leader, and the duties and compensation of the School Leader shall be determined by LAM. The School Leader and LAM, in turn, will have similar authority to select and hold accountable the teachers in the Charter School.

13.4 Teachers. LAM will provide the Charter School with such teachers as are required to provide the Educational Services and Administrative Services. LAM and the School Leader will determine the number and assignments of such teachers. Such teachers may work at the Charter School on a full or part time basis. Each teacher assigned to the Charter School will be qualified in his or her grade levels and subjects, hold a valid teaching certificate issued by the Arizona Department of Education under the Code, to the extent required under the Code and other applicable laws and regulations. Upon written request, LAM will provide CPP with documentary evidence of LAM's compliance with this Section 13.4.

13.5 Support Staff. LAM will provide the Charter School with such support staff as is required to provide the Educational Services, Administrative Services and any associated Supplementary Programs. Such support staff may include, among others, teachers' aides, clerical staff and administrative assistants to the School Leader, bookkeepers and maintenance personnel. Such support staff may work at the Charter School on a full or part time basis.

13.6 Training. LAM will provide training (i) in the instructional methods and curriculum, which comprise the Educational Program, and (ii) with regard to support technology to the teachers and other instructional personnel on a regular and continuous basis, as stated in the Charter and consistent with LAM's past practices. Non-instructional personnel will receive such training as LAM determines to be reasonable and necessary under the circumstances.

14. Termination of Agreement.

14.1 By LAM. LAM may terminate this Agreement prior to the end of the Term specified in Section 8 in the event that CPP fails to remedy a material breach of this Agreement within 60 days after written notice from LAM. A material breach includes, but is not limited to (i) CPP's failure to pay any fee or reimbursement as required by the terms of this Agreement, (ii) adoption by CPP of an Educational Program for the Charter School in substantial variance from the material recommendations of LAM, (iii) CPP's failure to approve a Charter School Budget, which is (a) fully compliant with the requirements of Section 2.7.1 and (b) substantially consistent with the recommendation of LAM, or (iv) an act or omission that causes LAM to be unable to perform its material obligations under this Agreement. Termination by LAM will not relieve CPP of any obligations for payments outstanding to LAM as of the date of termination or liability for financial damages suffered by LAM as a consequence of CPP's breach (or of LAM's termination as a result thereof) of this Agreement.

14.2 By CPP. CPP may terminate this Agreement prior to the end of the Term specified in Section 8 in the event that LAM fails to remedy a material breach of this Agreement within 60 days after written notice from CPP. A material breach by LAM includes, but is not limited to: (i) a material failure to reasonably account for its expenditures related to Charter School funds or for other expenses incurred with respect to the Charter School at LAM's direction, (ii) LAM's failure to substantially follow the material policies, procedures, rules, regulations or curriculum required by the Charter, this Agreement, the Code and applicable laws

and regulations, (iii) failure to abide by and meet the educational goals set forth in the Charter such that the Charter will be terminated, (iv) the employment of teachers in violation of the Code or this Agreement, (v) any act or omission of gross negligence by LAM that causes the Charter School to materially breach the Charter or any of the Charter School's other material contractual obligations in anyway, or (vi) filing of bankruptcy by LAM. Termination by the Charter School will not relieve CPP of any obligations for payments outstanding to LAM as of the date of the termination, nor will it relieve LAM for liability for financial damages suffered by the CPP as a consequence of LAM's breach (or of CPP's termination as a result thereof) of this Agreement.

14.3 Change in Law. If any federal, State or local law or regulation, court or administrative decision or Attorney General's opinion has a materially adverse effect on the ability of either party to carry out its obligations under this Agreement, such party, upon written notice, may request renegotiation of this Agreement. Such renegotiation will be undertaken in good faith and may include the use of a third party arbitrator for alternative dispute resolution pursuant to Section 19. If the parties are unable to renegotiate the terms within 90 days after such notice and good faith negotiations, the party requesting the renegotiation may terminate this Agreement on 120 days' further written notice or at the end of a School Year, whichever is earlier.

14.4 Real and Personal Property. Upon termination or expiration of this Agreement by either party for any reason, any real or personal property leased by LAM to CPP or the Charter School will remain the real and personal property and leases of LAM, and all personal property purchased by LAM with the funds provided to LAM by CPP will be the personal property of CPP.

14.5 Advances/Out-of-Pocket Expenses. Upon termination or expiration of this Agreement for any reason, CPP shall (i) reimburse LAM for all expenses owed pursuant to Section 11.3, (ii) repay all Advances from LAM and (iii) post a letter of credit or bond in favor of LAM guaranteeing (A) any future payments due under any equipment or facilities lease from, or guaranteed, cosigned, or collateralized by LAM or an affiliate thereof and (B) CPP's performance of any other obligations guaranteed, cosigned, or collateralized in whole or part by LAM or an affiliate thereof.

14.6 Termination of Licenses. Upon termination or expiration of this Agreement by either party for any reason, any licenses to use (express or implied) the LAM's curriculum and Education Program shall automatically terminate, and CPP shall immediately cease any use of thereof.

14.7 Return of Materials. Within five business days of any termination or expiration of the Management Agreement by either party for any reason, CPP shall (i) assemble in a safe place (a) all materials relating to LAM's curriculum and Education Program of any kind or character, whether in hard copy or electronic format or otherwise, and any copies thereof and (b) all operational, systems and other administrative manuals and material, and copies thereof, and (ii) certify in writing to LAM that CPP and the Charter School has ceased to use the LAM's curriculum and Education Program materials and all such administrative manuals and materials. At LAM's direction, CPP will promptly send at its expense all such materials to LAM or permit representatives of LAM to pick up all such materials at the School.

14.8 Acknowledgement of Damages. In the case of a wrongful termination of by CPP of this Agreement, LAM will suffer substantial damages since the Management Fees cover LAM's corporate overhead and profit element, and the wrongful termination may not result in a substantial reduction in LAM's overhead.

15. Proprietary Information and Ownership. Notwithstanding anything contained herein to the contrary, third party curriculum or other educational materials purchased by LAM with funds LAM receives pursuant to this Agreement will be the property of CPP. Notwithstanding the foregoing, CPP acknowledges that LAM owns the intellectual property rights and interests in LAM's curriculum and Education Program being licensed and/or utilized at the Charter School during the Term of this Agreement. CPP acknowledges and agrees that it has no intellectual or property interest or claims in LAM's curriculum and Education Program and has no right to use LAM's curriculum and Education Program unless expressly agreed to in writing by LAM.

16. Indemnification.

16.1 Indemnification of LAM. CPP will indemnify, defend and save and hold LAM and its affiliates and all of their respective employees, officers, directors, subcontractors and agents harmless against any and all claims, demands, suits or other forms of liability (including reasonable attorneys fees and costs) that may arise out of, or by reason of, any noncompliance by CPP with any agreements, covenants, warranties or undertakings of CPP contained in or made pursuant to this Agreement, and any misrepresentations or breach of the representations and warranties of CPP contained in or made pursuant to this Agreement. In addition, CPP will reimburse LAM for any and all legal expenses and costs associated with the defense of any such claim, demand or suit. The indemnification requirements of this Section 16.1 may be met by the purchase of insurance pursuant to Section 17.

16.2 Indemnification of CPP. LAM will indemnify, defend and save and hold CPP and all of its employees, officers, directors, subcontractors and agents harmless against any and all claims, demands, suits or other forms of liability (including reasonable attorneys fees and costs) that may arise out of, or by reason of, any noncompliance by LAM with any agreements, covenants, warranties or undertakings of LAM contained in or made pursuant to this Agreement, and any misrepresentation or breach of the representations and warranties of the LAM contained in or made pursuant to this Agreement. In addition, LAM will reimburse CPP for any and all legal expenses and costs associated with the defense of any such claim, demand or suit. The indemnification requirements of this Section 16.2 may be met by the purchase of insurance pursuant to Section 17.

17. Insurance.

17.1 Insurance Coverage. CPP will maintain general liability insurance and umbrella insurance coverage in the amounts required (i) by the Charter or (ii) by sound business practices. Such policies shall name LAM and its affiliates and their respective directors, officers, employees, subcontractors, and agents as additional insureds under such policies. CPP will comply with any information requests from its insurer(s) and all reporting requirements applicable to such insurance.

17.2 Property and Casualty Insurance. Each party will maintain property and casualty insurance covering all real and personal property owned by that party and which are used or useful in the operations of the Charter School. The amount of such coverage shall be sufficient to fully comply with sound business practices.

17.3 Workers' Compensation Insurance. Each party will maintain workers' compensation insurance as required by law, covering their respective employees, including the maintenance of such insurance with respect to the School Leader, teachers and support staff of the Charter School, the cost of which shall be provided for in the Charter School Budget.

17.4 Coordination and Cooperation. To the extent requested by CPP, LAM shall undertake to coordinate the acquisition and maintenance of the insurance requirements of CPP under this Agreement and the parties will cooperate with each other to assure the complete, efficient and economical provision of the required insurance coverage. In addition, each party will, upon request, present evidence to the other that it maintains the requisite insurance in compliance with the provisions of this Section 17. Each party will comply with any information or reporting requirements required by the other party's insurer(s), to the extent reasonably practicable.

18. Warranties and Representations.

18.1 Representations and Warranties of LAM. LAM hereby represents and warrants to CPP:

18.1.1 LAM is a duly organized limited liability company in good standing and is authorized to conduct business in the State of Arizona.

18.1.2 To the best of its knowledge, LAM has the authority under the Code and other applicable laws and regulations to execute, deliver, perform this Agreement, and to incur the obligations provided for under this Agreement.

18.1.3 LAM's actions under this Agreement have been and will be duly and validly authorized, and it will adopt any and all further resolutions or expenditure approvals required for execution of this Agreement.

18.2 Representations and Warranties of CPP. CPP hereby represents and warrants to LAM:

18.2.1 CPP is a duly organized non-profit corporation in good standing and is authorized to conduct business in the State of Arizona.

18.2.2 CPP has applied for and received recognition as a tax exempt entity under Section 501(c)(3) of the 1986 Code.

18.2.3 The Charter (i) authorizes CPP to operate the Charter School and receive revenues under the Code from the State and from federal, State and other resources; (ii) approves the Education Program and other activities contemplated by this Agreement; and (iii) vests CPP with all powers necessary and desirable for carrying out the Education Program and other activities contemplated in this Agreement.

18.2.4 CPP has the authority under the Code and other applicable laws and regulations to contract with a private entity to perform the Educational Services, Administrative Services, Supplemental Programs and all other services under this Agreement and execute, deliver and perform this Agreement, and to incur the obligations provided for under this Agreement.

18.2.5 CPP's actions and those of the Board have been duly and validly authorized.

18.2.6 To the best of its knowledge, CPP is not in breach of the terms of the Charter and will use its best efforts to insure that it will not breach the Charter in the future.

18.2.7 To the best of its knowledge, CPP is not in breach or default under any loan or financial obligations, including, but not limited to, salary obligations and related benefits, payroll taxes, and leases for real and personal property, to the extent that any such obligation is related to CPP's required performance under this Agreement.

18.2.8 The Educational Program has been reviewed and approved by resolution by the Board.

18.2.9 CPP and the Board will use its best efforts to insure that the Educational Program complies with and will continue to comply with the Charter, the Code and other applicable laws and regulations.

18.2.10 CPP has no intellectual or property rights or claims in LAM's curriculum and Education Program and will make no such claims in the future.

18.3 Mutual Warranties. Each party to the Agreement warrants to the other that there are no pending actions, claims, suits or proceedings, to its knowledge, threatened or reasonably anticipated against or affecting it, which if adversely determined, would have a material adverse effect on its ability to perform its obligations under this Agreement.

19. Alternative Dispute Resolution Procedures.

19.1 Dispute Resolution. All claims, disputes, and other matters in controversy ("Disputes") between the parties hereto arising directly or indirectly out of or related to this Agreement, or the breach thereof, whether contractual or non-contractual, and whether during the Term or after the termination of this Agreement shall be resolved exclusively according to the procedures set forth in this Section 19.

19.2 Mediation. No party shall commence an arbitration proceeding pursuant to the provisions of Section 19.3 unless such party shall first give a written notice (a "Dispute Notice") to the other party hereto setting forth the nature of the Dispute. The parties shall attempt in good faith to resolve the Dispute by mediation under the Commercial Mediation Rules of the American Arbitration Association ("AAA") in effect on the date of the Dispute Notice. If the parties cannot agree on the selection of a mediator within 20 days after delivery of the Dispute Notice, the mediator will be selected by the AAA. If the Dispute has not been resolved by

mediation within 60 days after deliver of the Dispute Notice then the Dispute shall be determined by arbitration in accordance with the provisions of Section 19.3.

19.3 Arbitration. Any Dispute that is not settled through mediation as provided in Section 19.2, shall be resolved by final and binding arbitration in Phoenix, Arizona, governed by the Federal Arbitration Act, 9 U.S.C. §1 et seq, and administered by the AAA under its Commercial Arbitration Rules in effect on the date of the Dispute Notice, except that persons eligible to be selected as arbitrators shall be limited to lawyers with excellent academic and professional credentials (i) who are or have been a partner in a highly respected law firm or a law professor for at least 10 years specializing in either general commercial litigation or general corporate and commercial matters with experience in the field of joint ventures and limited liability company agreements and (ii) who have both training and experience as arbitrators. All such Disputes shall be conducted by a single arbitrator, unless the Dispute involves more than $250,000 in the aggregate in which case the arbitration shall be conducted by a panel of three arbitrators. Each party shall be entitle to strike on a peremptory basis, for any reason or no reason, any or all of the names of potential arbitrators for the list submitted to the parties by the AAA as being qualified in accordance with the criteria set forth herein. In the event the parties cannot agree on a mutually acceptable single arbitrator from the one or more lists by the AAA, the AAA shall designate three persons who, in its opinion, meet the criteria set forth herein, which designees may not include persons named on any list previously submitted by the AAA. Each party shall be entitled to strike one of such three designees on a peremptory basis, and shall indicate its order of preference with respect to the remaining designees, and the selection of the arbitrator(s) shall be made from such designee(s) which have not been so stricken by any party in accordance with their indicated order of mutual preference. The arbitrator(s) shall base their award on applicable law and judicial precedent and, unless the parties agree otherwise, shall include in such award the findings of fact and conclusions of law upon which the award is based. Judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

19.4 Costs and Attorneys' Fees. If a party hereto fails to proceed with mediation or arbitration as provided herein or unsuccessfully seeks to stay such mediation or arbitration, or fails to comply with any arbitration award, or is unsuccessful in vacating or modifying the award pursuant to a petition or application for judicial review, the other party shall be entitled to be awarded costs, including reasonable attorneys' fees, paid or incurred by such other party in successfully compelling such arbitration or defending against the attempt to stay, vacate or modify such arbitration award and/or successfully defending or enforcing the award.

19.5 Tolling of Statute of Limitations. All applicable statutes of limitation and defenses based upon the passage of time shall be tolled while the procedures specified in this Section 19 are pending. The parties will take such action, if any, required to effectuate such tolling.

20. Miscellaneous.

20.1 Sole Agreement. This Agreement supersedes and replaces any and all prior agreements and understandings between CPP and LAM regarding the Charter School.

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

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

20.4 Agreement in Entirety. This Agreement constitutes the entire agreement of the parties regarding the Charter School.

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

20.6 Official Notices. All notices and other communications required by the terms of this Agreement will be in writing and sent to the parties hereto at the addresses set forth below (and such addresses may be changed upon proper notice to such addressees). Notice may be given by: (i) certified or registered mail, postage prepaid, return receipt requested, (ii) facsimile (with confirmation of transmission by sender's facsimile machine) or (iii) personal delivery. Notice will be deemed to have been given two days after mailing or on the date of personal delivery or on the date of transmission of a facsimile if on a business day during normal business hours (or, if not, the first business day thereafter). The addresses of the parties are:

To CPP:	To LAM
Havasu Preparatory Academy High School 7878 N. 16th Street, Suite 150 Phoenix, Arizona 85020 Attention: _____ Tel: 602-953-2933 Fax: 602-953-0831	Leona Arizona Management, L.L.C. 7878 N. 16th Street, Suite 150 Phoenix, Arizona 85020 Attention: William Coats Tel: 602-953-2933 Fax: 602-953-0831

20.7 Assignment. This Agreement will not be assigned by LAM without the prior consent in writing of CPP or by CPP without the prior consent in writing of LAM, provided that LAM may assign this Agreement to an affiliated entity or an entity that is a successor to all or a substantial portion of LAM's business and may delegate the performance of, but not responsibility for, any duties and obligations of LAM hereunder to any independent contractors, experts or professional advisors, subject to CPP approval, which approval can not be unreasonably withheld.

20.8 Amendment. This Agreement will not be altered, amended, modified or supplemented except in a written document approved by the Board and signed by authorized officers of both CPP and of LAM.

20.9 Waiver. No waiver of any provision of this Agreement will be deemed to be, nor will constitute a waiver of any other provision, nor will such waiver constitute a continuing waiver unless otherwise expressly stated.

20.10 Severability. The invalidity of any of the covenants, phrases or clauses in this Agreement will not affect the remaining portions of this Agreement, and this Agreement will be construed as if such invalid covenant, phrase or clause had not been co-maintained in this Agreement. To the extent that any of the services to be provided by LAM are found to be an invalid delegation of authority by CPP, such services will be construed to be limited to the extent necessary to make the services valid and binding.

20.11 Successors and Assigns. Except as limited by Section 20.7, this Agreement will be binding upon, and inure to the benefit of, the parties and their respective successors and assigns.

20.12 No Third Party Rights. This Agreement is made for the sole benefit of CPP and LAM, and their affiliates, successors and assigns. Except as otherwise expressly provided, nothing in this Agreement will create or be deemed to create a relationship between the parties to this Agreement, or either or them, and any third person, including a relationship in the nature of a third party beneficiary or fiduciary.

20.13 Survival of Termination. All representations, warranties and indemnities made in this Agreement will survive termination of this Agreement.

20.14 Binding Effect; Counterparts. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall be deemed one and the same instrument.

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

Havasu Preparatory Academy High School	Leona Arizona Management, L.L.C.
By: _____	By: _____
	William Coats
Its _____	CEO