

## SECOND AMENDMENT TO MANAGEMENT AGREEMENT

This Second Amendment to Management Agreement ("Second Amendment") is made as of the 1st day of July, 2011 ("Effective Date"), by and between The Leona Group, L.L.C. ("TLG"), and the Joy Preparatory Academy (the "Academy").

The Academy and TLG entered into a certain Management Agreement dated as of February 12, 2004, as amended by First Amendment to Management Agreement dated May 19, 2009 (the "Agreement"); and

The Academy and TLG desire to further amend the Agreement to (i) extend the Term of the Agreement for a period of five (5) academic years and (ii) modify the Annual Management Fee provided under the Agreement as of the Effective Date of this Second Amendment and (iii) add provisions to the Agreement as required by the Academy's Authorizer.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, TLG and the Academy hereby agree to amend and modify the Agreement in the following particulars:

1. Article II, Section A of the Agreement, entitled "Term" is hereby amended to provide that the Agreement shall cover an additional period of five (5) academic years commencing on July 1, 2011 and ending on June 30, 2016 ("Second Extended Term"), subject to continued charter approval and state per capita funding.
2. Article V, Section A, Subsection 1 of the Agreement, entitled "Annual Management Fee" is hereby amended in its entirety for application to the Second Extended Term only, which amended Subsection 1 shall read as follows:

"1. (a) Subject to the other provisions of this Article V, as of the Effective Date of the Second Amendment the Annual Management Fee shall be an amount equal to nine (9%) percent of the Gross Revenues of the Academy, subject to adjustment pursuant to Subsection 1(b) below regarding the achievement by the Academy of the following minimum performance standards are maintained in each academic year (collectively, the "Minimum Performance Standards"):

- Achieve Adequate Yearly Progress ("AYP") as defined in the federal No Child Left Behind Act of 2001 and the regulations promulgated thereunder.
- Establish and Maintain Accreditation Status.
- Maintain a State of Michigan Report Card of "B" or better (or the equivalent thereof under any replacement evaluation established by the State of Michigan).

- Meet all of the specific educational goals established for the Academy by the Authorizer in the Academy's Charter Contract as prescribed below:

\* MEAP: To meet the CSO established MEAP goal the Academy must meet 4 of 6 grade level targets in Reading and 4 of the 6 grade level targets in Mathematics.

\* Scantron: To meet the CSO established Scantron goal the Academy must meet or exceed 2 of the 3 subject area (Reading, Mathematics, and Language Arts) targets.

The term "Gross Revenues" shall mean any and all receipts of Academy of whatsoever kind or nature, excluding any donations to Academy or the proceeds from borrowings undertaken by Academy.

(b) If any of the Minimum Performance Standards (specified in Subsection 1(a)) are not met in an academic year, then the Annual Management Fee shall be reduced by one tenth percent (.1%) of the Gross Revenues of the Academy for each Minimum Performance Standard not achieved.

(c) In the event that the Academy during any academic year exceeds the Minimum Performance Standards cited above in the manner prescribed below, TLG shall be entitled to an supplemental fee (a "Performance Fee") as calculated in accordance with Subsection 1(d) below:

(i) The Academy exceeds the AYP standards by 5% or more in both reading and math.

(ii) The Academy earns a grade of "A" or better on the Michigan School Report Card (or the equivalent thereof under any replacement evaluation established by the State of Michigan).

(iii) The Academy exceeds all of the specific educational goals established for the Academy by the Authorizer in the Charter Contract in regards to Scantron and MEAP test results as prescribed below:

- MEAP: To exceed the CSO established MEAP goal the Academy must meet more than 4 of 6 grade level targets in Reading and more than 4 of the 6 grade level targets in Mathematics.
- Scantron: To exceed the CSO established Scantron goal the Academy must meet or exceed 3 of the 3 subject area (Reading, Mathematics, and Language Arts) targets.

(iv) The Academy moves three positions higher in the annual achievement rankings of Ferris State authorized charter schools

(d) The Performance Fee for any academic year in which one or more of the Minimum Performance Standards is exceeded in accordance with Subsection 1(c) above, shall be equal to the product of (1) the number of Minimum Performance Standards exceeded for that academic year, multiplied by (2) one eighth percent (.125%), multiplied by (3) the Gross Revenues of the Academy for that academic year.

(e) The Performance Fee shall be payable at the option of the Academy in (i) a lump sum on the last day of the academic year, or (ii) in six (6) equal monthly installments paid on the 15th day of each month from July through December of the succeeding academic year. Notwithstanding the foregoing, the Academy shall pay the Performance Fee for the last academic year of the Term in accordance with option (i)."

3. Article XIV AUTHORIZER – REQUIRED PROVISIONS is amended by adding the following provisions:

M. Indemnification of Ferris State University. The parties acknowledge and agree that the Ferris State University Board of Trustees, Ferris State University and its members, officers, employees, agents or representatives are deemed to be third party beneficiaries for purposes of this Agreement. As third party beneficiaries, the parties hereby promise to indemnify and hold harmless Ferris State University Board of Trustees, Ferris State University and its members, officers, employees, agents or representatives from all claims, demands, or liability, including attorney fees, and related expenses, on account of injury, loss or damage, including, without limitation, claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage or any other losses of any kind whatsoever and not caused by the sole negligence of Ferris State University, which arise out of or are in any manner connected with Ferris State University Board's approval of a public school academy application, the University Board's consideration of or issuance of a Contract, the Academy's preparation for and operation of a public school, or which are incurred as a result of the reliance by Ferris State University and its Board of Trustees members, officers, employees, agents or representatives upon information supplied by the Academy or the Educational Service Provider, or which arise out of the failure of the Academy to perform its obligations under the Contract issued to the Academy by Ferris State University Board of Trustees. The parties expressly acknowledge and agree that Ferris State University and its Board of Trustee members, officers, employees, agents or representatives may commence legal action against either party to enforce its rights as set forth in this Agreement.

N. Agreement Coterminous With Academy's Contract. If the Academy's Contract issued by the Ferris State University Board of Trustees is suspended, revoked or terminated, this Agreement shall automatically be suspended or terminated, as the case may be, on the same date as the Academy's Contract is suspended, revoked or terminated without further action of the parties.

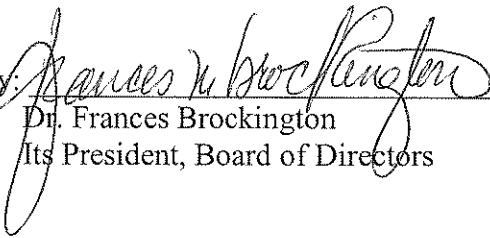
O. Compliance with Academy's Contract. The Educational Service Provider agrees to perform its duties and responsibilities under this Agreement in a manner that is consistent with the Academy's obligations under the Academy's Contract issued by Ferris State University Board of Trustees. The provisions of the Academy's Contract shall supersede any competing or conflicting provisions contained in this Agreement.


4. Except as specifically amended above, all of the terms and conditions of the Agreement shall remain in full force and effect and are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties have executed this Second Amendment as of the date set forth in the introductory paragraph of this Second Amendment.

Joy Preparatory Academy

The Leona Group, LLC

By:   
Dr. Frances Brockington  
Its President, Board of Directors

By:   
William Coats  
Its Chief Executive Officer