

SERVICES AGREEMENT

This SERVICES AGREEMENT (the “Agreement”), is made effective as of the ___ day of April, 2019 (the “Effective Date”), by and between LEMAN CLASSICAL SCHOOL, a Colorado nonprofit corporation (“Leman Classical”), and FAUSTUS MANAGEMENT COMPANY, LLC, a Delaware limited liability company (the “Company”).

RECITALS:

WHEREAS, the Board of Education of the Douglas County School District RE-1 (the “District”) approved Leman Classical’s charter application on August 16, 2016; and

WHEREAS, Leman Classical and the District entered into a charter contract dated November 15, 2016 with a term running through June 30, 2021 (the “Charter Contract”); and

WHEREAS Leman Classical commenced operations as a district charter school (the “School”) for the school year beginning July 1, 2018 and ending on June 30, 2019; and

WHEREAS, the Board of Directors of Leman Classical (the “Board”) may carry out any act and ensure the performance of any function by Leman Classical that is in compliance with the Colorado Constitution; the Charter Schools Act; other federal, state or local statutes and regulations, orders and rulings applicable to Colorado charter schools; and the Charter Contract; (collectively, “Applicable Law”);

WHEREAS, the Company is a Delaware limited liability company formed for the purposes of providing management services to charter schools and has knowledge, experience and expertise in operating charter schools, including with respect to business management, finance, strategy, grant funding, special education and general charter school management; and

WHEREAS, Leman Classical desires to “outsource” certain services; and

WHEREAS, the Board has determined that it is in Leman Classical’s best interest to enter into this Agreement with the Company in order to obtain the skilled services of the Company employees at a fixed rate, for a stated time period, in addition to organizational and operational services related to such employees that would otherwise have to be provided by Leman Classical; and

WHEREAS, the Board has reviewed this Agreement and believes the amounts payable under this Agreement likely will be less than Leman Classical

would otherwise pay to obtain the same or similar services and comparable sublicense rights directly or through another provider; and

WHEREAS, the Company is willing to provide certain services to Leman Classical as an independent contractor as well as certain other rights under certain of the Company's sublicense agreements;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for other good and valuable consideration, the receipt, sufficiency and reasonableness of which is hereby acknowledged, the parties hereto intending to be legally bound agree as follows:

ARTICLE I

RETENTION OF THE COMPANY; DUTIES & AUTHORITY OF THE COMPANY

1.1 Retention of the Company. Leman Classical hereby engages and retains the Company, as an independent contractor, to provide the services identified in this Agreement for the term of this Agreement, as set forth in Section 1.2(b) (the "Services"), and to obtain rights to Licensed Property identified in this Agreement, as set forth in Section 1.2(c). The Services shall be provided from such location(s) as the Company and Leman Classical mutually approve in writing. The Company agrees to provide such Services in consideration of the prompt payment of the Annual Service Fee, as defined in paragraph 2.1(d).

1.2 The Company's Duty and Authority.

(a) General. All individuals used by the Company to provide Services shall be Company employees or independent contractors of the Company and shall not be Leman Classical employees. The Company shall hire, train, license (to the extent required by local law), supervise, manage, direct and discharge its employees as necessary, and in its discretion, for the purpose of providing Services to Leman Classical under this Agreement. The Company shall be the sole judge of the fitness and qualifications of such employees and is vested with absolute discretion in hiring, supervising, directing, discharging and determining the compensation and other terms of its employees' employment. The Company shall maintain all appropriate records as required by Leman Classical, Applicable Law and sound business management practices. Such records shall be available for review by Leman Classical upon reasonable notice.

(b) Services to be Provided by the Company. The Company will be responsible for providing the following “Services” to Lemman Classical:

(i) developing and monitoring programs and otherwise assisting Lemman Classical in complying with state and federal requirements necessary to keep Lemman Classical’s Charter in place as well as to maintain its status as an Internal Revenue Code Section 501(c)(3) tax-exempt organization, in a manner approved by the Board;

(ii) monitoring state budget and reporting requirements in order to assist in Lemman Classical’s compliance with such requirements, in a manner approved by the Board;

(iii) providing marketing, public relations and advertising plans for Board consideration and implementing Board approved plans;

(iv) assisting in the development of personnel policies and procedures for Board consideration;

(v) developing and updating a school improvement and accountability plan for Board consideration;

(vi) soliciting input from students, parents and staff in preparing an annual student and school profile for Board consideration;

(vii) assisting Lemman Classical in obtaining equipment and supplies and/or the use of equipment and supplies within a Board approved budget;

(viii) assisting Lemman Classical in the acquisition of fixed assets, in a manner approved by the Board;

(ix) establishing a school safety plan for Board consideration;

(x) assisting Lemman Classical in understanding state and federal special education laws, and suggesting policies and procedures to the Board that will assist Lemman Classical in complying with state and federal special education laws;

(xi) assisting Lemman Classical in preparing for required audits, in a manner approved by the Board;

(xii) assisting Lemman Classical in researching and drafting the necessary documents to attempt to secure state, federal or other funding for special education under the Individuals with Disabilities Education Act (IDEA) or other programs, with any written materials being provided to and approved by the Board before submission;

(xiii) assisting Lemman Classical in engaging in the necessary research and writing processes to attempt to secure entitlement funds under the Elementary and Secondary Education Act (ESEA) Title 1, Title IIA Title IID, Title IV, Title V, Title VIII and any other programs, with any written materials being provided to and approved by the Board before submission;

(xiv) assisting Lemman Classical in aligning its curricula standards with applicable Colorado state academic standards and any federal program standards (e.g., Every Student Succeeds Act), in accordance with Board approval;

(xv) assisting Lemman Classical in researching, writing and submitting federal, state and other program grant proposals, in accordance with Board approval;

(xvi) assisting in creating budgets, if and when requested by the Board, for Board consideration;

(xvii) monitoring Lemman Classical's operations within such Board approved budgets and reporting the results of such monitoring to the Board;

(xviii) assisting with Lemman Classical's student admissions process, as requested by the Board;

(xix) assisting Lemman Classical as needed in procuring one or more leases or subleases, in accordance with Board approval;

(xx) preparing financial statements on an annual and as-needed basis for Board approval;

(xxi) auditing Lemman Classical's internal records and assisting with audit preparation, for delivery to the Board;

(xxii) procuring and maintaining a Board approved student management system that is compliant with state and federal student attendance and reporting requirements; and

(xxiii) providing other administrative services, as requested and approved by the Board and Leman Classical.

(c) Licensed Property to Be Provided by Company. Dr. Kevin Leman (“Dr. Leman”) is an individual who has registered or will register ownership of proprietary curricula and education programs (the “Leman Curricula”) identified by and used in connection with charter schools operated under the name of “The Leman Academy of Excellence” or “Leman Classical School” (the “Tradename”) as a tradename and a copyrighted name for the purposes of identifying Dr. Leman’s specific educational curricula, programs, vision and academic philosophy (the Leman Curricula and the Tradename shall hereinafter together be referred to as the “Licensed Property”). The Company has obtained rights to the Licensed Property of Dr. Leman as a sublicensee, Leman Classical acknowledges it owns no title to the Tradename or the Licensed Property.

The Company hereby grants Leman Classical a non-exclusive sublicense to use the Tradename and Licensed Property for its benefit as a charter school during the term of this Agreement. Leman Classical acknowledges that, subject to the limited license granted herein, it does not possess the copyright and title to the Tradename and any trademarks or service marks relating thereto, and Leman Classical may not assign or otherwise convey said license to any third party. Leman Classical agrees that immediately upon termination for any reason or expiration without renewal of this Agreement, Leman Classical’s license to use the Tradename or Licensed Property shall immediately terminate. If Leman Classical continues to operate, it will thereafter take all necessary action to change the name to avoid infringement upon the rights of Dr. Leman’s Licensed Property or other any licensees of such Licensed Property, and will in no event continue to use the Tradename or Licensed Property in the name of the charter school or in any materials or matters having to do with the charter school.

(d) Authority and Responsibility Limitations. The Company agrees that it will obtain prior written approval from the Board before engaging in any action outside of Leman Classical’s ordinary course of business with regard to the provision of Services. Additionally, the Company shall not have discretion to incur expenses outside of a Board approved budget on Leman Classical’s behalf without the Board’s prior approval. The Company shall not enter into a contract or other binding agreement on Leman Classical’s behalf or make any statements that would create a material obligation or undertaking for Leman Classical, absent prior Board approval. The Board has sole discretion to determine whether and which additional matters require Board approval. Specific circumstances in which the Company must

receive prior written Board approval include, but are not limited to, decisions regarding: (i) Lemman Classical's location; (ii) Lemman Classical's curricula; (iii) Lemman Classical's policies and procedures (as further set forth in Section 1.3); (iv) the structure and/or content of any outreach program(s) entered into or participated in on Lemman Classical's behalf; (v) the content of information disclosed to students, any future employees or the public on Lemman Classical's behalf; (vi) Lemman Classical's budget or matters involving Lemman Classical's fiscal health; (vii) hiring, compensation, non-renewal, discipline, assignment, transfer, or firing decisions or policies regarding any Lemman Classical officer, director or employee; (viii) the submission of forms for government or other funding; and (ix) any contract or agreement entered into on Lemman Classical's behalf.

1.3 Policies. The parties acknowledge and agree that the Company, in its provision of the Services, will recommend various policies and administrative regulations, but the Board retains ultimate responsibility for adopting any policies and regulations and for overseeing such policies. By way of example and without limiting the foregoing, the Board shall determine whether to approve policies (and may approve administrative regulations) relating to curricula, admissions procedures, student conduct, school calendars and dispute resolution procedures. The Board agrees to provide the Company written copies of all adopted policies related to Lemman Classical and agrees to notify the Company promptly in writing of any changes to such policies and to provide the Company with updated copies of all policies.

1.4 Actions in Accordance with Lemman Classical's Exempt Status and Charter. The Company agrees that it will provide Services in accordance with this Agreement and will not act in any manner that it knows will terminate or threaten to terminate either Lemman Classical's status as an organization described in Internal Revenue Code Section 501(c)(3) and exempt from federal income tax under Code Section 501(a), or violate Applicable Law.

1.5 The Company's Intended Method of Providing Services. The Company will designate a person to oversee the Company's responsibilities with Lemman Classical. The Company further intends to initially designate Katherine Determan as such person. The Company, however, maintains the right to select, at the Company's discretion, any other individual(s) of comparable ability to perform the functions and maintain the responsibilities the Company has contracted to provide under this Agreement. Any one or more of these employees may perform any or all Services, at the Company's discretion. The Company need not obtain prior Board approval in selecting the person(s) to serve in each position or in determining what functions each person performs under this Agreement. If Lemman Classical does not agree with the Company's selection of a particular person for a particular task, after discussing such issue with the Company, Lemman Classical may invoke the

provisions of Section 6.5. If the Board determines that a particular individual providing services hereunder at the school's campus is unsatisfactory, it shall notify the Company in writing. If the Company does not take action satisfactory to Lemman Classical in response to such written notice, Lemman Classical may invoke the provisions of Section 6.5.

ARTICLE 2

ANNUAL SERVICE FEE

2.1 Definitions. As used in this Agreement, the following terms shall have the meaning ascribed to them herein:

(a) The term "GAAP" shall mean "Generally Accepted Accounting Principles."

(b) The term "GAAP-Based Financial Statements" shall mean Lemman Classical's audited financial statements prepared in accordance with GAAP and dated June 30 each year upon, upon which financial statements Lemman Classical's independent auditor shall have issued their report.

(c) The term "Days Cash on Hand" means a figure reached by the following calculations:

(i) Determine annual cash expenses by excluding non-cash items (e.g., depreciation and amortization) from total annual expenses.

(ii) Divide annual cash expenses by 365 to determine average cash expenses per day.

(iv) Divide the amount of UCR by average cash expenses per day to reach "Days Cash on Hand."

(d) The term "Annual Service Fee" shall be the Base Fee as adjusted, if necessary, for the UCR target.

(i) The "Base Fee" for a given fiscal year shall be fifteen percent (15%) of Lemman Classical's Funded Enrollment Revenue" for that fiscal year.

(ii) If, after payment of the Base Fee for a given fiscal year, the amount of Year-End UCR for that fiscal year is equal to or more than the Targeted Year-End UCR, there shall be no adjustment to the Base Fee.

(iii) If, after payment of the Base Fee for a given fiscal year, the amount of Year-End UCR for that fiscal year is less than the Targeted Year-End UCR, there shall be an adjustment to the Base Fee. The adjustment shall be that amount by which the Targeted Year-End UCR exceeded the actual UCR, except that (subject to Section 2.8) in no event shall the Base Fee be less than four-hundred and fifty thousand dollars (\$450,000) in the 2019–2020 fiscal year, seven-hundred and fifty thousand dollars (\$750,000) in the 2020–2021 fiscal year, and ten percent (10%) of Lemman Classical’s Funded Enrollment Revenue for all subsequent fiscal years.

(iv) All fee calculations shall be based on Lemman Classical’s GAAP-Based Financial Statements.

(e) The term “Funded Enrollment Revenue” shall mean Lemman Classical’s “funded pupil count” multiplied by the “per pupil revenue” Lemman Classical receives from the District in the applicable year plus the local mill levy override funds Lemman Classical receives from the District in the applicable year. The terms “funded pupil count” and “per pupil revenue” shall have the meaning ascribed to them in the School Finance Act.

(g) The term “UCR” means unrestricted cash and cash equivalents available to pay cash operating expenses. UCR shall include Lemman Classical’s TABOR reserve as required by COLO. CONST. art. X, § 20(5).

(h) The term “Year-End UCR” shall mean the amount of UCR on June 30 of each year.

(i) The term “Targeted Year-End UCR” shall mean the targeted Year-End UCR for the next succeeding fiscal year. The parties shall agree to a “Targeted Year-End UCR” on or before June 15 of each year. For example, the parties shall agree to the targeted UCR for June 30, 2020 on or before June 15, 2019.

(j) The term “School Finance Act” shall mean the Colorado School Finance Act. C.R.S. § 22-54-101, *et seq.*, as amended from time to time.

2.2 Annual Service Fee. In exchange for the Services, Lemman Classical shall pay the Annual Service Fee to the Company.

2.3 Budgeted Service Fee. On or before June 15 of each year, the parties shall agree on a “Budgeted Service Fee.” The Budgeted Service Fee shall be based on the parties’ best estimate of the Annual Service Fee for the upcoming fiscal year. Lemman Classical will pay one-twelfth of the Budgeted Service Fee to the Company each month on or before the 15th of each month. The Budgeted Service Fee shall be adjusted prior to December 31 of each year, and the monthly payments from

January to June shall be adjusted to reflect the adjusted Budgeted Service Fee. The goal shall be that the sum of the twelve monthly payments shall equal as nearly as possible the actual Annual Service Fee for the year.

2.4. Annual Adjustment. The Annual Service Fee for a given fiscal year cannot be known definitively until the GAAP-Based Financial Statements for that fiscal year are issued and reported on by Lemman Classical's independent auditor. The parties agree that each year on or before November 15, they shall make a payment back or forth, as the case may be, to adjust for any difference between the actual Annual Service Fee for the previous fiscal year as calculated by reference to the GAAP-Based Financial Statements, and the sum of the twelve monthly payments made pursuant to Section 2.3 for that fiscal year.

2.5. Not Excess Benefit Transaction. The Annual Service Fee under this Agreement will not be based, in whole or in part, on a share of net profits from the operation of Lemman Classical. In the event the Annual Service Fee is determined to be an excess benefit transaction under the Internal Revenue Code, the parties agree that this Section 2 shall be deemed to be amended to avoid designation as an excess benefit transaction. The Annual Service Fee does not include reimbursement for direct expenses, as provided for in Section 2.6 below. Should there be any disagreement regarding payments or adjustments to such payments that cannot be resolved between the parties, either party may invoke the provisions of Section 6.5.

2.6. Reimbursement for Expenses. Lemman Classical will reimburse the Company for any and all Board approved expenses, whether or not budgeted, which are incurred by the Company (including for Lemman Classical equipment, supplies, materials, professional services and/or other expenses). Reimbursement shall be made to the Company within sixty (60) days of the Company incurring such expense and providing proper documentation to Lemman Classical to support such expense.

2.7. Fee Begins in 2019. The first Annual Service Fee shall be for the fiscal year that will end on June 30, 2020. There will be no fee for the fiscal year ended June 30, 2019 or any previous time, and the parties, for themselves and their affiliates, hereby waive any claim against each other for any time prior to the Effective Date hereof.

2.8. Fees and Reimbursements Subject to Charter School Budget Limitations. Both parties agree that it is essential to maintain the good standing of the Lemman Classical Charter. The criteria for maintaining good standing include, but are not limited to, prudent financial management of Lemman Classical by the Board. Although the parties have negotiated fees in good faith that they believe represent a fair market value for the Services being provided, due to the uncertainties related to enrollment projections and State funding rates, both parties agree that, notwithstanding any other provision of this Agreement (including,

without limitation, subparagraph 2.1(d)(iii), the Service Fee and reimbursements sought by the Company shall never cause Lemman Classical to:

- a) Have an unbalanced budget in any fiscal year; and/or
- b) Have inadequate cash flow to meet all of its actual and necessary expenses pursuant to State and federal law and the Charter.

In any year in which Lemman Classical cannot reach the aforementioned criteria, both parties intend that this provision will cause a reduction in the Service Fee to an amount necessary to allow Lemman Classical to meet these criteria. Should Lemman Classical need to invoke the provisions of this Section 2.8, the Company shall have the right to terminate this Agreement without causing a breach, as further detailed in Section 3.7.

ARTICLE 3

AGREEMENT TERM AND TERMINATION

3.1 Term. This Agreement shall begin on the Effective Date and shall be coterminous with the Charter Contract, as it may be amended or extended. Notwithstanding the termination of the Charter Contract, and assuming this Agreement has not been terminated pursuant to any other provision, this Agreement shall continue to remain in effect provided that Lemman Classical has entered into or is continuing to operate (i) under any charter school contract (or similar charter, contract or agreement) with an authorizing body pursuant to applicable law or (ii) as a private school.

3.2 Termination for Cause/Material Breach. If a material breach of this Agreement occurs and such breach is not corrected within ninety (90) days after the breaching party receives written notice describing such breach, then the non-breaching party shall have the right to terminate this Agreement with the breaching party. If the breaching party does not agree that there has been an occurrence of breach or believes that the breach was corrected within ninety (90) days after receipt of written notice of such breach and if the breaching party provides written notice to the other party regarding such position, then the matter shall be addressed pursuant to Section 6.5.

3.3 Delay in Providing Services. If the Company does not provide the Services in a timely manner and such delay does not constitute a material breach, Lemman Classical and the Company agree to negotiate, in good faith, a reduction in the Annual Service Fee payable to the Company to reasonably compensate Lemman Classical for the Company's failure to provide prompt Services.

3.4 Delay in Providing Payment or Reimbursement. If Lemman Classical does not provide payment of the Annual Service Fee or reimbursements on the date when such payment or reimbursement is due, interest will accrue at the rate per annum equal to The Wall Street Journal prime rate of interest as quoted in the Money Rates section of The Wall Street Journal.

3.5 Insolvency. Either party may terminate this Agreement upon thirty (30) days written notice, without being in breach of this Agreement, if the other party admits insolvency, makes an assignment for the benefit of creditors, or has a trustee or receiver appointed overall or any substantial part of such party's assets.

3.6 Threat to Lemman Classical's Tax-Exempt Status. If Lemman Classical or its representative makes a reasonable determination that one or more terms of this Agreement threaten either (i) Lemman Classical's status as an organization described in Internal Revenue Code Section 501(c)(3) and exempt from federal income tax under Code Section 501(a), or (ii) Lemman Classical's Charter Contract, then the parties agree to renegotiate the problematic terms of this Agreement. If agreeable renegotiated terms cannot be reached within thirty (30) days of Lemman Classical providing the Company with notice and an explanation of its determination pursuant to this Section 3.6, then either party may terminate this Agreement without breach.

3.7 Termination Upon Revocation or Nonrenewal of Charter or Adjustment of Fee.

(a) If Lemman Classical's Charter is not renewed, this Agreement shall terminate at the end of the Charter Contract term. If Lemman Classical's Charter is revoked, this Agreement shall terminate as of the effective date of the revocation.

(b) Notwithstanding any other provisions of this Agreement, in the case of termination of this Agreement due to either revocation or nonrenewal of Lemman Classical's Charter, Lemman Classical shall owe no further fees or reimbursements to the Company under this Agreement unless Lemman Classical has funds in excess of the amounts necessary to effectuate the school closure process and to dissolve the nonprofit corporation. Any funds available after accounting for school closure and dissolution expenses shall be used to satisfy outstanding invoices of the Company up, through and including the date of termination of this Agreement, unless Lemman Classical is then party to bankruptcy proceedings, in which case the Company may submit a claim for all fees and reimbursements due and payable through the bankruptcy proceedings.

(c) If the Annual Service Fee adjusted to less than the "Base Fee," for any fiscal year pursuant to the terms hereof, the Company shall have the right to cancel

this Agreement with sixty (60) days' notice to Lemman Classical without being in breach of this Agreement.

3.8 Rights and Obligations after Termination. No termination of this Agreement shall affect the rights, obligations or claims of any party arising prior to the termination of such Agreement, including compensation due to the Company for Services provided under this Agreement prior to the termination date.

ARTICLE 4

CONFIDENTIALITY

4.1 Definition of Confidential Information. As used herein, 'Confidential Information' shall mean;

(a) information required to be kept confidential by Applicable Law, including but not limited to, the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. § 1232g; 34 C.F.R. Part 99 ("FERPA"); and

(b) information and materials disclosed by or on behalf of Lemman Classical to the Company or to the Company's representative(s) relating in any manner to Lemman Classical or Lemman Classical's affiliates, which information and/or materials are not available to the general public or any information and/or materials disclosed by or on behalf of the Company to Lemman Classical or Lemman Classical's representatives relating in any manner to the Company or the Company's affiliates which information and/or materials are not available to the general public; including, but not limited to, all diagrams, reports, methods, techniques, processes, future plans, financial information, cost and pricing information, computer programs, formulas and equations, the names of any of Lemman Classical's or Company's suppliers or vendors, or the costs of such supplies or materials, the prices at which Lemman Classical or the Company obtains or has obtained, or at which Lemman Classical sells or has sold, its products and services, written business records, specifications and budgets. Confidential Information shall include information learned or furnished either orally or in writing prior to or during the term of this Agreement.

4.2 Agreements Concerning Confidentiality. To protect against improper disclosure of Confidential Information, the Company and Lemman Classical agree that:

(a) all Confidential Information of the other party shall be and remain the exclusive property of such other party;

(b) the Company will maintain the confidentiality of Lemman Classical Confidential Information in accordance with the requirements of Applicable Law. Lemman Classical recognizes and agrees that for purposes of FERPA and state privacy and public records laws, the Company has a legitimate educational interest for purposes of accessing personally identifiable student information maintained by Lemman Classical and may access such information without parental consent. Lemman Classical shall define “school officials” and “legitimate educational interest” in a broad manner consistent with FERPA to permit the provision of the Services.

(c) except for disclosure required by law, each party shall limit access to Confidential Information of the other party to individuals employed or retained by the first party who have a need to know the Confidential Information in order to comply with the terms of this Agreement or other valid agreements between such parties. If either party is subject to a subpoena requiring the disclosure of Confidential Information, the party receiving the subpoena agrees to notify the other party prior to disclosing any Confidential Information in response to the subpoena; and

(d) the use of Confidential Information will be limited only to purposes of complying with each party’s obligations hereunder and for such other purposes as shall be agreed upon by the other party in writing.

4.3 Exceptions to Confidentiality. The obligations of the parties contained in this Article 4 shall not apply to any Confidential Information which:

(a) was legally in a party’s possession on a non-confidential basis prior to receipt from or receipt on behalf of the other party;

(b) was received in good faith on a non-confidential basis from a third party who is not subject to any confidentiality obligations;

(c) is now or later becomes publicly known through no breach of any obligations imposed by this Article 4 or other provision(s) of this Agreement; or Information.

(d) was developed without the developing person(s) using any Confidential Information.

ARTICLE 5

WARRANTIES AND INDEMNITIES

5.1 Warranties. Each party represents and warrants that it:

(a) is an organization duly organized, validly existing and in good standing under the laws of the state in which it is formed;

(b) has all requisite power and authority and the legal right to enter into this Agreement and to perform its obligations under this Agreement;

(c) has taken all necessary action on its part to authorize the execution and delivery of this Agreement and the performance of its obligations under this Agreement;

(d) has duly executed and delivered this Agreement, which, in turn, constitutes a legal, valid, binding obligation, enforceable against such party in accordance with its terms; and

(e) has approved this Agreement by a majority of Board members or other authorized Persons who do not have a conflict of interest in approving this Agreement.

5.2 Indemnities.

(a) Indemnification by Leman Classical. To the extent permitted by law, Leman Classical shall indemnify, defend and hold the Company and its directors, officers, employees and other agents harmless for, from and against any and all claims, suits, actions, demands, proceedings, losses, damages, liabilities, costs and expenses, including, without limitation, interest and reasonable attorneys' fees (collectively, "Losses"), arising out of, relating to, or resulting from (a) a breach of any of Leman Classical's representations, warranties, agreements or covenants set forth in this Agreement, (b) Leman Classical's gross negligence or willful misconduct, or (d) a breach of Leman Classical's duty of care pursuant to C.R.S. § 24-10-106.3(3). Leman Classical's indemnification obligation is subject to the conditions that the Company promptly notifies Leman Classical of any such claim (provided, however, that no delay in providing such notice shall affect the Company's rights hereunder, unless (and then only to the extent that) Leman Classical is materially prejudiced thereby). Nothing in this Agreement shall be construed to be a waiver of any provision of the Colorado Governmental Immunity Act, C.R.S. §§ 24-10-101, *et seq.*, and no such waiver is intended.

(b) Indemnification by the Company. The Company shall indemnify, defend and hold Leman Classical and its directors, officers, employees and other agents harmless for, from and against any and all Losses, arising out of, relating to, or resulting from (a) a claim that Leman Classical's authorized and proper use of the Intellectual Property pursuant to this Agreement

infringes any United States patent, trademark or copyright, (b) a breach of any of the Company's representations, warranties, agreements or covenants set forth in this Agreement, or (c) the Company's gross negligence or willful misconduct. The Company's indemnification obligation is subject to the conditions that (i) Lemman Classical promptly notifies the Company of any such claim (provided, however, that no delay in providing such notice shall affect Lemman Classical's rights hereunder, unless (and then only to the extent that) the Company is materially prejudiced thereby).

ARTICLE 6

GENERAL PROVISIONS

6.1 Notices.

Any notice, demand, or communication required or permitted to be given to a party by any provision of this Agreement shall be deemed to have been sufficiently given or served for all purposes if (i) delivered personally, (ii) sent by facsimile, or (iii) sent by registered or certified mail, postage prepaid, addressed to the party at the address set forth below. Except as otherwise provided herein, any such notice shall be deemed to be given on the date on which the same was personally delivered, on the date on which the notice was transmitted by facsimile if confirmation thereof is obtained or, if sent by registered or certified mail, three days after the date on which the same was deposited in a regularly maintained receptacle for the deposit of United States mail, addressed and sent as aforesaid. The inability to deliver any such notice because of a changed mailing address or facsimile, of which no notice was given, or because of the rejection or refusal to accept such notice, shall be deemed to be the effective receipt of the notice as of the date of such inability to deliver, rejection or refusal to accept. Notice may be given by counsel or an agent for a party.

If to the Company:

Faustus Management Company, LLC.
Attn: Mike Farley
6601 E Grant Road, Suite 101
Tucson, AZ 85715

If to Lemman Classical:

Lemman Classical School
Attn: Board President
19560 Stroh Rd.
Parker CO, 80134

6.2 Waiver. No waiver of any breach of the terms of this Agreement shall be effective unless such waiver is in writing and signed by the party against whom such waiver is claimed. No waiver of any breach shall be deemed to be a waiver of any other or subsequent breach.

6.3 Severability. If any term, provision or section of this Agreement shall be found to be unenforceable, that term, provision, or section shall be stricken from this Agreement and shall not affect the validity or enforceability of the remaining terms, provisions and sections of this Agreement. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only as broad as enforceable.

6.4 Further Assurances. Each party shall execute such documents and shall give such further assurances as shall be reasonably necessary or desirable to perform its obligations hereunder.

6.5 Governing Law: Dispute Resolution.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado, without applying any choice of law provisions of the State of Colorado, or any other jurisdiction.

(b) If a dispute arises out of or relates to this Agreement, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation, administered under the supervision of a mutually agreed upon mediator. The mediation shall be held in Denver, Colorado.

(c) Should mediation not successfully resolve the dispute(s), then, subject to the provisions of Section 6.5(d), the parties agree to proceed to mandatory and binding arbitration before a single arbitrator, pursuant to existing rules of the American Arbitration Association, with procedures to be mutually agreed upon by the parties. The arbitration shall take place in Denver, Colorado.

(d) Irrespective of the mediation and arbitration provisions set forth herein, each party understands and agrees that a breach of this Agreement may result in the other party suffering irreparable harm in which the full

extent of damages may be impossible to ascertain, and monetary damages may not be an adequate remedy. As such, in its sole discretion, either party may seek immediate judicial relief as available in law or equity, and the initiation of any judicial proceeding will suspend the dispute resolution procedures set forth above.

(e) The arbitrator shall apply the substantive law (and the law of remedies, if applicable) of the State of Colorado, in accordance with this Section 6.5, in deciding the issues to be heard. Notice of any motions before the arbitrator shall be given to the arbitrator. Any party may cause to be prepared, at its expense, a written transcription or electronic recollection of such arbitration. The award of the arbitrator shall be supported by written findings of fact and conclusions of law.

(f) Except as may be required by law, no party, mediator or arbitrator may disclose the existence, content, or results of any mediation or arbitration hereunder without the prior written consent of both parties.

(g) Each party will bear its own costs and expenses associated with the mediation and/or arbitration procedures set forth in this Section 6.5, except that the parties will share equally any fees payable to a professional mediator and/or arbitrator.

(h) With respect to any matter not subject to mediation or arbitration, each of the parties hereby irrevocably and unconditionally consents to submit to the jurisdiction of the federal courts of the United States of America (located in Denver, Colorado) or, if such federal courts do not have jurisdiction, to the courts of the State of Colorado (located in Douglas County, Colorado) for any litigation arising out of or relating to this Agreement and the transactions contemplated hereby, and further agrees that service of any process, summons, notice or document by U.S. certified mail to the party's respective address set forth in this Agreement shall be effective service of process for any litigation brought against the party in any such court. Each of the parties irrevocably and unconditionally waives any objection to the laying of venue of any litigation arising out of this Agreement or the transactions contemplated hereby in the courts of the United States of America or the State of Colorado, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim that any such litigation brought in any such court has been brought in an inconvenient forum.

(i) Each of the parties irrevocably agrees and acknowledges that any judgment (whether issued by a court, arbitrator or other person or entity) which one party may have against the other party, and all other monetary

claims which one party may have against the other party, may be enforced in any jurisdiction in which the party subject to the monetary obligation has assets.

6.6 TABOR Provision. Notwithstanding any other provision, term or condition of this Agreement, Lemman Classical's financial obligations in future fiscal years (July 1 through June 30) are subject to annual fiscal year appropriations by and at its option. The obligation of Lemman Classical to make any payments pursuant to this Agreement shall terminate in the event that the Board for any reason does not appropriate moneys to make such payments during its next ensuing fiscal year. The parties acknowledge and agree that any payments by Lemman Classical described in this Agreement shall constitute current expenditures of Lemman Classical payable in the fiscal years for which funds are appropriated by Lemman Classical for the payment thereof. Lemman Classical's obligations hereunder shall be from year to year only (July 1 through June 30) and shall not constitute a multiple-fiscal year direct or indirect debt or other financial obligation of Lemman Classical or an obligation of Lemman Classical payable in any fiscal year beyond the fiscal year for which it appropriated funds for the payment thereof.

6.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

6.8 Successors and Assigns. This Agreement shall be binding on and inure to the benefit of the parties and their respective successors and permitted assigns. Except as provided herein, this Agreement may not be assigned by either party without the prior written consent of the other party, which consent shall not be unreasonably withheld.

6.9 Entire Agreement: Amendment. Except as may be expressly set forth to the contrary herein, this Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, whether oral or written, between the parties (and their affiliates) with respect to the subject matter hereof. This Agreement may be amended only in writing signed by the parties.

6.10 No Benefit to Others. Except as may be expressly set forth to the contrary herein, the representations, warranties, covenants, and agreements contained in this Agreement are for the sole benefit of the parties hereto and their successors and permitted assigns, and the Agreement will not be construed as conferring, and is not intended to confer, any rights on any other persons or entities.

6.11 Public Statements. The parties will coordinate with one another on all public statements regarding Lemman Classical, including, without limitation,

statements regarding the contractual relationship set forth in this Agreement, and statements regarding the performance by either party regarding the obligations hereunder. Except as required by Applicable Law, neither party will disseminate, publish or release any such statements or materials without the prior written consent of the other party, which consent will not be unreasonably withheld, conditioned or delayed.

6.12 Rights and Remedies. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy shall not preclude or waive the right to use any or all other remedies. These rights and remedies are given in addition to any other rights that the parties may have by law, statute, ordinance or otherwise.

6.13 Headings. The headings in this Agreement are inserted for convenience and identification only and are in no way intended to define or limit the scope, extent or intent of this Agreement or any provision herein.

6.14 Recitals and Exhibits. The Recitals and any Exhibits to this Agreement are hereby incorporated into this Agreement by reference.

6.15 Construction. The parties agree that this Agreement was jointly developed and prepared and shall not be construed for or against either party by reason of the physical preparation of this Agreement.

6.16 Facsimile and .pdf Signatures. The parties agree that, if a duly authorized representative of one party signs this Agreement and transmits such Agreement to the other party via facsimile or email transmission, and a duly authorized representative of the other party then signs such transmission, then this Agreement shall have been validly executed by both parties. In such case, the fully signed document and the facsimile or pdf of such document (bearing all signatures and transmitted to the party that originally signed such document), shall be deemed original documents.

6.17 Relationship of Parties. The parties to this Agreement are not partners or joint venturers. The Company is an independent contractor of Leman Classical. This Agreement shall not constitute any party as the legal representative or agent of the other, nor shall any party or any affiliate of any party have the right or authority to assume, create or incur any liability or obligation, express or implied, against, in the name of, or on behalf of the other party.

6.18 Independent Counsel.

(a) Joint Preparation. This Agreement shall be considered, for all purposes, as having been prepared through the joint efforts of the parties to

this Agreement. No presumption shall apply in favor of or against any party in the interpretation of this Agreement or any such other agreement or instrument, or in the resolution of any ambiguity of any provision hereof or thereof, based on the preparation, substitution, submission, or other event of negotiation, drafting or execution hereof or thereof.

(b) Independent Counsel. Each party to this Agreement understands and acknowledges that each of them is entitled to and has been afforded the opportunity to consult legal and tax counsel of its choice regarding the terms, conditions and legal effects of this Agreement as well as the advisability and propriety thereof. Each party to this Agreement further understands and acknowledges that having so consulted with legal and tax counsel of its choosing, such party hereby waives any right to raise or rely upon the lack of representation or effective representation in any future proceedings or in connection with any future claim resulting from this Agreement.

6.19 Legal Fees. The Company and Leman Classical shall pay their own respective legal fees incurred in negotiating and preparing this Agreement.

[Signature Page to Follow]