

FIFTH AMENDMENT TO MANAGEMENT AGREEMENT

This Fifth Amendment to Management Agreement ("Fifth Amendment") is made effective as of the 1st day of January, 2011 ("Effective Date"), by and between The Leona Group, L.L.C. ("TLG"), and the Northridge Academy (the "Academy").

The Academy and TLG entered into a Management Agreement dated as of August 3, 1999, as amended by (i) Amendment to Management Agreement dated as of July 1, 2001, (ii) Northridge Academy Board Resolution dated September 6, 2006; (iii) Third Amendment to Management Agreement dated as of September 21, 2006 and (iv) Fourth Amendment to Management Agreement dated as of January 1, 2011 (collectively the "Agreement"); and

The Academy and TLG desire to amend the Agreement to modify the Annual Management Fee as of the Effective Date of this Fifth Amendment and thereafter in order to comply with the safe harbor provisions of Revenue Procedure 97-13 ("Rev. Proc. 97-13") to ensure that the Agreement does not cause the Academy's tax exempt bonds, notes or participations to be deemed private activity bonds.

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. Subsection 1 of Article V of the Agreement entitled "Annual Management Fee" is hereby amended to add the following Subsections I, J and K to said Subsection 1, which new paragraphs shall be applicable during the Term as of the Effective Date of this Fifth Amendment and thereafter only:

"I. In the event that the Academy issues Tax Exempt Obligations (as defined below) during any academic year during the Term of this Agreement, the Annual Management Fee, for the academic year and for all subsequent academic years during the Term, shall be changed to be the sum of the Fixed Periodic Fee and the Annual Variable Fee, as determined below.

(a) The Fixed Periodic Fee for any academic year shall be equal to two hundred forty-four thousand (\$244,000) Dollars.

(b) The Annual Variable Fee for any academic year shall be the Annual Management Fee calculated without regard to this Subsection I (i) minus the Fixed Periodic Fee for that academic year. Notwithstanding the foregoing, the Annual Variable Fee shall, in all cases, be limited to an amount which is less than twenty (20%) percent of the total Annual Management Fee for that academic year, but shall never be less than zero (\$0) dollars.

J. For purposes of this Agreement the term "Tax Exempt Obligation" shall mean any obligations of the Academy intended by the Academy to be a "Qualified Bond" as defined in Section 141(e) of the Internal Revenue Service Code of 1986, as amended or any bond or note issued by the Academy which is purchased by the Michigan Finance Authority or any obligation the interest on which is excludable from gross income under Section 103 of the Internal Revenue Service Code.

K. In the event that the Academy issues Tax Exempt Obligations, the parties intend that this Agreement satisfy each of the requirements of Section 5 of Rev. Proc. 97-13, so that the provision of TLG's services under this Agreement does not cause the Academy's facilities to be treated as used in a private business use under Section 141(b) of the Internal Revenue Code of 1986, as amended. Accordingly, the provisions of this Article V shall be interpreted so as to comply with such requirements."

2. 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 Fifth Amendment effective as of the date set forth in the introductory paragraph of this Fifth Amendment.

Northridge Academy

By: 

Its President, Board of Directors

The Leona Group, LLC

By: 

William Coats

Its Chief Executive Officer