

GRAY | ROBINSON

ATTORNEYS AT LAW

SUITE 1400
 301 EAST PINE STREET (32801)
 P.O. BOX 3068 CLERMONT
 ORLANDO, FL 32802-3068 FORT LAUDERDALE
 TEL 407-843-8880 JACKSONVILLE
 FAX 407-244-5690 KEY WEST
 gray-robinson.com LAKELAND
 MELBOURNE
 NAPLES
 ORLANDO
 TALLAHASSEE
 TAMPA

407-244-5671

JJOHNSTON@GRAY-ROBINSON.COM

October 11, 2006

VIA FACSIMILE

Bruce Harris, Esquire
 The School District of Palm Beach County, Florida
 3340 Forest Hill Boulevard, C-316
 West Palm Beach, FL 33406-5869

FOR SETTLEMENT PURPOSES

Dear Mr. Harris:

This firm represents Community Education Partners (CEP) and is authorized to submit the following settlement proposal. CEP appreciates Superintendent Johnson's desire to settle the contractual dispute and wind-down the contractual relationship between the School District of Palm Beach County (the District) and CEP in an amicable manner.

We propose the following to resolve the dispute and settle all matters between the School District of Palm Beach County and CEP.

- CEP proposes to continue to operate Oak Grove Academy (OGA) through close of business Thursday, October 19, 2006. This will allow the students to complete their first nine-week grading period without disruption and give the District an opportunity to assess the OGA staff during that period of time. We propose this because there are only six more class days in this nine-week grading period and that is only four days more than the Board's proposed transition date of Monday, October 16.
- CEP proposes that the School District of Palm Beach County appoint a "transition administrator" as the point of contact with CEP beginning Thursday, October 12 to work with the OGA administrative staff and the CEP corporate staff to effect an orderly transition to be completed by close of business Thursday, October 19. Other School District of Palm Beach County staff necessary to effect that transition may be part of this transition team, but will work at the direction of the transition administrator to ensure appropriate communication, oversight, direct the interview of staff and work with CEP administrative staff for an orderly transition of student records and other information necessary for the Palm Beach County School District to begin the administration of the school on Monday, October 23. CEP acknowledges that the District is not responsible for past payments, if any, owed to CEP employees.

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FOR SETTLEMENT PURPOSES

- Notwithstanding provisions in the agreement executed between the School District of Palm Beach County and CEP on June 29, 2005, CEP agrees that the School District may use all property, including furniture, fixtures, equipment, computers, software and other equipment provided by CEP for the operation of OGA through the last day of the fall semester, Friday, December 22, 2006. If the District desires to purchase the furniture, fixtures, equipment, computers, etc., the price will be negotiated by close of business Friday, November 17, 2006. An inventory of all property will be delivered to the District by Friday, October 20 that will include a statement of the condition of each item in the inventory, which the District shall acknowledge in writing. The District will inspect all equipment prior to Friday, October 20 and agree to reimburse CEP for damage to all property based on the condition report after October 20. All software not subject to transfer per CEP's contract with the supplier of such software shall also be removed. CEP will facilitate contact with the supplier of its operating software, not proprietary to CEP, if the District so desires.
- CEP will be paid per its current contract with the School District of Palm Beach County through Friday, December 22, 2006, the last day of the semester and a mutual and general release and settlement of all claims will be executed by CEP and the District.
 - CEP has not been paid for any services rendered to the school District for the 2006-07 school year.
 - CEP's August invoice, Number 1604 in the amount of \$242,355.50 was submitted to the District in September and payment has not been received by CEP as of Wednesday, October 11.
 - CEP's September invoice, Number 1612 in the amount of \$242,355.50 was submitted to the District in October and payment has not been received by CEP as of Wednesday, October 11.
 - The October invoice will be sent in early November and will be for \$242,355.50.
 - The November invoice will be sent in early December and will be for \$242,355.50
 - The December invoice will be sent in early January and will be for \$242,355.50.
 - CEP expects to be paid through the last day of the first semester, Friday, December 22, 2006.

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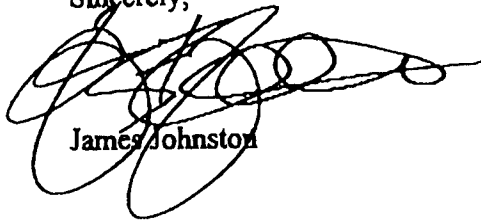
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FOR SETTLEMENT PURPOSES

- School District of Palm Beach County and CEP agree that no further public comments by the School District of Palm Beach County and CEP will be made, except if and as required by law. The Superintendent shall execute the enclosed letter by close of business Thursday, October 12.

We hope this matter can be settled amicably and understand the resolution is subject to Board approval.

Sincerely,



James Johnston

JFJ/pm

Enclosure as stated

cc: Randle Richardson
Frederick Leonhardt
John Mariani

The School District of
Palm Beach County, Florida

Arthur C. Johnson, Ph.D.
Superintendent

Superintendent's Office
3340 Forest Hill Boulevard, C-316
West Palm Beach, FL 33406-5869

(561) 434-8200 FAX: (561) 434-8571

October 11, 2006

Mr. Randle Richardson
CEO
2636 Elm Hill Pike, Suite 500
Nashville, TN 37214

Dear Randle,

This letter will clarify the events surrounding the wind-down of the relationship between the School District of Palm Beach County and Community Education Partners (CEP).

We appreciate CEP's cooperation during this time and are pleased that we can end our contractual relationship in an amicable manner. As the permanent site to house this program is about to be completed, we believe it is best to bring this program back in-house. I know you understand that the events of the last few days are all part of the process and are not a reflection on the performance of CEP. The decision is consistent with our current belief that these type programs are operated better in-house.

Please feel free to use this letter with those who may inquire about the winding down of our relationship with Community Education Partners. I wish you the best in the future.

Sincerely,

Arthur C. Johnson, Ph.D.
Superintendent