

Arizona State Board for Charter Schools

Arizona State Board of Education

1700 W. Washington St., Room 164, Phoenix, AZ 85007

(602) 364-3080 Fax (602) 364-3089

www.asbcs.az.gov

RECEIVED

JAN 11 2011

CHARTER HOLDER STATUS AMENDMENT REQUEST

(Charter Holder Name) Educational Enterprises, Inc. dba EAGLE College Prep (CTDS)

078541101
078541000

(Charter Holder Mailing Address) 2450 W. South Mountain Avenue

(City, State) Phoenix (Zip) 85041

(Charter Representative's Name) Paul Kremer

(Phone Number) 602-672-2007 (Fax Number) 602-323-5401

Failure to submit all required documentation will result in the Amendment Request being returned without being processed. Faxed copies will not be accepted. Please send originals.

Check appropriate box(s)

- Change in legal status of the Charter Holder
 Change in entity name of the Charter Holder
 Change in ownership of the Charter Holder (for-profits only)
 Other (please explain)

* The non-profit corporation is an Arizona Not for Profit 501(c)3

Included are the following:

- > Board minutes approving the change (If the body is subject to Open Meeting Law, minutes must comply with ARS §38-431.01)
> Copy of amendment to Articles of Incorporation filed with the Arizona Corporation Commission
> Provide information regarding any payment, benefit or consideration received or to be received by any party in the transition.

* Additional materials may be requested as required by the type of request

The Arizona State Board for Charter Schools and Paul Kremer (Charter Holder), herein agree to amend the terms of the charter contract as follows:

FROM: Transfer non-profit corporation status from Educational Enterprises, Inc.

TO: EAGLE South Mountain Charter, Inc.

In witness whereof, Charter Holder has signed this contract amendment as of this 11 day of Jan, 2011, and the State Board for Charter Schools has signed this contract amendment as of this ___ day of ___, 20___, to take effect at such time as it is signed by both parties.

PKM

Charter Representative Signature

Representative Signature for the Arizona State Board for Charter Schools

Checklist for a change of the Charter Holder



EDUCATIONAL ENTERPRISES

Board Meeting

12/22/2010

Time: ~~2:00 pm~~ 2:30 P.M.

Present: Mark Neumann, James Rahn, Andrew Neumann

New Business:

- Discuss Re-structuring process in preparation for 2:30 open meeting
- Review all motions and resolutions
- During open meeting, take action on EEI re-structure documents

New Business for Open Meeting:

None.

Close meeting at 2:30 P.M.

ROLL CALL:

MARK NEUMANN

JAMES RAHN

ANDREW NEUMANN

CALL TO PUBLIC:
PAUL KREMER
NO OTHERS

EEI CORPORATE BOARD PROPOSED MOTIONS

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Motion EEI-1

Approval and authorization of assignment of bond-loan obligations

Proposed Motion: *I move that we authorize and approve the assignment all of the obligations evidenced by that certain Loan Agreement, dated as of March 1, 2010, by and between the Corporation and The Industrial Development Authority of the City of Phoenix, Arizona, and those certain Promissory Notes evidencing the loan, from the Corporation to EAGLE South Mountain Charter, Inc., (other than the pledge of the Additional Pledged Revenues Collateral), establishing July 1, 2011 as the effective date of such assignment, and that we authorize and direct Dr. Andrew Neumann to take all steps necessary to implement this approved action on behalf of this Board, including completing any necessary amendments, assignments, documents and forms, executing the same and delivering or filing all the same with any required third parties.*

For minutes: The name of the director making the motion: JAMES RAINO
The name of the director seconding the motion: MARK NEUMANN
Motion passed or failed

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Motion EEI-2

Approval, authorization and ratification of all of EAGLE College Prep's operations to EAGLE South Mountain Charter, Inc.

Proposed Motion: *I move that we authorize and approve the transfer and assignment of the operations of EAGLE College Prep and all of the assets, liabilities and records of EAGLE College Prep, as listed on Exhibit "B" to these Resolutions, to EAGLE South Mountain Charter, Inc., establishing July 1, 2011 as the effective date of such transfer and assignment, and that we authorize and direct Dr. Andrew Neumann to execute and deliver any and all necessary applications, deeds, assignment documents, bills of sale, transfer instruments, loan agreements, promissory notes, security agreements, deeds of trust, guarantees and any other agreements, amendments, addenda, schedules, UCC financing statements or other instruments in the form reviewed and approved by Dr. Neumann, and to take any other actions as may be required, necessary, appropriate or expedient to implement this resolution.*

For minutes: The name of the director making the motion: JAMES RAINO
The name of the director seconding the motion: MARK NEUMANN
Motion passed or failed

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Motion EEI-3

Approval and authorization to transfer the EAGLE College Prep charter contract to EAGLE South Mountain Charter, Inc.

Proposed Motion: *I move that we authorize and approve the transfer and assignment of the EAGLE College Prep charter contract (Arizona Department of Education CTD #078541000), dated May 13, 2008, by and between the Arizona State Board for Charter School and the Corporation (including the transfer of all student records and the right to receive state equalization and other state payments), from the Corporation to EAGLE South Mountain Charter, Inc., establishing July 1, 2011 as the effective date of such transfer and assignment, and that we authorize and direct Dr. Andrew Neumann to take all steps necessary to implement this approved action on behalf of this Board, including completing any necessary amendments, assignments, documents and forms, executing the same and delivering or filing all required amendments, assignments, documents and forms with third parties and the Arizona State Board for Charter Schools.*

For minutes: The name of the director making the motion: JAMES RANW
The name of the director seconding the motion: MARK NEUMANN
Motion passed or failed

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Motion EEI-4

Approval and authorization to assign the EAGLE College Prep Inter-Company Management Agreement to EAGLE South Mountain Charter, Inc.

Proposed Motion: *I move that we authorize and approve the Management Agreement by and between the Corporation and ESM Charter substantially in the form attached hereto as Exhibit "C," establishing July 1, 2011 as the effective date of such agreement, and that we authorize and direct Dr. Andrew Neumann to take all steps necessary to implement this approved action on behalf of this Board, including completing any necessary amendments, assignments, documents and forms, executing the same and delivering or filing all the same with any required third parties.*

For minutes: The name of the director making the motion: JAMES RANW
The name of the director seconding the motion: MARK NEUMANN
Motion passed or failed

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Motion EEI-5

Approval and authorization of the Property Transfer Agreement

Proposed Motion: *I move that we authorize and approve the Property Transfer Agreement by and between the Corporation, as transferor, and EAGLE South Mountain Property, Inc., as transferee, for the transfer of the Corporation's real property, situated in Maricopa County, Arizona, commonly identified as 2450 West South Mountain Avenue and legally described on Exhibit "A," attached to these Resolutions, with all improvements thereon, in the form approved by Dr. Andrew Neumann, effective July 1, 2011, subject to that certain Deed of Trust, dated as of March 1, 2010, wherein the Corporation is the trustor and Wells Fargo Bank National Association is the beneficiary, and that we authorize and direct Dr. Andrew Neumann to execute and deliver the Property Transfer Agreement and any and all necessary applications, deeds, assignment documents, bills of sale, transfer instruments, loan agreements, promissory notes, security agreements, deeds of trust, guarantees and any other agreements, amendments, addenda, schedules, UCC financing statements or other instruments in the form reviewed and approved by Dr. Neumann, and to take any other actions as may be required, necessary, appropriate or expedient to implement this resolution.*

For minutes: The name of the director making the motion: James Rain
The name of the director seconding the motion: Mark Neumann
Motion passed or failed

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Motion EEI-6

Approval and authorization to transfer all of the assets and liabilities associated with the Corporation's real property to EAGLE South Mountain Property, Inc.

Proposed Motion: *I move that we authorize and approve the transfer and assignment of all the assets, liabilities, contracts, records and other documents directly associated with or relating to the Corporation's real property described on Exhibit D to these Resolutions, and the operation thereof, from the Corporation to EAGLE South Mountain Property, Inc., effective as of the date the Corporation's real property is conveyed to EAGLE South Mountain Property, Inc., and that we authorize and direct Dr. Andrew Neumann to execute and deliver any and all necessary applications, deeds, assignment documents, bills of sale, transfer instruments, loan agreements, promissory notes, security agreements, deeds of trust, guarantees and any other agreements, amendments, addenda, schedules, UCC financing statements or other instruments in the form reviewed and approved by Dr. Neumann, and to take any other actions as may be required, necessary, appropriate or expedient to implement this resolution.*

For minutes: The name of the director making the motion: JAMES RAINO
The name of the director seconding the motion: ANDREW NEUMANN
Motion passed or failed ALL MARK

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Motion EEI-7

Appointment of EAGLE College Prep Governing Board members as Directors of EAGLE South Mountain Charter, Inc.

Proposed Motion: *I move that we appoint each of the individuals currently serving on the Governing Board of EAGLE College Prep to serve as directors on the Board of Directors of EAGLE South Mountain Charter, Inc., with such appointment to be effective and the term of each such appointed director to commence immediately upon the final approval by the Arizona State Board for Charter Schools of the transfer and assignment of the EAGLE College Prep charter contract (Arizona Department of Education CTD #078541000) from the Corporation to EAGLE South Mountain Charter, Inc.*

For minutes: The name of the director making the motion: JAMES RAINO
The name of the director seconding the motion: MARK NEUMANN
Motion passed or failed

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Motion EEI-8

Approval and authorization to engage professionals

Proposed Motion: *I move that we authorize and direct Dr. Andrew Neumann to engage any consultants, attorneys, accountants or other professionals in regard to these Resolutions and to take any other actions and to execute, deliver and/or file such documents as may be required, necessary, appropriate or expedient to implement these Resolutions.*

For minutes: The name of the director making the motion: JAMES RAINO
The name of the director seconding the motion: MARK NEUMANN
Motion passed or failed

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Motion EEI-9

Effect of Resolutions and authorization to record the Resolutions

Proposed Motion: *I move that we authorize and approve these Resolutions to take effect immediately and to authorize and direct this Board's Secretary to file the Resolutions contained herein, with the minutes of the proceedings of this Board pursuant to the Corporation's Bylaws.*

For minutes: The name of the director making the motion: JAMES RAINO
The name of the director seconding the motion: MARK NEUMANN
Motion passed or failed

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CERTIFICATE OF RESOLUTION

EDUCATIONAL ENTERPRISES, INC.

At a duly called meeting of the Board of Directors (the "Board") of Educational Enterprises, Inc., a Wisconsin nonprofit corporation (the "Corporation"), held on the 22nd day of December 2010, and after due discussion, the following resolutions were duly passed:

RECITALS:

A. The Corporation currently owns the real property, situated in Maricopa County, Arizona, commonly identified as 2450 West South Mountain Avenue and legally described on Exhibit "A," attached hereto (the "Real Property"), on which it manages and operates an Arizona charter school known as EAGLE College Prep (the "Charter School") pursuant to a charter contract, dated May 13, 2008, by and between the Arizona State Board for Charter Schools ("ASBCS") and the Corporation (the "Charter Contract"). The Corporation also owns certain personal property in connection with its management and operation of the Charter School.

B. At a duly-called meeting of the Board, held on March 3, 2010, the Board passed a resolution captioned "Certification of Resolution (Authorizing Resolution for Project and Bond Financing)," referred to herein as the "Bond Authorizing Resolution." To expand the Corporation's educational operations and, in connection with such expansion, the Bond Authorizing Resolution approved and authorized bond/loan financing for the Charter School campus to finance or refinance the Corporation's cost to acquire, construct, rehabilitate and operate education facilities located in Maricopa County, Arizona, including the purchase of any property, including the Project (as defined in the Bond Authorizing Resolutions), necessary and appropriate for its educational program.

C. In connection with the bond/loan financing and at the time of the finance closing, the Corporation agreed, subject to consent from Greenwich Investment Management ("GIM") and The Industrial Development Authority of the City of Phoenix, Arizona (the "Phoenix IDA"), to: (i) assign the obligations evidenced by that certain Loan Agreement, dated as of March 1, 2010, by and between the Corporation and the Phoenix IDA (the "Loan Agreement"), and those certain Promissory Notes evidencing the loan, from the Corporation to EAGLE South Mountain Charter, Inc., an Arizona nonprofit corporation ("ESM Charter") other than the pledge of the Additional Pledged Revenues Collateral (as defined in the Loan Agreement), which pledge by the Corporation will remain in effect as provided by the Loan Agreement; (ii) transfer and assign the operation of, and all of the assets and records of, the Charter School from the Corporation to ESM Charter; (iii) subject to the approval of the ASBCS, assign the Charter Contract (including, without limitation, the transfer of all student records and the right to receive state equalization and other state payments), from the Corporation to ESM Charter; and (iv) enter into a management agreement by and between the Corporation and ESM Charter substantially in the form of the Inter-Company Management Agreement, dated June 30, 2008, between the Corporation and the Charter School (the "Management Agreement").

D. Additionally, subject to consent from GIM and the Phoenix IDA, the Corporation agreed to: (i) grant and convey from the Corporation to EAGLE South Mountain Property, Inc., an Arizona nonprofit corporation ("ESM Property") the Real Property, subject to that certain Deed of Trust, dated as of March 1, 2010, wherein the Corporation is the trustor and Wells Fargo Bank National Association is the beneficiary (the "Deed of Trust"); (ii) transfer and assign all of the contracts, records and other documents related to the Real Property from the Corporation to ESM Property; and (iii) establish a lease agreement between ESM Charter, as lessee, and ESM Property, as lessor.

E. Finally, in connection with the transfers, assignments and restructuring described above, the Corporation has determined that it is in the best interest of the Corporation and ESM Charter to appoint qualified individuals to serve on the Board of Directors of ESM Charter.

RESOLUTIONS OF THE BOARD:

NOW, THEREFORE, BE IT:

RESOLVED that this Board shall, and hereby does: (i) authorize and approve the assignment all of the obligations evidenced by the Loan Agreement and by those certain Promissory Notes evidencing the loan, from the Corporation to ESM Charter (other than the pledge of the Additional Pledged Revenues Collateral), establishing July 1, 2011 as the effective date of such assignment; and (ii) authorize and direct Dr. Andrew Neumann to take all steps necessary to implement this approved action on behalf of this Board, including completing any necessary amendments, assignments, documents and forms, executing the same and delivering or filing all the same with any required third parties;

RESOLVED FURTHER that this Board shall, and hereby does: (i) authorize and approve the transfer and assignment of the operations of the Charter School and all of the assets, liabilities and records of the Charter School listed on Exhibit "B" to ESM Charter, establishing July 1, 2011 as the effective date of such assignment; and (ii) authorize and direct Dr. Andrew Neumann to execute and deliver any and all necessary applications, deeds, assignment documents, bills of sale, transfer instruments, loan agreements, promissory notes, security agreements, deeds of trust, guarantees and any other agreements, amendments, addenda, schedules, UCC financing statements or other instruments in the form reviewed and approved by Dr. Neumann, and to take any other actions as may be required, necessary, appropriate or expedient to implement this resolution;

RESOLVED FURTHER that this Board shall, and hereby does: (i) authorize and approve the transfer and assignment of the Charter Contract (CTD #078541000), from the Corporation to ESM Charter, establishing July 1, 2011 as the effective date of such assignment; and (ii) authorize and direct Dr. Andrew Neumann to take all steps necessary to implement this approved action on behalf of this Board, including completing any necessary amendments, assignments, documents and forms, executing the same and delivering or filing all required amendments, assignments, documents and forms with third parties and the ASBCS;

RESOLVED FURTHER that this Board shall, and hereby does: (i) authorize and approve the Management Agreement, by and between the Corporation and ESM Charter, substantially in the form attached hereto as Exhibit "C", establishing July 1, 2011 as the effective date of such agreement; and (ii) authorize and direct Dr. Andrew Neumann to take all steps necessary to implement this approved action on behalf of this Board, including completing any necessary amendments, assignments, documents and forms, executing the same and delivering or filing all the same with any required third parties;

RESOLVED FURTHER that this Board shall, and hereby does: (i) authorize and approve a Property Transfer Agreement, by and between the Corporation, as transferor,

and ESM Property, as transferee, for the transfer of the Real Property, and improvements thereon, in the form reviewed and approved by Dr. Andrew Neumann, subject to the Deed of Trust, establishing July 1, 2011 as the effective date of such transfer; and (ii) authorize and direct Dr. Andrew Neumann to execute and deliver the Property Transfer Agreement and any and all necessary applications, deeds, assignment documents, bills of sale, transfer instruments, loan agreements, promissory notes, security agreements, deeds of trust, guarantees and any other agreements, amendments, addenda, schedules, UCC financing statements or other instruments in the form reviewed and approved by Dr. Neumann, and to take any other actions as may be required, necessary, appropriate or expedient to implement this resolution;

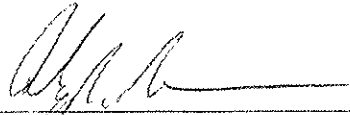
RESOLVED FURTHER that this Board shall, and hereby does: (i) authorize and approve the assignment and transfer of all of the assets, liabilities, contracts, records and other documents directly associated with or relating to the Real Property and the operation thereof, as listed on Exhibit "D," attached hereto, from the Corporation to ESM Property, establishing July 1, 2011 as the effective date of such assignment; and (ii) authorize and direct Dr. Andrew Neumann to execute and deliver any and all necessary applications, deeds, assignment documents, bills of sale, transfer instruments, loan agreements, promissory notes, security agreements, deeds of trust, guarantees and any other agreements, amendments, addenda, schedules, UCC financing statements or other instruments in the form reviewed and approved by Dr. Neumann, and to take any other actions as may be required, necessary, appropriate or expedient to implement this resolution;

RESOLVED FURTHER that this Board shall, and hereby does, appoint each of the individuals currently serving on the Governing Board of the Charter School as directors to serve on the Board of Directors of ESM Charter, with such appointment to be effective and the terms of each such appointed director to commence immediately upon the final approval by the ASBCS of the transfer and assignment of the Charter Contract from the Corporation to ESM Charter;

RESOLVED FURTHER that Dr. Andrew Neumann shall be, and hereby is, authorized and directed to employ any consultants, attorneys, accountants or other professionals in regard to these resolutions and to take any other actions and to execute, deliver and/or file such documents as may be required, necessary, appropriate or expedient to implement these resolutions; and

RESOLVED FURTHER that these resolutions shall take effect immediately and that the Secretary of the Corporation shall be, and hereby is, directed and authorized to file the resolutions contained herein, with the minutes of the proceedings of the Board pursuant to the Corporation's Bylaws.

Resolutions adopted as of the date first set forth above.



President of the Board

The undersigned duly-qualified and acting Secretary of the Board of Directors of the Corporation, hereby certifies that the foregoing is a true and complete copy of the resolutions adopted by the Board of Directors at a duly-called meeting held on the 22nd day of December 2010.


Secretary of the Board of Directors



EAGLE SOUTH MOUNTAIN CHARTER

Board Meeting
12/22/2010

Time: 2:40 p.m.

Present: Mark Neumann, James Rahn, Andrew Neumann

New Business:

- Discuss Re-structuring process in preparation for 2:30 open meeting
- Review all motions and resolutions
- During open meeting, take action on ESM re-structure documents

New Business for Open Meeting:

None.

Close meeting at 2:50 p.m.

ROLL CALL:

MARK NEUMANN
JAMES RAHN
ANDREW NEUMANN

CALL TO PUBLIC:

PAUL KREMER
No OTHERS

ESM CHARTER BOARD PROPOSED MOTIONS

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Motion ESMC-1

Approval and authorization of assignment of bond-loan obligations

Proposed Motion: *I move that we authorize, approve and accept the assignment all of the obligations evidenced by that certain Loan Agreement, dated as of March 1, 2010, by and between Educational Enterprises, Inc. and The Industrial Development Authority of the City of Phoenix, Arizona, and those certain Promissory Notes evidencing the loan, from Educational Enterprises, Inc. to the Corporation, (other than the pledge of the Additional Pledged Revenues Collateral), establishing July 1, 2011 as the effective date of such assignment, and that we authorize and direct Dr. Paul Kremer to execute and deliver such assignment and to take all steps necessary to implement this approved action on behalf of this Board, including completing any necessary amendments, assignments, documents and forms, executing the same and delivering or filing all the same with any required third parties.*

For minutes: The name of the director making the motion: James Rahn
The name of the director seconding the motion: MARK NEUMANN
Motion passed or failed

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Motion ESMC-2

Approval, authorization and ratification of all of EAGLE College Prep's operations to EAGLE South Mountain Charter, Inc.

Proposed Motion: *I move that we authorize, approve and accept the transfer and assignment of the operations of EAGLE College Prep and all of the assets, liabilities and records of EAGLE College Prep, as listed on Exhibit "B" to these Resolutions, to the Corporation, establishing July 1, 2011 as the effective date of such transfer and assignment, and that we authorize and direct Dr. Paul Kremer to execute and deliver any and all necessary applications, deeds, assignment documents, bills of sale, transfer instruments, loan agreements, promissory notes, security agreements, deeds of trust, guarantees and any other agreements, amendments, addenda, schedules, UCC financing statements or other instruments in the form reviewed and approved by Dr. Kremer, and to take any other actions as may be required, necessary, appropriate or expedient to implement this resolution.*

For minutes: The name of the director making the motion: James Rahn
The name of the director seconding the motion: MARK NEUMANN
Motion passed or failed

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Motion ESMC-3

Approval and authorization to transfer the EAGLE College Prep charter contract to EAGLE South Mountain Charter, Inc.

Proposed Motion: *I move that we authorize, approve and accept the transfer and assignment of the EAGLE College Prep charter contract (Arizona Department of Education CTD #078541000), dated May 13, 2008, by and between the Arizona State Board for Charter School and Educational Enterprises, Inc. (including the transfer of all student records and the right to receive state equalization and other state payments), from Educational Enterprises, Inc. to the Corporation, establishing July 1, 2011 as the effective date of such transfer and assignment, and that we authorize and direct Dr. Paul Kremer to take all steps necessary to implement this approved action on behalf of this Board, including completing any necessary amendments, assignments, documents and forms, executing the same and delivering or filing all required amendments, assignments, documents and forms with third parties and the Arizona State Board for Charter Schools.*

For minutes: The name of the director making the motion: James Rain
The name of the director seconding the motion: Mark Newman
Motion passed or failed

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Motion ESMC-4

Approval and authorization of Management Agreement

Proposed Motion: *I move that we authorize and approve the Management Agreement by and between the Corporation and ESM Charter substantially in the form attached hereto as Exhibit "C," establishing July 1, 2011 as the effective date of such agreement, and that we authorize and direct Dr. Paul Kremer to execute and deliver such agreement and to take all steps necessary to implement this approved action on behalf of this Board, including completing any necessary amendments, assignments, documents and forms, executing the same and delivering or filing all the same with any required third parties.*

For minutes: The name of the director making the motion: James Rain
The name of the director seconding the motion: Mark Newman
Motion passed or failed

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Motion ESMC-5

Proposed Motion: *I move that we authorize and approve the Lease Agreement wherein EAGLE South Mountain Property, Inc. is lessor and the Corporation is lessee, substantially in the form attached to these Resolutions as Exhibit D, and authorize and direct Dr. Paul Kremer to execute and deliver the Lease Agreement and to take any other actions as may be required, necessary, appropriate or expedient to implement this resolution;*

For minutes: The name of the director making the motion: James Rahn
The name of the director seconding the motion: Mark Newman
Motion passed or failed

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Motion ESMC-6

Approval and authorization to engage professionals

Proposed Motion: *I move that we authorize and direct Dr. Paul Kremer to engage any consultants, attorneys, accountants or other professionals in regard to these Resolutions and to take any other actions and to execute, deliver and/or file such documents as may be required, necessary, appropriate or expedient to implement these Resolutions.*

For minutes: The name of the director making the motion: James Rahn
The name of the director seconding the motion: Mark Newman
Motion passed or failed

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Motion ESMC-7

Effect of Resolutions and authorization to record the Resolutions

Proposed Motion: *I move that we authorize and approve these Resolutions to take effect immediately and to authorize and direct this Board's Secretary to file the Resolutions contained herein, with the minutes of the proceedings of this Board pursuant to the Corporation's Bylaws.*

For minutes: The name of the director making the motion: James Rahn
The name of the director seconding the motion: Mark Newman
Motion passed or failed

=====

CERTIFICATE OF RESOLUTION

EAGLE SOUTH MOUNTAIN CHARTER, INC.

At a duly called meeting of the Board of Directors (the "Board") of EAGLE South Mountain Charter, Inc., an Arizona nonprofit corporation (the "Corporation"), held on the 22nd day of December 2010, and after due discussion, the following resolutions were duly passed:

RECITALS:

A. Educational Enterprises, Inc., a Wisconsin nonprofit corporation (EEI) currently owns the real property, situated in Maricopa County, Arizona, commonly identified as 2450 West South Mountain Avenue and legally described on Exhibit "A," attached hereto (the "Real Property"), on which it manages and operates an Arizona charter school known as EAGLE College Prep (the "Charter School") pursuant to a charter contract, dated May 13, 2008, by and between the Arizona State Board for Charter Schools ("ASBCS") and EEI (the "Charter Contract"). EEI also owns certain personal property in connection with its management and operation of the Charter School.

B. At a duly-called meeting of the Board of Directors of EEI (the "EEI Board"), held on March 3, 2010, the EEI Board passed a resolution captioned "Certification of Resolution (Authorizing Resolution for Project and Bond Financing)," referred to herein as the "Bond Authorizing Resolution." To expand EEI's educational operations and, in connection with such expansion, the Bond Authorizing Resolution approved and authorized bond/loan financing for the Charter School campus to finance or refinance EEI's cost to acquire, construct, rehabilitate and operate education facilities located in Maricopa County, Arizona, including the purchase of any property, including the Project (as defined in the Bond Authorizing Resolutions), necessary and appropriate for its educational program.

C. In connection with the bond/loan financing and at the time of the finance closing, EEI agreed, subject to consent from Greenwich Investment Management ("GIM") and The Industrial Development Authority of the City of Phoenix, Arizona (the "Phoenix IDA"), to: (i) assign the obligations evidenced by that certain Loan Agreement, dated as of March 1, 2010, by and between EEI and the Phoenix IDA (the "Loan Agreement"), and those certain Promissory Notes evidencing the loan, from EEI to the Corporation, other than the pledge of the Additional Pledged Revenues Collateral (as defined in the Loan Agreement), which pledge by EEI will remain in effect as provided by the Loan Agreement; (ii) transfer and assign the operation of, and all of the assets and records of, the Charter School from EEI to the Corporation; (iii) subject to the approval of the ASBCS, assign the Charter Contract (including, without limitation, the transfer of all student records and the right to receive state equalization and other state payments), from EEI to the Corporation; (iv) enter into a management agreement by and between EEI and the Corporation substantially in the form of the Inter-Company Management Agreement, dated June 30, 2008, between EEI and the Charter School (the "Management Agreement"); and (v) establish a lease agreement between the Corporation, as lessee, and EAGLE South Mountain Property, Inc., an Arizona nonprofit corporation ("ESM Property") as lessor.

RESOLUTIONS OF THE BOARD:

NOW, THEREFORE, BE IT:

RESOLVED that this Board shall, and hereby does: (i) authorize, approve and accept the assignment all of the obligations evidenced by the Loan Agreement and by those

certain Promissory Notes evidencing the loan, from EEI to the Corporation (other than the pledge of the Additional Pledged Revenues Collateral), establishing July 1, 2011 as the effective date of such assignment; and (ii) authorize and direct Dr. Paul Kremer to take all steps necessary to implement this approved action on behalf of this Board, including completing any necessary amendments, assignments, documents and forms, executing the same and delivering or filing all the same with any required third parties;

RESOLVED FURTHER that this Board shall, and hereby does: (i) authorize, approve and accept the transfer and assignment of the operations of the Charter School and all of the assets, liabilities and records of the Charter School listed on Exhibit "B" to the Corporation, establishing July 1, 2011 as the effective date of such assignment; and (ii) authorize and direct Dr. Paul Kremer to execute and deliver any and all necessary applications, deeds, assignment documents, bills of sale, transfer instruments, loan agreements, promissory notes, security agreements, deeds of trust, guarantees and any other agreements, amendments, addenda, schedules, UCC financing statements or other instruments in the form reviewed and approved by Dr. Kremer, and to take any other actions as may be required, necessary, appropriate or expedient to implement this resolution;

RESOLVED FURTHER that this Board shall, and hereby does: (i) authorize, approve and accept the transfer and assignment of the Charter Contract (CTD #078541000), from EEI to the Corporation, establishing July 1, 2011 as the effective date of such assignment; and (ii) authorize and direct Dr. Paul Kremer to take all steps necessary to implement this approved action on behalf of this Board, including completing any necessary amendments, assignments, documents and forms, executing the same and delivering or filing all required amendments, assignments, documents and forms with third parties and the ASBCS;

RESOLVED FURTHER that this Board shall, and hereby does: (i) authorize and approve the Management Agreement, by and between EEI and the Corporation, substantially in the form attached hereto as Exhibit "C," establishing July 1, 2011 as the effective date of such agreement; and (ii) authorize and direct Dr. Paul Kremer to execute and deliver the agreement and to take all steps necessary to implement this approved action on behalf of this Board, including completing any necessary amendments, assignments, documents and forms, executing the same and delivering or filing all the same with any required third parties;

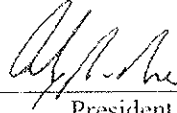
RESOLVED FURTHER that this Board shall, and hereby does: (i) authorize and approve a Lease Agreement wherein ESM Property is lessor and the Corporation is lessee, substantially in the form attached to this Certificate of Resolution as Exhibit "D"; and (ii) authorize and direct Dr. Paul Kremer to execute and deliver the Lease Agreement and to take any other actions as may be required, necessary, appropriate or expedient to implement this resolution;

RESOLVED FURTHER that Dr. Paul Kremer shall be, and hereby is, authorized and directed to employ any consultants, attorneys, accountants or other professionals in regard to these resolutions and to take any other actions and to execute, deliver and/or

file such documents as may be required, necessary, appropriate or expedient to implement these resolutions; and

RESOLVED FURTHER that these resolutions shall take effect immediately and that the Secretary of the Corporation shall be, and hereby is, directed and authorized to file the resolutions contained herein, with the minutes of the proceedings of the Board pursuant to the Corporation's Bylaws.

Resolutions adopted as of the date first set forth above.



President of the Board

The undersigned duly-qualified and acting Secretary of the Board of Directors of the Corporation, hereby certifies that the foregoing is a true and complete copy of the resolutions adopted by the Board of Directors at a duly-called meeting held on the 22nd day of December 2010.



Secretary of the Board of Directors

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **SEP 24 2010**

EAGLE SOUTH MOUNTAIN CHARTER INC
C/O STEVEN R BATTENBERG
N 19 W24133 RIVERWOOD DR
WAUKESHA, WI 53188

Employer Identification Number:
27-2038321
DLN:
17053068367000
Contact Person:
JOY M MCCOY ID# 31495
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
June 30
Public Charity Status:
170(b)(1)(A)(ii)
Form 990 Required:
Yes
Effective Date of Exemption:
August 10, 2010
Contribution Deductibility:
Yes
Addendum Applies:
Yes

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

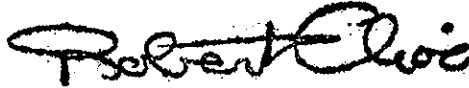
Please see enclosed Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, for some helpful information about your responsibilities as an exempt organization.

Letter 947 (DO/CG)

EAGLE SOUTH MOUNTAIN CHARTER INC

We have sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely,

A handwritten signature in black ink that reads "Robert Choi". The signature is written in a cursive style with a large, prominent initial "R".

Robert Choi
Director, Exempt Organizations
Rulings and Agreements

Enclosure: Publication 4221-PC

EAGLE SOUTH MOUNTAIN CHARTER INC

INFORMATION FOR CHARTER SCHOOLS

You are not subject to the specific publishing requirements of Revenue Procedure 75-50, 1975-2 C.B., page 587, as long as you are operating under a contract with the local government. If your method of operation changes to the extent that your charter is terminated, cancelled, or not renewed, you should notify us. You will also be required to comply with Revenue Procedure 75-50.

WHEN FILED, RETURN TO:
William J. Gelm, Esq.
Buchalter Nemer
16435 N. Scottsdale Road, Ste. 440
Scottsdale, AZ 85254

RECEIVED

MAR 03 2010

ARIZONA CORP. COMMISSION
CORPORATIONS DIVISION

ARTICLES OF INCORPORATION
OF
EAGLE SOUTH MOUNTAIN CHARTER, INC.

1. NAME. The name of the corporation is EAGLE SOUTH MOUNTAIN CHARTER, INC.
 - 1.A. MEMBERS. The corporation will have members.
2. INCORPORATOR. The name and address of the incorporator is Andrew M. Neumann. All powers, duties and responsibilities of the incorporator shall cease at the time of delivery of these Articles of Incorporation to the Arizona Corporation Commission for filing.
3. PURPOSE. The Corporation is organized and shall at all times be operated exclusively for charitable, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as it may be amended from time to time (the "Code").
4. CHARACTER OF AFFAIRS. The primary objective of the corporation is to operate public charter schools in accordance with A.R.S. §15-381 et seq.
5. TAX EXEMPT STATUS. No part of the earning of the corporation shall inure to the benefit of, or be distributed to its members, directors, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article 4. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activities not permitted to carried on by a corporation exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law).

6. UPON DISSOLUTION. Upon the dissolution of the corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all of its assets exclusively for the purposes of the corporation in such manner, or to such organizations organized and operated exclusively for charitable, educational, religious or scientific purpose as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Laws) as the Board of Directors shall determine. Any such assets not disposed of shall be disposed of by the Superior Court of the county in which the principal office of the corporation is then located, exclusively for such purposes of to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purpose.

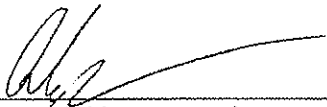
7. INDEMNIFICATION. The power of indemnification under the Arizona Revised Statutes shall not be denied or limited by the bylaws. The corporation shall indemnify its Directors against all expenses incurred by them, including but not limited to legal fees, judgments, penalties, and amounts paid in settlement or compromise, which may arise or be incurred, rendered, or levied in any legal action brought or threatened against them for or on account of any action or omission alleged to have been committed while acting within the scope of employment as a Director of the corporation, whether or not any action is or has been filed against them and whether or not any settlement or compromise is approved by a court. Indemnification shall be made by the corporation whether the legal action brought or threatened is by or in the right of the corporation or by any other person. Whenever any Director shall report to the Board of Directors of the corporation that he or she has incurred or may incur expense, including, but not limited to, legal fees, judgments, penalties, and amounts paid in settlement or compromise in a legal action brought or threatened against him or her for or on account of any action or omission alleged to have been committed by him or her while acting in the scope of his or her employment as a Director of the corporation, the Board of Directors shall, at the next regular or at a special meeting held within a reasonable time thereafter, determine in good faith whether, in regard to the matter involved in the action or contemplated action, such person acted, failed to act, or refused to act willfully or with gross negligence or with fraudulent or criminal intent. If the Board of Directors determine in good faith that such person did not act, fail to act, or refuse to act willfully or with gross negligence or with fraudulent or criminal action, indemnification shall be mandatory and shall be automatically extended as specified herein, provided, however, that no such indemnification shall be available with respect to liabilities under the Securities Act of 1933, and, provided further, that the corporation shall have the right to refuse indemnification in any instance in which the person to whom the indemnification would otherwise have been applicable shall have unreasonably refused to permit the corporation, at its own expense and through counsel of its own choosing, to defend him or her in the action.

8. STATUTORY AGENT. The name and address of the initial Statutory Agent of the corporation is Paul Kremer, 2450 West South Mountain Avenue, Phoenix, Arizona 852041.

9. BOARD OF DIRECTORS. There shall be no less than three (3) Directors. The name and addresses of the person who is to serve as Director until the first annual meeting of Directors or until his successor(s) is (are) elected and qualified is Andrew M. Neumann, 888 Goldenview Court, Oconomowoc, WI 53066


10. KNOWN PLACE OF BUSINESS. The street address of the known place of business of the Corporation is: 2450 West South Mountain Avenue, Phoenix, Arizona 85041.

IN WITNESS WHEREOF, we, the undersigned, have hereunto set our hands this 2nd day of March, 2010.



Andrew M. Neumann, Incorporator

Paul Kremer, having been designated to act as Statutory Agent of and for Eagle South Mountain Charter, Inc., hereby consents to act in that capacity until removed or resignation is submitted in accordance with the Arizona Revised Statutes.

Agent Signature: 
Paul Kremer