

PROVIDE INFORMATION

Instructions received from the Arizona State Board of Charter Schools identified material that needed to be provided to complete a request to transfer the charter associated with the Montessori Charter School of Flagstaff (MCSF) from MCSF, Inc., an Arizona subchapter S corporation, to Flagstaff Montessori, L.L.C. (FM, L.L.C.) an Arizona Limited Liability Company.

This information was requested and is provided in four (4) areas. These four areas were identified as Board Minutes, Copy of Articles, Provide Information, and Additional Supporting Material. Much of the requested material was prepared by the attorney providing legal advice to Flagstaff Montessori, L.L.C. It has been reviewed by the current charter holder and the prospective charter holder and is presented with supporting attachments electronically in four files, as requested. The request appears first, followed by the response in each case.

REQUEST:

Provide additional information related to the academic performance and success of the elementary schools (grades K-8) owned by Eric Alexander.

RESPONSE:

Attached is additional information that supports the academic performance and success of Montessori School of Fremont, owned by Eric Alexander.

REQUEST:

A **narrative** describing how Flagstaff Montessori LLC will comply with ARS §15-183.E.8 and the organizational flowchart reflecting the operational oversight of the charter school.

RESPONSE:

A.R.S. paragraph 15-183.E.8 states:

“Ensure that it provides for a governing body for the charter school that is responsible for the policy decisions of the charter school. Notwithstanding section 1-216, if there is a vacancy or vacancies on the governing body, a majority of the remaining members of the governing body constitute a quorum for the transaction of business, unless that quorum is prohibited by the charter school’s operating agreement.”

The attached Operating Agreement Board of Directors and Governing Board Policy documents of Flagstaff Montessori, L.L.C. describe how the company will comply with A.R.S. paragraph 15-183.E.8.

An organizational flow chart is attached which reflects the operational oversight of the charter school.

Additional Information Related to the Academic Performance and Success of the Elementary School Owned by Eric Alexander

First, I am unaware of any requirement established by the California Department of Education that involves private schools completing any application for an affidavit that addresses the private school's performance. Consequently our private elementary school has no such affidavit.

That being said, the following information is provided to support our claim that our elementary program is an excellent one.

Test Results. Each year grades 2nd through 6th take the Stanford Achievement Test (SAT 10). We have not opted for the more expensive computerized scoring, so I don't have our results in that format to share with you. We do have the raw data (attached) and I have taken the liberty of reviewing the relative Grade Equivalency of all of the test results.

Each child takes a number of individual tests, so there are 11 or 12 test results for each child. In grades 2 through 6 we had 66 students last year, with a total of 507 test results.

Of those 507 test results, 481 were at or above grade level; 434 were above grade level, and 144 were PHS, or post high school. We feel that these are very encouraging results, especially considering that we give the tests absolutely no emphasis, and have consciously avoided "teaching to the test".

AMI Accreditation. AMI, or Association Montessori International, is generally considered to be the premier Montessori accrediting organization. This is the organization founded by Dr. Maria Montessori herself. Becoming an AMI accredited school is not an easy feat, and for that reason only a very small percentage of Montessori schools even attempt to earn it.

To successfully qualify, you have to bring in a Montessori specialist who then evaluates the school according to a number of rigorous standards set by AMI and based on Dr. Montessori's methodology. The process is lengthy and expensive, but in the end those granted accreditation can say without qualification that they are a superior Montessori School. **I have attached our most recent Certificate of Accreditation and Certificates of Recognition.** Please note that due to the time commitment and the expense of the process, we only renew our accreditation every three years. This year we will renew our accreditation once again.

Longevity Based on Reputation. Our elementary school opened in 1993 and has grown every year since then. What was originally only one lower elementary classroom (grades 1-3) has grown to 3 lower elementary and two upper elementary (grades 4-6) classrooms. Our growth forced us to expand into our middle school classroom space and to move our middle school to other quarters. In a competitive tuition-based environment, I believe our consistent operation and growth testifies to the excellence of our program. Were we a poor or an even mediocre school and if we did not achieve consistently superior results, we would no longer exist.

Comments by the owner/operators of the Montessori Charter School of Flagstaff.

Having read the remarks above, Mr. J.E. Spencer provided the following comments:

“Montessori school operators rarely emphasize testing and, in keeping with the methodology developed by Dr. Montessori, would never teach to the test to elevate test scores. To achieve this level of success on a standardized test speaks very highly of the quality of this school.

I agree that the accreditation processes of both AMI and AMS (American Montessori Society) are very rigorous and are not routinely undertaken by even high quality schools. Although we are an AMS Affiliate School and believe we could achieve AMS Accreditation, we have never sought to do so because of the expense and time commitment required by the process. It is a real feather in the cap of Mr. Alexander’s school that it has repeatedly achieved AMI accreditation.

Finally, before we were chartered in 1995, we operated Montessori preschools in Flagstaff, and although the excellence of our operation resulted in a number of requests that we expand into the elementary grades, we were never able to achieve the “critical mass” needed to finance the operation of a tuition-funded elementary school. It is a credit to the founder of Mr. Alexander’s elementary school that she was able to accomplish that feat through the creation of what appears to be a superb program.”

**Stanford Achievement Test (SAT10) Results
for Montessori School of Fremont
April 2013**

2nd Grade Test Name	Student Number and Test Grade Equivalent					
	1	2	3	4	5	6
Word Study Skills	6.2	5.9	2.7	11.1	1.4	11.1
Reading Vocabulary	3.7	4.9	6.4	4.9	2.5	2.2
Reading Comprehension	2.5	3.8	2.8	3.1	2.1	2.1
Total Reading	3.1	4.7	3.4	4.7	2.1	2.6
Math problem solving	3.0	4.4	3.3	3.1	2.3	2.5
Math procedures	3.1	5.4	6.9	5.4	2.9	3.4
Total Math	3.1	4.6	3.7	3.4	2.6	2.8
Spelling	4.8	4.3	1.9	7.8	5.8	3.3
Language	2.3	10.1	3.3	4.1	3.5	1.4
Environment	1.3	4.2	10.3	5.8	2.4	3.0
Listening	3.0	5.6	2.6	9.3	2.9	4.5

3rd Grade Test Name	Student Number and Test Grade Equivalent												
	1	2	3	4	5	6	7	8	9	10	11	12	13
Word Study Skills	7.9	11.0	11.0	2.5	PHS	6.4	6.4	PHS	3.2	PHS	6.4	PHS	6.4
Reading Vocabulary	9.9	9.9	9.9	3.0	11.5	8.7	11.4	8.7	3.2	11.4	11.4	11.4	3.2
Reading Comprehension	6.5	9.3	7.8	2.7	10.2	6.4	PHS	5.6	2.8	PHS	9.8	11.1	5.6
Total Reading	6.7	9.8	8.7	2.8	PHS	6.7	10.2	7.1	3.1	PHS	8.8	PHS	5.0
Math problem solving	PHS	6.6	10.3	2.6	PHS	3.8	PHS	PHS	3.7	PHS	8.2	PHS	8.2
Math procedures	7.7	5.5	7.9	2.3	PHS	5.1	6.0	PHS	3.7	6.0	4.2	4.7	6.0
Total Math	10.0	6.0	9.2	2.5	PHS	4.6	10.5	PHS	3.7	10.5	5.7	6.7	7.3
Spelling	PHS	8.7	9.6	2.5	PHS	6.0	3.2	7.2	2.6	6.5	5.0	PHS	4.3
Language	6.8	7.9	10.8	2.7	10.8	5.5	7.4	PHS	2.9	PHS	4.1	PHS	5.9
Science	6.4	8.2	10.1	5.9	9.2	10.0	11.8	7.8	2.2	PHS	7.8	PHS	5.3
Social Science	10.0	8.8	6.2	8.8	PHS	5.9	PHS	6.9	K.8	12.3	12.3	PHS	3.1
Listening	6.0	8.1	6.7	8.1	4.9	5.4	11.9	6.7	3.2	9.9	6.0	9.9	6.7

**Stanford Achievement Test (SAT10) Results
for Montessori School of Fremont
April 2013**

4th Grade Test Name	Student Number and Test Grade Equivalent									
	1	2	3	4	5	6	7	8	9	10
Word Study Skills	9.7	PHS	11.4	PHS	2.2	PHS	PHS	4.8	PHS	PHS
Reading Vocabulary	5.8	PHS	10.7	10.7	3.5	8.4	10.7	4.2	10.7	8.4
Reading Comprehension	7.8	PHS	12.4	10.4	2.5	7.8	12.3	4.5	9.2	12.3
Total Reading	7.3	PHS	10.8	11.6	2.6	8.6	11.6	4.4	10.4	10.8
Math problem solving	6.8	9.7	PHS	11.2	3.6	5.9	PHS	6.3	11.2	10.3
Math procedures	5.8	PHS	10.3	PHS	3.5	5.1	9.3	6.8	9.3	10.3
Total Math	6.4	10.7	PHS	PHS	3.6	5.5	12.3	6.4	10.3	10.3
Spelling	8.0	10.3	PHS	PHS	3.7	8.0	10.3	6.4	8.0	9.6
Language	5.9	8.4	6.8	PHS	2.3	7.8	PHS	3.3	9.5	8.9
Science	6.7	10.5	PHS	PHS	3.0	9.7	PHS	6.7	10.5	9.6
Social Science	6.5	PHS	PHS	8.9	2.3	10.0	8.9	3.0	8.2	6.5
Listening	7.2	9.7	9.7	PHS	2.9	9.7	PHS	2.3	6.6	9.7

5th Grade Test Name	Student Number and Test Grade Equivalent									
	1	2	3	4	5	6	7	8	9	10
Reading Vocabulary	6.3	4.8	8.5	13	11.8	8.5	13	13	11.6	7.3
Reading Comprehension	5.1	7.7	8	13	5.8	8	13	12.8	13	8.4
Total Reading	5.6	6.3	8	13	6.7	8	13	13	11.4	8
Math problem solving	13	4.6	7.9	13	10.4	8.8	10.4	6.9	8.2	8.2
Math procedures	13	5.1	8.7	13	13	9.3	13	5.9	5.7	6.6
Total Math	13	4.9	8.1	13	11.3	9	13	6.6	6.8	7.8
Spelling	5.6	5.3	12.3	13	13	8.3	13	7.4	10.4	7.4
Language	13	5.3	6.8	13	8.8	9	13	12.8	10.7	8.7
Science	6.1	4	7.1	13	13	8.2	8.2	9.8	5.1	8.7
Social Science	6.7	6.1	7.5	13	6.3	9.5	11.5	8.7	7.2	13
Listening	5.1	6.1	9.7	13	6.7	7.6	13	13	13	6.1

**Stanford Achievement Test (SAT10) Results
for Montessori School of Fremont
April 2013**

6th Grade Test Name	Student Number and Test Grade Equivalent					
	1	2	3	4	5	
Reading Vocabulary	10.2	PHS	PHS	11.2	PHS	
Reading Comprehension	PHS	PHS	PHS	PHS	PHS	
Total Reading	PHS	PHS	PHS	PHS	PHS	
Math problem solving	PHS	PHS	PHS	PHS	PHS	
Math procedures	PHS	PHS	PHS	PHS	PHS	
Total Math	PHS	PHS	PHS	PHS	PHS	
Spelling	10.3	PHS	PHS	7.7	PHS	
Language	10.5	PHS	PHS	9.6	PHS	
Science	PHS	PHS	PHS	PHS	PHS	
Social Science	PHS	PHS	PHS	PHS	PHS	
Listening	PHS	PHS	PHS	10.5	PHS	

Certificate of Recognition

ASSOCIATION MONTESSORI INTERNATIONALE



Recognizes

Montessori School Of Fremont

155 Washington Blvd., Fremont, CA

for the 2012-2013 school year

as a recognized

A.M.I. – MONTESSORI SCHOOL®

for children aged **6** to **12** years

School Registration Number: **1082**

Certificate of Recognition

ASSOCIATION MONTESSORI INTERNATIONALE



Recognizes

Montessori School Of Fremont

155 Washington Blvd., Fremont, CA

for the 2011-2012 school year

as a recognized

A.M.I. – MONTESSORI SCHOOL[®]

for children aged **6** to **12** years

School Registration Number: **1082**

Certificate of Recognition

THE ASSOCIATION MONTESSORI INTERNATIONALE



Recognizes

Montessori School Of Fremont

155 Washington Blvd., Fremont, CA

for the 2010-2011 school year

as an accredited

A.M.I. – MONTESSORI SCHOOL

for children aged **6** to **12** years

School Registration Number: **1082**

Flagstaff Montessori, LLC,

Board of Directors and Governing Board Policy

The Board of Directors of Flagstaff Montessori, LLC, an Arizona limited liability company, will be the Board of Directors of Montessori School of Flagstaff – Switzer Mesa and Montessori School of Flagstaff – Cedar (“Flagstaff Montessori”). The Board of Directors will be referred to as the “Governing Board” or “Board”, and the individual Directors as “Directors”. It is the intent of the Board of Flagstaff Montessori to be directly involved with the planning year as well as operational years of the school.

I. Governing Board Responsibilities

Pursuant to ARS §15-183(E)(8) the Board is responsible for the policy decisions of the school. It will be the role of the Board to support the mission of the school as stated in the school charter. The Board shall have all of the duties and powers required or permitted by applicable laws and regulations. The Board shall have authority to conduct business, hire employees, and approve officers. Additionally, the Board has authority to establish committees for the purpose of carrying out acts authorized by the Board.

The Governing Board of Flagstaff Montessori will serve four principal roles, clearly defined below:

1. *Governance*: The Governing Board will govern the school. These responsibilities will include, but are not limited to, the following:
 - a. Support the vision and mission of the school;
 - b. Hire, evaluate and support the Chief Administrator and Business Manager who support the schools vision and mission;
 - c. Approve school policies;
 - d. Oversee the overall performance of the school;
 - e. Approve curriculum, text book, and academic programs, and ensure Arizona state standards are exceeded or met;
 - f. Approve annual budget, make changes as needed, set fiscal and risk-management policies, appropriate insurance, and set internal controls by monitoring finances;
 - g. Review annual audit;
 - h. Approve expenditures over \$50,000;
 - i. Approve staffing plans;
 - j. Develop student and staff policy handbooks;
 - k. Monitor recruitment, hiring, and teacher retention;
 - l. Act as an appellate board for teacher, parent and student grievances when there is conflict with administrative decisions;
 - m. Review and sign facilities contracts;
 - n. Encourage parent participation and review parent evaluations;
 - o. Review and approve charter renewal application;
 - p. Set strategic plan goals and measures and monitor progress towards goals; and

- q. Pursue policies to ensure compliance with the educational philosophy and goals of the charter contract.
2. *Community Outreach*: The Governing Board shall engage the community and encourage parent involvement:
 - a. Speak to the media regarding the school's achievements;
 - b. Scholarship fundraising;
 - c. Approve public annual reports;
 - d. Hold meetings open to the public in accordance with the public meeting law;
 - e. Advocate for the school and the larger charter movement to family, friends, fundraisers, and other potential stakeholders or community partners; and
 - f. Ensure that teachers and parents have a method for holding the school accountable to their high expectations.
 3. *Sponsor*: The Governing Board shall give of its time, talent, or treasure to ensure that the school has the resources it needs to fulfill its mission. This will entail that Directors:
 - a. Donate personal gifts, or accumulation of others' gifts, to the best of one's ability.
 - b. Fundraise by approving fundraising plan and cultivating donors.
 4. *Consultant*: The Governing Board shall be comprised of diverse, competent Directors who shall use their skills and expertise on behalf of the organization. Directors will:
 - a. Serve actively on a committee.
 - b. Donate time and talents to the best of one's ability to support the school.

Notwithstanding the foregoing, the Governing Board must obtain approval of the 66% of the Members holding interest in the Company for:

- c. The hiring or dismissal of the Chief Administrator and Business Manager;
- d. The amendment of the Articles of Organization or Operating Agreement;
- e. A loan to the Company greater than \$50,000;
- f. Any action to merge or dissolve the Company; and
- g. The approval of the Annual Budget.

Governing Board General Practices

The Governing Board shall make decisions pursuant to the Operating Agreement of the Company. Attendance of at least 66% of the Board constitutes a quorum. The Board shall at all times ensure compliance with the Arizona open meeting laws.

Executive Committee and Officers

The Board shall elect a Board President. The Company's governance and its implementation of activities necessary to meet the goals and objectives set by the Board are the responsibility of the Board of Directors, except that the Board may appoint three or more of its Directors to act as an Executive Committee to be responsible for day-to-day governance of the Company's affairs. This Committee shall be elected by a majority vote of the Board of Directors. The Executive Committee executes orders, votes and resolutions of the Board which are not otherwise self-executing and performs other duties

assigned to it by the Board. The Executive Committee should include the President of the Board of Directors. However, the Executive Committee has no authority to make determinations or act outside of the Governing Board's directives.

Additionally, the Board may appoint officers including President, Vice President, Treasurer, and Secretary. Officers may be elected yearly by a simple majority vote.

The Treasurer shall: (a) oversee the development and observation of the organization's financial policies, budgeting, reporting to the Board and serve as Chair of the Finance Committee, if there is a Finance Committee; and (b) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the President or by the Board.

The Secretary shall: (a) keep the minutes of the Board of Directors' meetings; (b) see that all notices comply with the Operating Agreement and Arizona open meeting law requirements; (c) be custodian of the corporate records and of the seal of the School if one is authorized by the Board of Directors, in which case the Secretary shall see that the seal of the School is affixed to all documents the execution of which on behalf of the School under its seal is duly authorized; and (d) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the President or by the Board of Directors.

Governing Board Committees

The initial committees of the Governing Board may include Governance, Finance, Academics, Development, and any other committees that the Governing Board may establish.

- 1. Governance** shall be responsible for building the capacity of the Governing Board by recruiting potential Directors and developing the entire Board, which also includes conducting the Board performance evaluation.
- 2. Finance** shall be responsible for the financial stewardship of Flagstaff Montessori.
- 3. Academics** will monitor the establishment and maintenance of Flagstaff Montessori's mission-aligned curriculum, instruction, assessment, and professional development systems; the primary focus will be on monitoring academic achievement goals and being critically analyzing the rigor and effectiveness of the overall instructional program.
- 4. Development** will ensure that Flagstaff Montessori has the requisite financial resources to support its mission-aligned programs.

Governing Board Composition

The Board of Directors of Flagstaff Montessori, LLC, will serve as the Governing Board of Flagstaff Montessori. The Board shall be composed of no less than three and no more than ten directors approved by a majority vote of the Members owning an interest in the Company. The initial Board is composed of one Member of the Company, the Company's CPA, two former owners of the school, and a member of the community. Four of the five Directors are parents of children who attended and graduated from the school. The Governing Board shall be self-perpetuating. It shall recruit new

Directors and recommend the new Directors approval to the Members owning an interest in the Company.

Directors shall serve for those terms designated by the Board; if no specific term is designated, then the Director should serve a three-year term. A Director may not serve for more than ten consecutive years without taking a year off. Despite the expiration of a Director's term, a Director shall continue to hold office until the Director's successor is elected, designated or appointed and qualifies, until the Director's resignation or removal or until there is a decrease in the number of Directors.

The Board shall at all times ensure compliance with the Arizona Open Meeting Law.

Qualifications and Vacancies

The Board may establish a recruiting committee to oversee Governing Board recruitment and nominations. The Board may seek out Directors who:

1. Demonstrate previous experience in finance or accounting to ensure financial success and sustainability;
2. Demonstrate previous educational experience, specifically in the area of academic planning and educational outcome growth;
3. Demonstrate previous property management experience to manage the site-selection and site-maintenance process;
4. Demonstrate significant connections to the community members and community organizations that could potentially partner with the school and benefit the school's students; and
5. Demonstrate previous experience in public relations, fundraising, or marketing to ensure the school maintains goodwill, fundraising and admissions.

The Board will ensure the long-term sustainability of the school by providing for its own succession. Governing Board recruitment shall remain a priority of the organization. Vacancies shall be filled as they arise; members shall serve the remainder of a vacant term upon approval.

**OPERATING AGREEMENT
OF
FLAGSTAFF MONTESSORI, LLC
an Arizona limited liability company**

THIS OPERATING AGREEMENT is legally binding as of the date of filing of the Articles of Organization with the Arizona Corporation Commission (the “Effective Date”) by the undersigned.

1. Formation; Name and Office; Purpose; Partnership Treatment

1.1 Formation. Pursuant to the Arizona Limited Liability Company Act, A.R.S. §§29-601 through 29-857 (the “Act”), the Member(s) shall form an Arizona limited liability company effective upon the date of filing of the Articles of Organization of this Company (the “Articles”) with the Arizona Corporation Commission. The Member(s) signed and delivered this Agreement to serve as the “Operating Agreement” of the Company, as that term is defined in A.R.S. §29-601(12). Subject to applicable restrictions in the Act, the business and affairs of the Company, and the relationship of the Member(s), Board of Directors, and Officers to the Company, shall be operated in accordance with, and governed by, these terms and conditions. It is the intent of the Member(s), the Board of Directors, and the Officers that the Company and Board of Directors operate in compliance with A.R.S. § 15-183(E)(8).

1.2 Name and Registered Office. The Company may be conducted under the name as stated in the Articles of Organization or other trade names approved by the Member(s). The registered office of the Company is as listed in the Articles of Organization, or it may be any other place as the Member(s) may from time to time determine.

1.3 Purpose. The purpose and business of this Company shall be any lawful purpose. The initial purpose and business of this Company is education and child care. The Company has the power to do any and all acts and things necessary, appropriate or incidental to the furtherance of that purpose.

2. Definitions. These terms mean:

2.1 “Act” means the Arizona Limited Liability Company Act, A.R.S. §§29-601 through 29-857, as amended from time to time (including corresponding provisions of succeeding law).

2.2 “Event of Withdrawal” means those events and circumstances listed in §29-733 of the Act.

2.3 “Majority in Interest” means one or more Members who own, collectively, a simple majority of the Percentage Interests held by Members.

2.4 “Manager(s)” means those persons currently listed as Manger(s) with the Arizona Corporation Commission or their successors elected by a Majority in Interest of the Member(s).

2.5 “Member(s)” means those persons signing below and any Person subsequently admitted as a Member of the Company until the time of an Event of Withdrawal with respect to that Member.

2.6 “Percentage Interest” means, as to a Member, the percentage set forth after the Member’s name on Exhibit A, as amended from time to time to reflect transfers permitted under this Agreement.

2.7 “Person” means and includes an individual, corporation, partnership, association, limited liability company, trust, estate, or other entity.

2.8 “Tax Member” means “**Tax Partner**” or other person designated in writing by the Manager(s) to perform that function. Eric Alexander is the Tax Partner.

3. Capital Contributions and Distributions

3.1 Capital Contributions.

3.1.1 Initial Capital Contributions. Upon the execution of this Agreement, the Member(s) shall make contributions to the capital of the Company as set forth in Exhibit A, which is incorporated by reference as a material part of this Agreement, or as otherwise stated in the books of account of the Company.

3.1.2 Additional Capital Contributions. The Member(s) are not required to contribute additional capital to the Company. Member(s) have no personal liability for obligations of the Company.

3.2 Distributions. Distributions shall be made to the Member(s) at times and in amounts as determined by the Member(s). If there is more than one Member, distributions shall be made to the Member(s) pro rata in proportion to their Percentage Interests.

4. Management

4.1 Manager. The Company shall be managed by a Board of Directors elected by the Member(s) annually (the "Board of Directors").

4.2 Board of Directors.

4.2.1 Board Composition. The Board of Directors consists of not less than three and not more than ten Directors.

4.2.2 Changes. The Board may, by a majority vote, add, change or delete the number of Directors serving on the Board, as a formal amendment to the Operating Agreement. A decrease in the number of Directors or term of office does not shorten the term of an incumbent Director.

4.2.3 Term of Directors. Directors shall serve for those terms designated by the Board; if no specific term is designated, then the Director should serve a three-year term. A Director may not serve for more than ten consecutive years without taking a year off. Despite the expiration of a Director's term, a Director shall continue to hold office until the Director's successor is elected, designated or appointed and qualifies, until the Director's resignation or removal or until there is a decrease in the number of Directors.

4.2.4 Meetings and Quorum. All meetings shall comply with the open meeting laws of Arizona.

4.2.4.1 Quorum. The presence of 66% majority of the Directors on the Board constitutes a quorum.

4.2.4.2 Attendance. A Member whose record of attendance at Board meetings is deemed unsatisfactory or whose behavior is contrary to the best interests of the Company may be removed upon by a majority vote of the Member(s).

4.2.5 Removal. The Member(s) may meet and vote upon the removal of Board Members at any time, subject to the notice requirements established by law.

4.2.6 Replacement. The Member(s) may select a person to serve out the remaining term of a Director who has resigned or who is unable to continue to serve.

4.2.7 Notice. Notice of a meeting of the Board of Directors shall comply with Arizona open meeting laws.

4.2.8 Reimbursement. Directors shall not receive any salary or remuneration for their services.

4.2.9 Election of Directors. The Board of Directors shall be elected by the Member(s).

4.2.10 Initial Meeting of Board of Directors. There shall be a meeting of the Board of Directors, including all newly-elected Directors, at which time the Board should select a President to serve for the coming year and may elect other corporate officers.

4.2.11 Employees. The Board of Directors may employ persons as it deems necessary, and fix the title, salary and other considerations of employment. All employees report to the President or his designee. Unless otherwise specifically provided in writing, all employment is "at will," and is administered in accordance with the laws of the State of Arizona. The only benefits to be granted employees shall be those defined by written policy adopted by the Board of Directors.

5. Special Topics

5.1 Special Topics Requiring Approval of the Member(s). These "Special Topics" require the approval of a Special Majority, i.e., 66% of the Member(s) (the "Vote") (unless otherwise directed in this Operating Agreement or State Law):

- 5.2** The hiring or dismissal of the Chief Administrator and Business Manager;
- 5.3** The amendment of the Articles of Organization or Operating Agreement;
- 5.4** A loan to the Company greater than \$50,000;
- 5.5** Any action to merge or dissolve the Company; and
- 5.6** The approval of the Annual Budget.

6. Governance

6.1 Governance; Executive Committee. The Company's governance and its implementation of activities necessary to meet the goals and objectives set by the Board are the responsibility of the Board of Directors, except that the Board may appoint three or more of its Directors to act as an Executive Committee to be responsible for day-to-day governance of the Company's affairs. This Committee shall be elected by a majority vote of the Board of Directors. The Executive Committee executes orders, votes and resolutions of the Board which are not otherwise self-executing and performs other duties assigned to it by the Board. The Executive Committee should include the President of the Board of Directors.

6.2 Executive Committee Membership. The Executive Committee consists of at least three but not more than five Directors. Committee Members serve one-year terms. If a Committee Member is no longer serving, whether by non-eligibility or choice, the Board selects a replacement to complete his term.

6.3 Executive Committee Chair. The President (or his designee) chairs all meetings of the Executive Committee, of the Board of Directors. He ensures adequate communications among the various working committees, and directs the activities of all Officers.

6.4 Meetings. The Executive Committee meets at a time and place determined by the President.

6.5 Election. Election of Executive Committee Members may take place at the first Board meeting of the year.

6.6 Contracts. The Board of Directors may authorize the Executive Committee, any officer or officers or agent or agents of a Member, in addition to the officers authorized by these Bylaws, to sign contracts or to execute and deliver instruments in the name of and on behalf of the Company. Authority may be general or may be limited to specific situations.

6.7 Loans. No loans may be contracted on behalf of the Company and no evidence of indebtedness shall be issued in its name in excess of \$50,000 unless authorized by a resolution of the Board of Directors. Authority may be general or confined to specific instances.

6.8 Deposits. All funds of the Company not otherwise employed shall be deposited from time to time to credit of the Company in banks, trust companies, or other depositories selected by the Board of Directors or the Treasurer.

7. Officers

7.1 Officers. The Officers of the Company should consist of:

7.1.1 President;

7.1.2 Secretary;

7.1.3 Treasurer; and

7.1.4 Vice Presidents, as determined by the Board.

7.2 President of the Board. All Officers shall report to, and be responsible to, the Executive Committee through the Chair of that Committee, if any. Otherwise, the President reports to the Board of Directors. All officers should be elected for one-year terms by the Board of Directors at their Annual Meeting.

7.3 Secretary/Treasurer. At the option of the Executive Committee, the office of Secretary/Treasurer may be filled by one individual or divided into the two separate offices of Secretary and Treasurer with an officer elected for each position. The duties of Secretary/Treasurer, listed below, may be allocated between those two offices. The Secretary/Treasurer is elected by the Board of Directors.

7.4 The Secretary/Treasurer oversees the administration of the Company, directs the operating activities of the Company, and performs other duties defined by the Executive Committee, including:

7.4.1 To give notice of and attend all meetings of the Company and to make provision for the keeping of a record of proceedings all in compliance with Arizona open meeting laws;

7.4.2 To keep a list of the Members of the Company;

7.4.3 To prepare an annual report of the finances, transactions and condition of the Company;

7.4.4 Keep all books and records of the Company, and ensure that all accounting records are properly maintained;

7.4.5 Additionally, this officer shall keep an account of all monies received and expended for use of the Company, and shall make disbursements authorized by the Executive Committee or such other persons as the Directors shall prescribe. All sums received shall be deposited in the bank or banks approved by the Executive Committee, and he shall make a report at the annual meeting or when called upon by the President. Funds in excess of \$5,000 may be drawn only on signature of the Secretary/Treasurer and the President (or, in his absence, an Executive Member designated by the President).

7.5 The funds, books and vouchers are at all times subject to verification and inspection of the Directors of this Company. At the expiration of his term of office, the Secretary/Treasurer shall deliver to his successor all books, money and other property of the Company.

7.6 Removal and Vacancies. An Officer or Member of the Executive Committee may be removed from office by a majority vote of the Board whenever, in the Board's sole and absolute judgment, the best interest of the Company will be served by the removal. Vacancies shall be filled by majority vote of the Board of Directors.

7.7 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

7.8 Other Officers. The Board of Directors may from time to time, without amendment to these Bylaws, appoint one or more Vice Presidents who shall report to the President and who shall perform specific duties identified by the Board. A Vice President may be removed from office at any time by a simple majority of the Board.

8. Elections

8.1 Officers. The election of Corporate Officers may take place annually at the regular annual meeting of the Directors. Candidates who receive a majority of votes are elected. If no election is held, then the officers in place are deemed re-elected for an additional one year term.

8.2 Members of Executive Committee. At the discretion of the Board, an Executive Committee may be elected by a majority vote of the Board. The governance of the Company may be vested in the Executive Committee, as defined herein.

8.3 Board of Directors. Those Directors for whom election is applicable, as their terms expire pursuant to these Bylaws, should be elected at the annual meeting of the Member(s).

9. Committees

9.1 Standing Committees. Standing Committees, if any, may be established by the Board from time to time, and report annually to the Board.

9.2 Special Committees. Special Committees may be appointed from time to time by the Executive Committee to work on special goals or programs of the Company.

9.3 Role of Committees. The primary role of each of the Company's Committees is to accomplish the mission delegated to it by the Executive Committee. Each Committee's mission should be defined in writing. The Committee may operate independently.

10. Additional Members. New Members may be admitted only with the unanimous consent of the Member(s).

11. Books and Records. The Company shall keep or cause to be kept complete and accurate books and records of the Company and supporting documentation of transactions regarding the conduct of the Company's business. The books and records shall be kept at the Company's registered office or other

location or locations as the Board of Directors determine. At a minimum the Company shall keep at its registered office the following records:

- 11.1.1** The full name and business, residence, or mailing address of the Member(s);
 - 11.1.2** A copy of the initial Articles and all amendments and restatements;
 - 11.1.3** Copies of the Company's federal, state, and local income tax returns and reports, if any, for the three most recent fiscal years;
 - 11.1.4** Copies of this Agreement and all amendments or restatements, including prior operating agreements no longer in effect;
 - 11.1.5** Copies of documents relating to each Member's obligation to contribute cash, property, or services to the Company;
 - 11.1.6** Copies of financial statements of the Company for the three most recent fiscal years;
- and
- 11.1.7** Copies of minutes of meetings of the Member(s) and written consents obtained from the Member(s) for actions taken by the Member(s) without a meeting.

11.2 Indemnity Rights. The Company shall indemnify the Board of Directors, Officers and each Member who was or is a party or is threatened to be made a party to threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of his or her actions as a Director, Officer or Member(s) or by reason of his or her acts while serving at the request of the Company as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses, including attorneys' fees, and against judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit, or proceeding, provided that the acts of the Directors, Officers or Member(s) were not committed with gross negligence or willful misconduct, and, with respect to criminal action or proceeding, the Directors, Officers, or Member(s) had no reasonable cause to believe his or her conduct was unlawful. The termination of an action, suit, or proceeding by judgment, order, settlement, or conviction, or upon a plea of no contest or its equivalent, shall not, in and of itself, create a presumption that the Member acted with gross negligence or willful misconduct, or with respect to criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

12. Additional Members; Dissolution; Termination

12.1 Additional and Substitute Members. No person may be admitted as a Member of the Company after the date of formation of the Company without the unanimous written consent or approval of the Member(s). Notwithstanding the foregoing, an assignee of a Member automatically becomes a substitute Member of the Company.

12.2 Events of Dissolution. The Company will be dissolved upon the occurrence of:

- 12.2.1** Upon the written consent of a Majority in Interest of the Member(s);
- 12.2.2** Upon the entry of a decree of dissolution under §29-785 of the Act or an administrative dissolution under §29-786 of the Act.

12.3 Continuation. An Event of Withdrawal by a Member(s) shall not cause a dissolution and the Company shall automatically continue following an Event of Withdrawal.

12.4 Distributions and Other Matters. The Company shall not terminate until its affairs have been wound up and its assets distributed. Promptly upon the dissolution of the Company, the Manager(s) shall execute and file a Notice of Winding Up with the Arizona Corporation Commission in accordance with §29-781 of the Act, and shall liquidate the assets of the Company and apply and distribute the proceeds of liquidation, or distribute the Company's assets in kind, in this order:

- 12.4.1** Debts. To payment of the debts and liabilities of the Company, including debts owed to the Member(s), in the order of priority provided by law;
- 12.4.2** Remainder. The balance shall be distributed to the Member(s) pro rata in proportion to their Percentage Interests.

12.5 Articles of Termination. After the assets of the Company have been distributed, the Manager(s) shall execute and file Articles of Termination as required by the Act.

13. Tax Matters

13.1 Tax Treatment. When the Company has only one Member, the Company shall be disregarded as an entity separate from its Member for federal and Arizona income tax purposes. When the Company has more than one Member, it shall be treated as a partnership for federal and Arizona income tax purposes, unless otherwise determined by the Board of Directors in writing.

13.2 Tax Allocations. Except as otherwise required by the Internal Revenue Code or applicable Treasury regulations, when the Company is treated as a partnership, taxable income or loss of the Company shall be allocated to the Member(s) in accordance with their Percentage Interests and the Company shall maintain capital accounts for each Member in accordance with Treasury Regulation §1.704-1(b)(2).

13.3 Tax Partner. The Tax Partner has the authority, at Company expense, to employ attorneys, accountants and others to prosecute or defend claims by or against the Company in tax matters or matters affecting title to Company Property. Without limiting the foregoing, the Tax Partner has the power and authority to contest on behalf of the Company any determination by the Internal Revenue Service to disallow deductions, credits or other allowances claimed by the Company or a determination which includes in the Company gross income an item of income or gain which it determines is not properly the income or gain of the Company. He may act for the Company in matters of Federal or state income tax; his decision is binding on the Company and on the Member(s).

14. Miscellaneous

14.1 Governing Law; Parties in Interest. This Agreement is governed by, and construed according to, the laws of the State of Arizona without regard to conflicts of law principles and will bind and inure to the benefit of the heirs, successors, assigns, and personal representatives of the Member(s) and the Company.

14.2 Amendment. This Agreement may be amended, restated, or revoked only with the written consent of the Majority in Interest of the Member(s) and the Manager(s).

14.3 Titles and Captions. Article, section, or paragraph titles or captions contained in this Agreement are for convenience only and are not deemed part of the context.

14.4 Pronouns and Plurals. Pronouns are deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons and/or context may require.

IN WITNESS WHEREOF, the Member(s) signed and delivered this Operating Agreement, to be legally binding as of the Effective Date regardless of the actual date of signing.

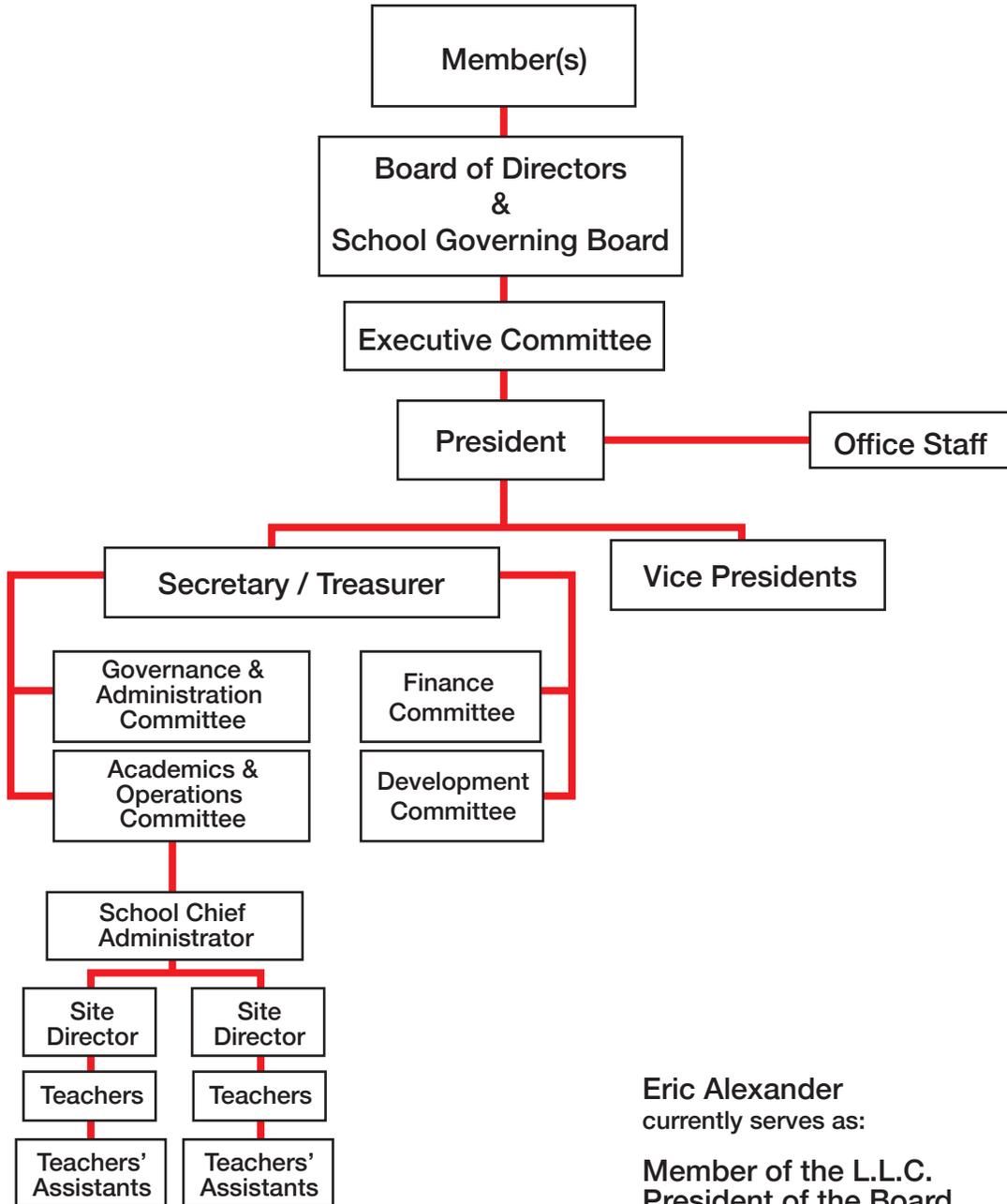
MEMBER(S):


Eric Alexander

EXHIBIT A

Member(s)	Capital Contribution	Percentage Interest
Eric Alexander	See Books of Account	100%

Flagstaff Montessori, L.L.C.



Eric Alexander
currently serves as:

Member of the L.L.C.
President of the Board
President of the Executive Committee
Charter Representative