October 17, 2008

Ms. Heather Kelley
Contracts & Administrative Services Manager
Arizona State Board for Charter Schools
1700 W. Washington Street, Room 164
Phoenix, Arizona 85007

RE: Good Cause Extension requests for Imagine Schools charter contracts

Dear Ms. Kelley:

We are writing to request Good Cause Extensions for the following charter contracts:

- **Imagine Middle at Avondale, LLC** requests an extension until August 2009. We currently have control of the property and are operating Imagine Elementary at Avondale on this site. We plan to sign the Imagine Middle at Avondale, LLC contract in the spring of 2009 and begin operation in August of 2009 by sharing the facility with Imagine Elementary at Avondale.

- **Imagine Elementary at Apache Junction, LLC** and **Imagine Middle at Sahuarita, LLC** requests an extension until August 2010. Imagine Schools has established a successful track record of raising capital and developing new schools. This year, for example, nationwide Imagine Schools added 25 new campuses to the Imagine family and raised approximately $150 million to do so. However, the current global credit crisis has temporarily impacted our ability to finance the development and construction of new schools. Like all organizations that are looking to finance new projects, we are finding it difficult to find lenders who are willing to invest given the current capital market conditions. Simply said, no one is lending money right now. Once the credit markets free up, we anticipate opening new schools again. At this time, we feel opening new schools in the fall of 2009 is neither realistic nor prudent.

REGIONAL OFFICE
A Member of the Imagine Schools Family
18052 N. Black Canyon Hwy. Phoenix, AZ 85053
602•547•7960 Fax 602•547•7922 www.imagineschools.com

In addition to the three charters listed above, we are asking the Arizona State Board for Charter Schools to grant Good Cause Extensions until August of 2010 for the following charters Imagine Schools currently holds, but has not yet opened:

- **Imagine Elementary at Golden Valley, LLC**
- **Imagine Middle at Golden Valley, LLC**
- **Imagine Elementary at Sahuarita, LLC**
- **Imagine High School at Sierra Vista, LLC**

We hope the members of the AZ State Board for Charter Schools will grant our requests. We are proud to serve nearly 6000 students and their families in 20 charter schools throughout the state of Arizona and look forward to serving additional families in the future.

Sincerely,

Nancy G. Hall, Ph.D
Executive Vice President
Imagine Schools

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Arizona State Board for Charter Schools

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

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

October 7, 2008

Dr. Nancy Hall
Imagine Middle at Avondale, LLC
18052 N. Black Canyon Highway
Phoenix, AZ 85053

Dear Dr. Hall:

This letter is to inform you that the approved replication charter application for Imagine Middle at Avondale, LLC expired on May 14, 2008. As stated in the charter application that was signed by you on April 13, 2007, "The charter school applicant acknowledges that if approved to operate a charter school, he/she must execute a charter contract with the Arizona State Board for Charter Schools within twelve months of the date of approval of the charter by the Arizona State Board for Charter Schools. A charter that is not timely signed expires."

Imagine Middle at Avondale, LLC may request a Good Cause Extension for the signing of the charter contract, if a request is submitted no later than October 30, 2008. If you fail to request a Good Cause Extension, no further action will be taken on the expired application. You may submit a new application during the application cycle if you choose to re-apply.

Please feel free to contact me at 602.364.3080 if you have any questions.

Sincerely,

Heather Kelley
Contracts & Administrative Services Manager