

Thursday, May 28, 2020
Rocketship Public Schools Business Committee Meeting (2019-20 Q4)

Meeting Time: 10:30am to 12:30pm

Webinar link: <https://rocketshipschools.zoom.us/j/96551837816>

Public Comment: Members of the public can make comment on off-agenda items at the start of the meeting, and on agenda items immediately preceding the board's discussion of each item. Please use the webinar's "raise hand" feature to indicate you would like to make a comment. You will be recognized once the public comment time begins, and will be unmuted by the host and permitted to make comment for a duration of up to 3 minutes.

1. Opening Items (10:30am-10:35am)

- A. Call to order
- B. Public comment on off-agenda items

2. Information Items

- A. Listing of checks in excess of \$100,000

3. Consent Items (10:35am-10:40am)

- A. Approve minutes from February 18, 2020 Business Committee Meeting
- B. Acknowledge Rocketship Transformation Prep lease amendment and lease schedule approved by Rocketship Wisconsin
- C. Approve Fee Deferral Agreement between Rocketship Public Schools, Launchpad Development Milwaukee Two, Rocketship Education Wisconsin, and IFF, an Illinois not for profit organization

4. Agenda Items (10:40am-12:30pm)

- A. 2019-20 Finance Update and Forecast (10:40am-11:10am)
- B. 2020-21 Annual Planning and Budget (11:10am-12:20pm)
- C. Recommend to the Rocketship Board of Directors approval of Line of Credit between Rocketship Education and Charter Asset Management Fund, L.P. (12:20-12:30pm)

5. Adjourn (12:30pm)

THE ORDER OF BUSINESS AND TIMINGS MAY BE CHANGED WITHOUT NOTICE: Notice is hereby given that the order of consideration of matters on this agenda may be changed without prior notice, provided that the Board takes action to effectuate such change. Timings listed on the agenda are estimates only and may change depending on the duration of public comment and discussion around prior items.

REASONABLE ACCOMMODATION WILL BE PROVIDED FOR ANY INDIVIDUAL WITH A DISABILITY: Pursuant to the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990, any individual with a disability who requires reasonable accommodation to attend or participate in this meeting may request assistance by contacting Apoorva Katikaneni at akatakaneni@rsed.org.

Minutes - Rocketship Public Schools Business Committee Meeting (2019-20 Q3) (Tuesday, February 18, 2020)

1. Opening Items

A. Call to order

At 10:31am, Mr. Terman took roll call. With a quorum of committee members present, Mr. Terman called the meeting to order.

Present: Alex Terman, Greg Stanger, Mike Fox, Charmaine Detweiler

B. Public Comment on off-agenda items

At 10:34am, Mr. Terman called for public comment on off-agenda items. There was no public comment.

2. Information Items

A. Listing of checks in excess of \$100,000

At 10:35am, the committee discussed and acknowledged the information items.

3. Consent Items

A. Approve minutes from November 11, 2019 Business Committee Meeting

B. Approve 2020 School Safety Plan for all Rocketship Public Schools

At 10:36am, Mr. Terman called for a motion to approve the consent items. A motion was made by Ms. Detweiler, seconded by Mr. Stanger, and carried unanimously by roll call vote.

Y: Alex Terman, Greg Stanger, Mike Fox, Charmaine Detweiler

N: --

4. Agenda Items

A. 2021-22 New school greenlighting

At 10:42, the committee discussed agenda item 4(A). At 11:49am, Mr. Terman called for a motion to recommend approval of the proposed new schools for 2021-22 as described in the materials to the Rocketship Board of Directors. A motion was made Ms. Detweiler, seconded by Mr. Stanger, and carried unanimously by roll call vote.

Y: Alex Terman, Greg Stanger, Mike Fox, Charmaine Detweiler

N: --

B. Annual Planning preview, including 2020-21 proposed compensation structure

At 11:50am, the committee discussed agenda item 4(B). At 12:15 am, Mr. Terman called for a motion to recommend approval of the proposed compensation structure as described in the materials to the Rocketship Board of Directors. A motion was made by Mr. Stanger, seconded by Ms. Detweiler, and carried unanimously by roll call vote.

Y: Alex Terman, Greg Stanger, Mike Fox, Charmaine Detweiler

N: --

C. Q2 Financial Review and business operations updates

At 12:16pm, the committee discussed agenda item 4(C). No action was taken.

D. Approve resolution to delegate authority to CEO and CFO to open a Wells Fargo credit card account

At 12:15pm, the committee discussed agenda item 4(D) and Mr. Terman called for a motion to approve a resolution to delegate authority to the CEO and CFO to open Wells Fargo credit card account. A motion was made by Mr. Stanger, seconded by Ms. Detweiler, and carried unanimously by roll call vote.

Y: Alex Terman, Greg Stanger, Mike Fox, Charmaine Detweiler

N: --

5. Adjourn

At 12:31pm, Mr. Terman called for a motion to adjourn the meeting. A motion was made by Ms. Detweiler, seconded by Mr. Stanger, and carried unanimously by roll call vote.

Y: Alex Terman, Greg Stanger, Mike Fox, Charmaine Detweiler

N: --

Respectfully Submitted,

Apoorva Katikaneni
Senior Compliance Associate
Rocketship Public Schools

**FIRST AMENDMENT TO LEASE AGREEMENT –
ROCKETSHIP TRANSFORMATION PREP**

This First Amendment to Lease Agreement – Rocketship Transformation Prep (this “Amendment”) is entered into and effective as of May ____, 2020 (the “Effective Date”), by and between LAUNCHPAD DEVELOPMENT MILWAUKEE TWO LLC, a Wisconsin limited liability company (“Landlord”), and ROCKETSHIP EDUCATION WISCONSIN, INC., a Wisconsin non-stock corporation (“Tenant”) with reference to the following:

A. Landlord and Tenant are parties to that certain Lease Agreement - Rocketship Transformation Prep dated June 1, 2019 (the “Lease”). Pursuant to the terms of the Lease, Tenant rented from Landlord certain property and structures located at 5501 W. Silver Spring Dr., Milwaukee, WI 53218 (also known as 5501 N. 68th St., Milwaukee, WI). Capitalized terms not otherwise defined herein shall have such meaning as is set forth in the Lease.

B. Landlord and Tenant desire to amend the Lease as otherwise provided herein.

NOW, THEREFORE, for and in the consideration of the agreement of the parties to amend the Lease, the mutual agreement upon the terms and conditions set forth herein, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Amendment to Lease.

(a) Schedule 1 to the Lease is hereby amended and restated in its entirety pursuant to Schedule 1 attached hereto and incorporated herein.

(b) Section 1.20 (Lease) to the Lease is hereby amended and restated in its entirety as follows: “Lease: “Lease” shall mean this Lease Agreement – Rocketship Transformation Prep, as the same is amended, restated, modified and supplemented from time to time and all attachments or exhibits hereto.”

(c) The second sentence of Section 15.18 (Limited Liability of Tenant) to the Lease is hereby amended and restated in its entirety as follows: “AS USED HEREIN, THE “ROCKETSHIP TRANSFORMATION PREP CHARTER” MEANS THE CHARTER CONSENTED TO BY THE CITY OF MILWAUKEE ACTING BY ITS COMMON COUNCIL PURSUANT TO THAT CERTAIN CHARTER SCHOOL CONTRACT, TOGETHER WITH ANY SUBSEQUENT RENEWAL, EXTENSION OR MODIFICATION THEREOF AND ANY ALTERNATIVE CHARTER SCHOOL AUTHORITY APPROVED WITH RESPECT THERETO, AS ASSIGNED BY THE CITY OF MILWAUKEE OR THE STATE OF WISCONSIN.”

2. Miscellaneous. All capitalized terms not otherwise defined herein shall have such meanings as are set forth in the Lease. Each party executing this Amendment hereby makes the following representations and warranties to the other party: (a) this Amendment has been duly executed and delivered and constitutes a legal, valid and binding obligation enforceable in accordance with its terms; (b) the person executing this Amendment has been duly authorized; and (c) no consent of any other party is required to be obtained in connection with the execution, delivery or performance of this Amendment. These representations and warranties shall survive the termination of this Amendment. This Amendment shall be binding upon and inure to the benefit of Lessor and Lessee and their respective successors and assigns. This Amendment shall be governed by and construed in accordance with the laws of the State of Wisconsin. This Amendment may be executed by facsimile and/or simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and

the same instrument. Except as otherwise provided herein, all other terms, covenants and conditions of the Lease shall remain in full force and effect. In the event of any conflict between the terms and conditions of the Lease and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall prevail. If any term or provision of this Amendment or the application thereof to any persons or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Amendment or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Amendment shall be valid and enforced to the fullest extent permitted by law.

[SIGNATURES ARE ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned acting herein in their own personal and individual capacity has executed this Amendment effective as of the date set forth above.

LANDLORD:

Launchpad Development Milwaukee Two LLC

By: **Launchpad Development Company,**
its sole member

By: _____
Keysha Bailey, Board Chair

TENANT:

Rocketship Education Wisconsin, Inc.

By: _____
Its: _____
Printed Name: _____

SCHEDULE 1

Schedule 1

REVISED Lease Schedule - RTP

Beginning July 1, 2020

Pmt No.	Base Rent	LDC Mgmt Fee	Reserves	Mo. Total	Ann Total	Ann Total
1	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
2	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
3	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
4	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
5	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
6	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
7	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
8	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
9	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
10	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
11	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
12	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42	\$ 168,425.00	\$ 168,425.00
13	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
14	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
15	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
16	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
17	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
18	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
19	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
20	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
21	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
22	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
23	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
24	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42	\$ 168,425.00	\$ 168,425.00
25	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
26	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
27	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
28	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
29	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
30	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
31	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
32	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
33	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
34	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
35	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		

36	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05	\$ 478,800.62	\$ 478,800.62
37	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
38	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
39	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
40	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
41	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
42	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
43	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
44	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
45	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
46	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
47	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
48	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05	\$ 478,800.62	\$ 478,800.62

REVISED Lease Schedule - RTP - DRAFT

Beginning July 1, 2019

Launchpad Fee lowered from 8% to 5%

Reserves at 50% of standard until Phase 2 complete

LDC Mgmt							
Pmt No.	Int Loan 1	Int Loan 2	Fee	Reserves	Mo. Total	Ann Total	Ann Total
1	\$ 4,406.25	\$ -	\$ 2,800.00	\$ -	\$ 7,206.25		
2	\$ 4,406.25	\$ -	\$ 2,800.00	\$ -	\$ 7,206.25		
3	\$ 4,406.25	\$ -	\$ 2,800.00	\$ -	\$ 7,206.25		
4	\$ 4,406.25	\$ -	\$ 2,800.00	\$ -	\$ 7,206.25		
5	\$ 4,406.25	\$ -	\$ 2,800.00	\$ -	\$ 7,206.25		
6	\$ -	Cap Int	\$ 2,800.00	\$ 2,083.33	\$ 4,883.33		
7	\$ -	Cap Int	\$ 2,800.00	\$ 2,083.33	\$ 4,883.33		
8	\$ -	Cap Int	\$ 2,800.00	\$ 2,083.33	\$ 4,883.33		
9	\$ -	Cap Int	\$ 2,800.00	\$ 2,083.33	\$ 4,883.33		
10	\$ -	Cap Int	\$ 2,800.00	\$ 2,083.33	\$ 4,883.33		
11	\$ -	Cap Int	\$ 2,800.00	\$ 2,083.33	\$ 4,883.33		
12	\$ -	Cap Int	\$ 2,800.00	\$ 2,083.33	\$ 4,883.33	\$ 70,214.58	\$ 70,214.58
13	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
14	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
15	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
16	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
17	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
18	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
19	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
20	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
21	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
22	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
23	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
24	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42	\$ 168,425.00	\$ 168,425.00
25	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
26	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
27	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
28	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
29	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
30	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
31	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
32	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
33	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
34	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
35	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42		
36	\$ -	\$ 12,375.00	\$ 618.75	\$ 1,041.67	\$ 14,035.42	\$ 168,425.00	\$ 168,425.00
37	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
38	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
39	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
40	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
41	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
42	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
43	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
44	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
45	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
46	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
47	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
48	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05	\$ 478,800.62	\$ 478,800.62
49	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
50	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
51	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
52	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
53	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
54	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
55	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
56	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
57	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
58	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
59	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05		
60	\$ -	\$ 35,015.48	\$ 2,801.24	\$ 2,083.33	\$ 39,900.05	\$ 478,800.62	\$ 478,800.62

FEE DEFERRAL AGREEMENT

This Fee Deferral Agreement ("Agreement") is dated as of May ____, 2020 by and between Rocketship Education d/b/a Rocketship Public Schools, a California nonprofit public benefit corporation ("Provider"), Launchpad Development Milwaukee Two LLC, a Wisconsin limited liability company ("Borrower"), Rocketship Education Wisconsin, Inc., a Wisconsin non-stock corporation ("Tenant") and IFF, an Illinois not for profit corporation ("Lender").

RECITALS

A. Lender is making a loan to Borrower in the amount of \$2,700,000 evidenced by ~~an amended and restated~~ promissory note in such amount dated as of the date hereof (the "Note") secured by ~~property leased to Tenant~~ certain premises (the "Property") leased to Tenant pursuant that certain Lease Agreement- Rocketship Transformation Prep, dated June 1, 2019, as amended by that certain First Amendment to Lease Agreement – Rocketship Transformation Prep by and between Borrower and Tenant (collectively, the "Lease").

B. Provider and Tenant are party to a First Amended Network Services Agreement ("Services Agreement") dated November 29, 2018 under which Provider provides certain services to Tenant.

C. ~~Borrower is wholly owned by Provider and as~~ As a condition to making the loan to Borrower, Lender is requiring Provider to defer the fees due Provider under the Services Agreement relating to the Property if the Coverage Ratio falls below 1.0:1.0, in accordance with the terms of this Agreement.

AGREEMENTS

In consideration of the Recitals and to induce Lender to extend credit to Borrower, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Provider, Borrower and Tenant hereby agree with Lender as follows:

1. Definitions. As used in this Agreement, the following terms have the following meanings:

"DSCR Coverage Ratio" means the actual, retrospective ~~debt service~~ lease coverage ratio for a given 12 months, as determined by Lender by calculating the ratio of (x) the difference between the actual Gross Revenues for the 12 months and all the Operating Expenses for the 12 months (as adjusted in Lender's discretion) to (y) the annual ~~principal and interest debt service for the~~ base rent payable by Tenant pursuant to the Lease.

"Financial Covenant Compliance Certificate" means a certificate of the Tenant certifying the Gross Revenue, Operating Expenses and the calculation of the DSCR Coverage Ratio for the Tenant's fiscal year ended ~~December 31~~ June 30 in a form acceptable to Lender.

"Gross Revenues" means all revenues and other payments received by or for the benefit of Tenant in cash or current funds or other consideration from any source whatsoever in connection with Tenant's ownership, operation and management of a charter school at the

Property, including, without limitation, all grants, donations, subsidies, privately paid tuition, government payments and all payments received by Tenant from all subtenants or other occupants of the Property. Gross Revenues shall be determined on an accrual basis and in accordance with generally accepted accounting principles.

"Note" means the amended and restated note from Borrower to Lender in the amount of \$2,700,000.

"Operating Expenses" means the reasonably necessary and customary costs and expenses incurred and actually paid by Tenant in connection with its ownership, operation and management of the charter school located at the Property and obligations under the Lease, determined on an accrual basis and in accordance with the generally accepted accounting principles; specifically excluding from Operating Expenses, however (1) all capital expenditures incurred by Borrower, and (2) depreciation and all other non-cash expenses of the Tenant. Lender may include Operating Expenses that were budgeted for the applicable month(s) and were incurred but not paid. Operating Expenses which are paid less frequently than each month and which are allocable evenly to each month may be prorated to reflect such allocation.

Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Note.

2. Financial Covenant Compliance Certificate. Borrower and Tenant agree to furnish to the Lender within ~~_____forty-five (45)~~ days after ~~December 31 of each calendar year; Tenant's fiscal year, Borrower and Tenant agree to furnish to the Lender~~ a Financial Covenant Compliance Certificate, duly executed by an authorized financial officer of Tenant.

3. Debt Service Coverage Ratio. If a Financial Covenant Compliance Certificate discloses the ~~DSCR~~Coverage Ratio to be less than 1.0:1.0 as of the last day of ~~December~~June of any year, commencing ~~December 31~~June 30, 20202021, Provider agrees that the "Service Fee" set forth in Section 8(a) of the Services Agreement, as it relates to the Property only, shall be deferred until Tenant can provide evidence satisfactory to Lender that the ~~DSCR~~Coverage Ratio is 1.0:1.0 or greater and will remain so until the end of the calendar year (and such deferral shall not constitute a default under the Services Agreement).

4. Default. If (i) Borrower and Tenant fail to timely deliver a Financial Covenant Compliance Certificate, ~~or if~~ within ten (10) business days after written notice by Lender to Borrower and Tenant, or (ii) Tenant pays to Provider any Services Fee during any period following a required deferral of the Services Fee relating to the Property in accordance with Section 3 above, and Provider fails to return all of ~~the~~such Services Fee to Borrower within ten (10) business days of written notice by Lender to Borrower and Tenant, then such failure shall constitute a Default under the Note.

5. Amendments; No Waiver. No amendment, modification, termination or waiver of any provision of this Agreement, and no consent to any departure by the Borrower or Tenant therefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender, the Borrower and the Tenant, as applicable. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No

other act, including but not limited to a failure to exercise or a delay in exercising any right, power or privilege hereunder, on the part of the Lender shall be deemed to be a waiver of such right, power or privilege or an acquiescence of any Default.

6. Notices. All notices, requests, and demands to be made under this Agreement shall be in writing and shall have deemed to have been given to either Borrower or Lender when personally delivered or emailed, the day after deposit with a nationally recognized courier service (such as Federal Express), or three (3) days after being sent by registered or certified mail, return receipt requested, to the following addresses:

If to Lender: IFF
333 South Wabash Avenue, Suite 2800
Chicago, Illinois 60604
Email: general@iff.org
Attention: Senior Vice-President, Capital Solutions

with a copy to: Reinhart Boerner Van Deuren s.c.
1000 N. Water Street, Suite 1700
Milwaukee, WI 53202
Email: dsanders@reinhartlaw.com
Attention: David M. Sanders

If to Borrower: Launchpad Development Milwaukee Two LLC
350 Dolphin Drive, Suite 109
Redwood City, CA 94065
Email: lkozel@rsed.org
Attention: Laura Kozel

with copies to : Rocketship Public Schools
350 Twin Dolphin Drive, Ste. 109
Redwood City, CA 94065
Email: msethi@rsed.org
Attention: _____, General Counsel

And to:

DLA Piper LLP (US)
444 West Lake St., Ste. 900
Chicago, IL 60606
Attn: Scott Kapp
Email:

~~scott.kapp@dlapiper.com~~ scott.kapp@us.dlapiper.com

If to Tenant: Rocketship Education Wisconsin, Inc.

[309 N. Water Street](#)
[Milwaukee, WI 53202](#)

Email: _____
Attention: [Ralph Weber, Board President](#)

7. Severability. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

8. Headings. Section and subsection headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect.

9. Governing Law; Terms. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE COMPANY HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF WISCONSIN, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES, EXCEPT TO THE EXTENT THAT THE CODE PROVIDES THAT THE PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF WISCONSIN; PROVIDED THAT THE SECURED PARTY SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

[Signature Page Follows]

PROVIDER:

Rocketship Education

By: _____

Its: _____

BORROWER:

Launchpad Development Milwaukee Two, LLC

By Launchpad Development Company, its sole
member

By: _____
Keysha Bailey, Board Chair

TENANT:

Rocketship Education Wisconsin, Inc.

By: _____

Its: _____

Summary report: Litéra® Change-Pro TDC 10.1.0.700 Document comparison done on 5/18/2020 12:15:48 PM	
Style name: DLA Piper	
Intelligent Table Comparison: Active	
Original DMS: iw://USDMS.PIPER.ROOT.LOCAL/EAST/174153476/1	
Modified DMS: iw://USDMS.PIPER.ROOT.LOCAL/EAST/174153476/3	
Changes:	
<u>Add</u>	35
Delete	23
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	0
Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	58

RPS Business Committee Update May 2020

May 28, 2020



Discussion Overview

- Overview
- Annual planning process
- Year end Update - Q4 Forecast
- Scenario planning and framework
- FY20-21 Plan Overview
- Sustainability and NeST
- Regional FY21 Budget Plans
- Business items for review
- Appendix: Regional multi-year outlook



Discussion Overview

Organization focus - Shifted to developing excellence in distance learning and student/family/staff care

Regions differing - Experiencing differing level of financial impact and funding change

Q4 impact - Meeting distance needs for new programs and technology support, while retaining majority of staff

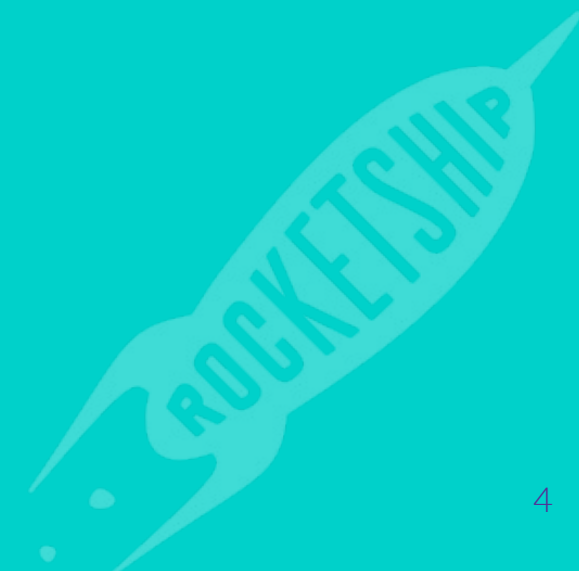
- Revenue reductions commenced in Q4 (NSH, P2 enrollment, SB740)
- Announcement of CA one month deferral
- Looking for all network savings opportunities

FY20-21 Annual Plan

- Preparing for changing economics with leaner budgeting of expenses and tight review of staffing models
- Uncertainties on form of return to school year and resulting impacts
- Targeting neutral CINA performance in most regions



Annual Planning Process



Goals of Annual Planning process

Align on goals and priorities for the upcoming year

Include stakeholders (Board, SLT, NeST and school leaders) in the process in a genuine yet efficient way

Allocate resources to drive on both business-as-usual and annual priorities, while ensuring we track towards National NeST sustainability

Ultimately, receive Board budget approval at the May board meeting

2020-21 Network Rally Cry and Defining Objectives

OBJECTIVE: Identify our Rallying Cry for 20-21

Rallying Cry

**Fortify our
foundation
and prepare
for blast off**

Clearly define and deliver critical and scalable NeST supports across all regions and schools

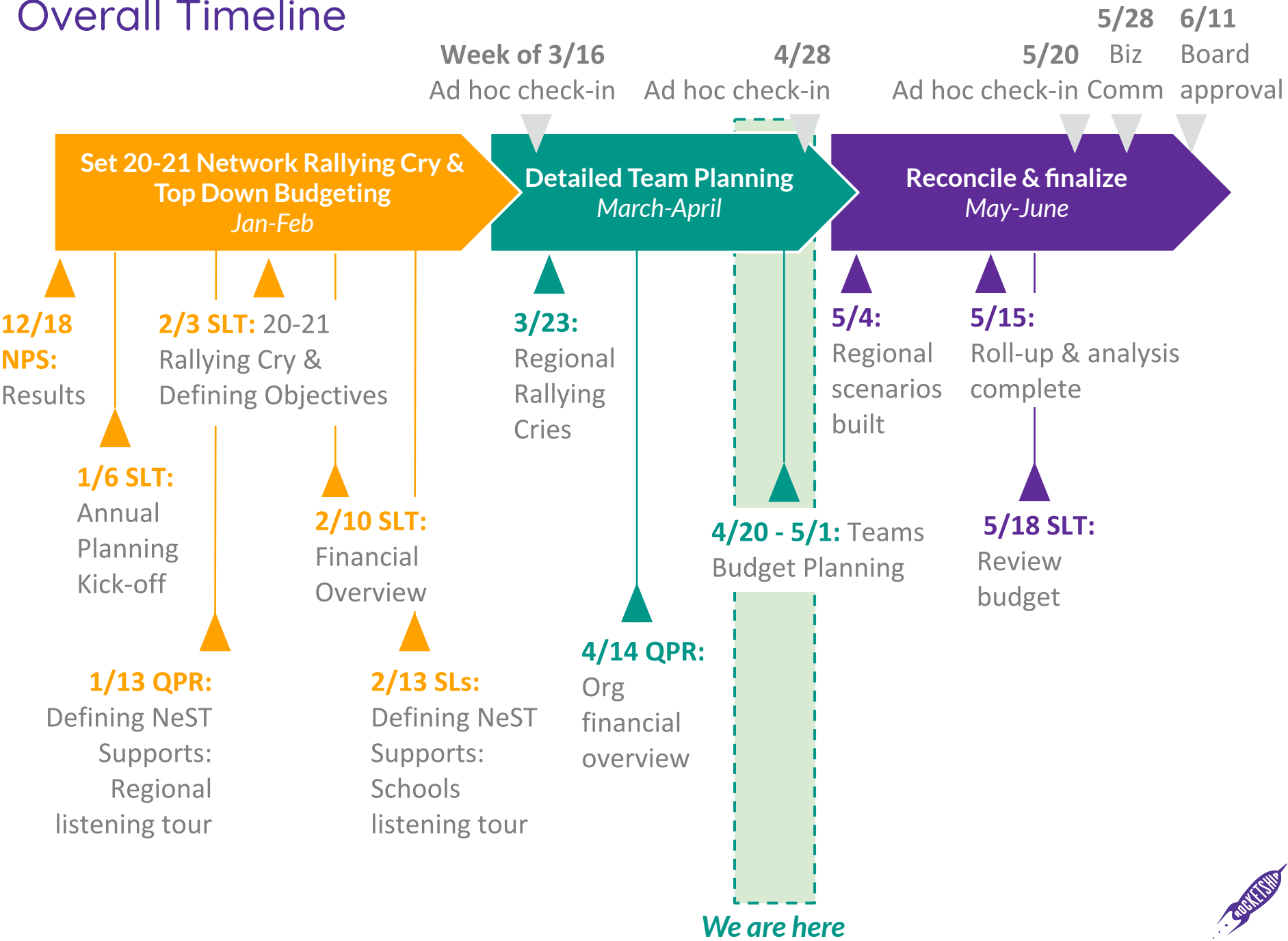
Solidify regional leadership structure and performance management systems

Energize our culture and continue to strengthen equity and collaboration across NeST, regions, and schools

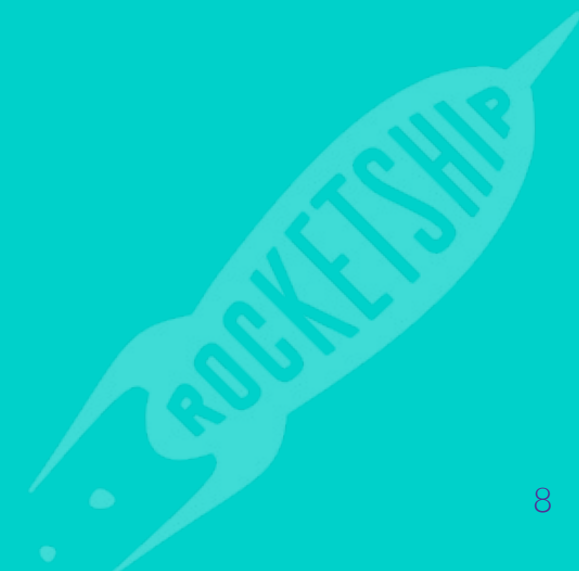
Prepare to launch Fort Worth



Overall Timeline



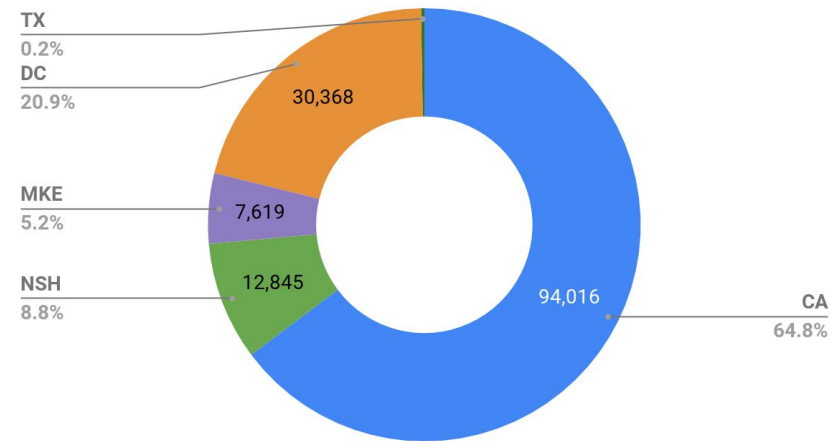
FY20 Year End - Q4 Forecast



FY20 Forecast Financial Snapshot

Consolidated (\$M)	Q4 Fcst	Annual Budget	Variance
Revenue	161.8	153.9	7.9
Expense	161.2	151.8	-9.4
CINA	0.6	2.1	-1.5
Cash	28		

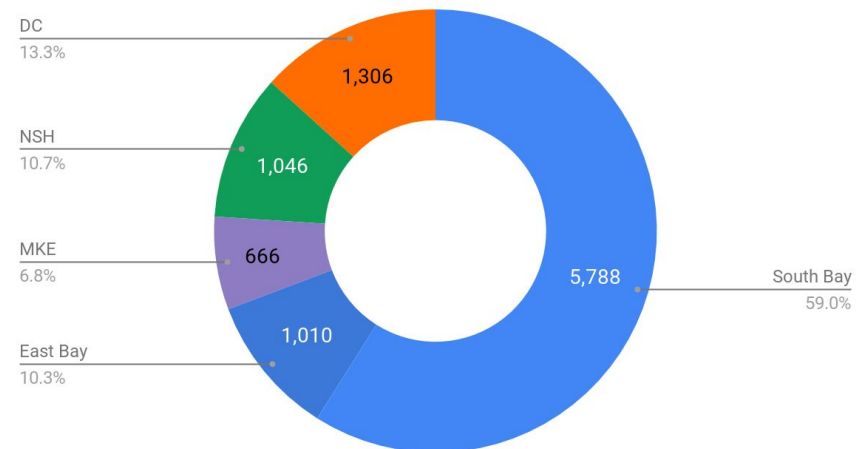
Q4 Fcst Revenue by Region (000s)



FY20 Fcst vs Budget CINA by Region (000s)



FY20 Enrollment



- CA and NSH primary drivers of difference
- Unanticipated NSH current year per pupil decline
- CA several drivers, including early P2 cutoff, ISE service cost, and consultants

FY20 Forecast Budget to Actuals: All RPS

	FY20 YE Forecast							FY20 Budget
Revenue	CA	MKE	NSH	DC	TX	NTL	RPS Total	
Public Revenue	88,320	6,869	12,203	28,423	0	267	136,084	130,546
Philanthropy and In Kind	396	233	67	861	0	3,600	5,157	4,913
Internal Transfers	5,299	517	575	1,085	350	12,745	20,570	18,470
Revenue	94,015	7,619	12,845	30,369	350	16,612	161,811	153,929
Expense								
Compensation	45,201	4,339	6,949	10,602	196	10,327	77,614	76,814
Non-Compensation	23,096	2,976	3,687	11,680	132	6,152	47,724	39,963
Rent	11,371	511	1,081	4,429	0	171	17,563	17,463
Network Service Fee	12,416	950	1,725	3,255	0	0	18,346	17,600
Expense	92,084	8,776	13,442	29,966	328	16,650	161,247	151,840
Net Income/CINA	1,931	-1,157	-597	403	22	-38	564	2,089

We continue to monitor and prepare for liquidity needs

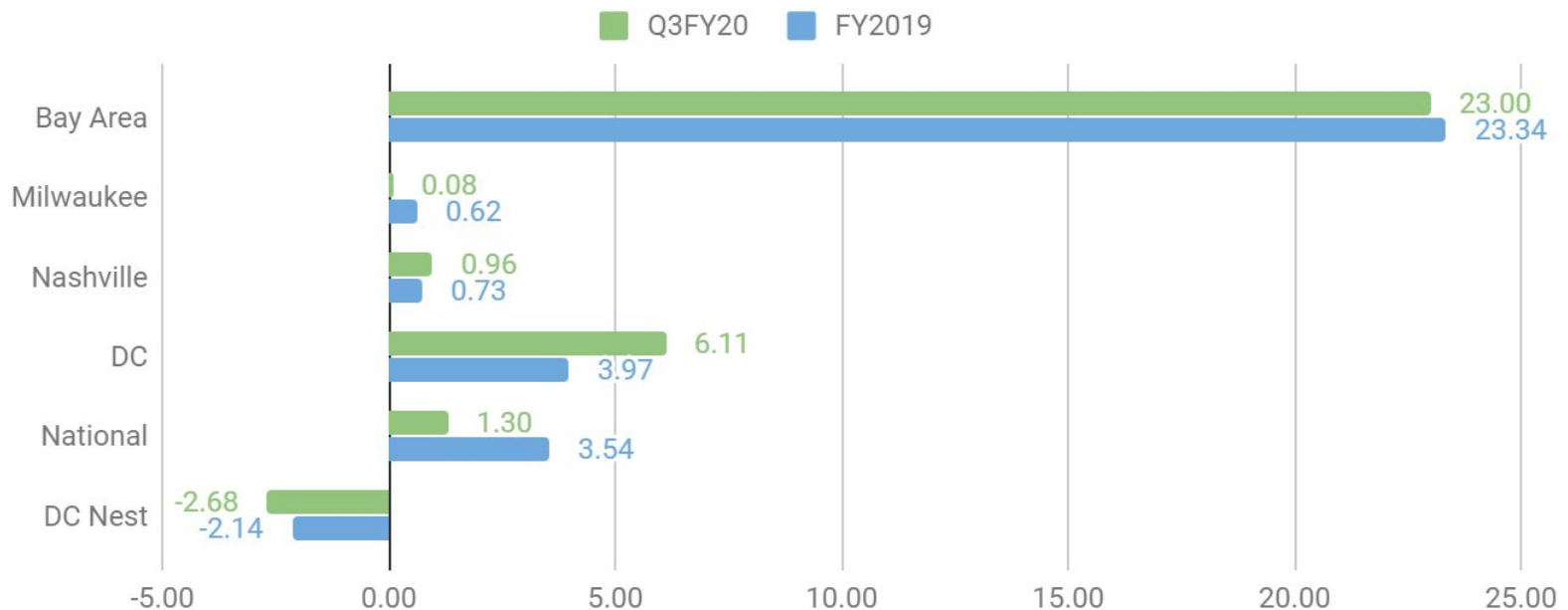
- Cash position is monitored weekly
- FY20 projection does not yet include distance learning + / - to cash, likely conservative
- Covenant is 6/30 only; The \$28M is available during year if needed
- CA deferrals were 2 months rolling in past ~ \$6M per month = **\$12M added liquidity; state has recently announced June deferral**
- **One month - all network expense -14M**
- **Line negotiation: \$5-10M capacity; Tax deferrals to YE permitted ~ \$1.5-2M**

Summary	FY2019	FY2020
RPS Cash	30,059,704	28,998,410
RPS Cash less DC region w/o Nest (detail below)	26,093,596	23,998,410
Less: Covenants Oblig Group, CA bonds, RUA bond 45 day req.	10,611,481	10,853,264
Net RPS (w/o DC) after min covenant coverage	15,482,115	13,145,146
<i>DC Cash Detail</i>		
DC region w/o DC Nest	3,966,108	5,000,000
Less: DC RISE covenant at 45 days req	1,711,527	1,810,896
Net DC after RISE coverage w/o Nest	2,254,581	3,189,104
Net all RPS after covenant coverage	17,736,696	16,334,250

Regional cash update - cash management

- **Q3 cash \$28M** vs \$21.9M Q2
- Bond reserve liquidity minimum represent ~10M of Bay area cash
- DC Mgmt fee and exp payment for Q3 to National and DC Nest, post close + \$1.1M

Q3 Cash Position vs YE2019 (\$M)



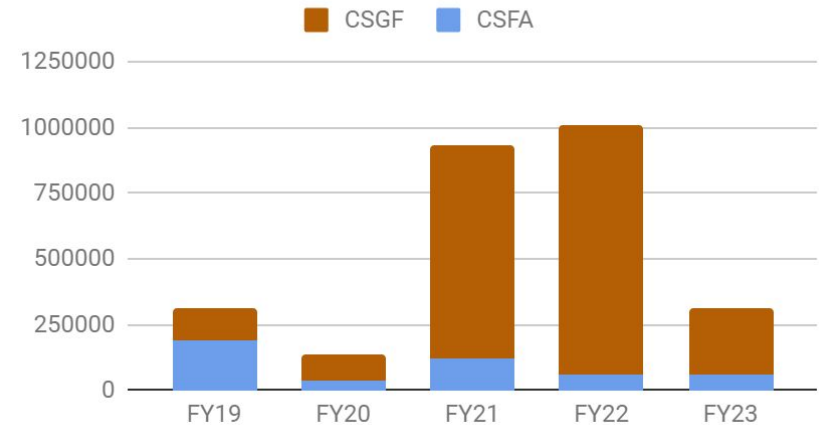
Q3 Balance sheet update

Balance Sheet 3/31/20						3/31/20	6/30/19	6/30/18
\$ Millions	Bay Area	MKE	NSH	DC	National	RPS	RPS	RPS
Assets								
Cash and cash equivalents	23.0	0.1	1.0	3.5	1.3	28.9	30.1	24.2
Accounts Receivable	8.7	0.8	1.5	3.0	1.2	15.2	17.1	16.0
Prepaid	0.7	0.1	0.1	0.1	0.4	1.4	3.0	2.4
Security Deposits	0.4	0.0	0.0	0.0	0.0	0.4	0.4	0.4
Property, plant & equipment	4.6	0.0	0.1	0.0	0.1	4.8	5.0	5.2
Note receivable	2.1	0.9	0.3	1.5	6.0	10.8	7.7	7.3
Total Assets	39.5	1.9	3.0	8.2	9.0	61.6	63.2	55.6
Accounts Payable	2.4	0.3	0.5	1.1	-0.1	4.2	7.8	6.7
Accrued Liabilities	1.5	0.0	0.5	0.6	1.0	3.5	4.3	2.7
Deferred Revenue	0.0	0.6	0.8	2.9	0.0	4.3	0.9	1.3
Deferred Lease Liability	1.8	0.0	-0.1	3.9	0.0	5.6	7.7	6.1
Deferred management fee	1.0	0.6	1.3	0.4	0.0	3.2	3.3	4.2
Intercompany Loan	1.7	2.1	0.4	0.7	0.4	5.3	3.5	3.1
Long-Term Loans (inc LT def fee)	1.3	2.2	1.0	2.6	0.1	7.2	5.8	5.5
Total Liabilities	9.6	5.7	4.3	12.3	1.3	33.2	33.3	29.6
Net Assets	29.9	-3.9	-1.3	-4.1	7.7	28.3	30.0	26.0
Total Liabilities and Net Assets	39.5	1.9	3.0	8.2	9.0	61.6	63.2	55.6

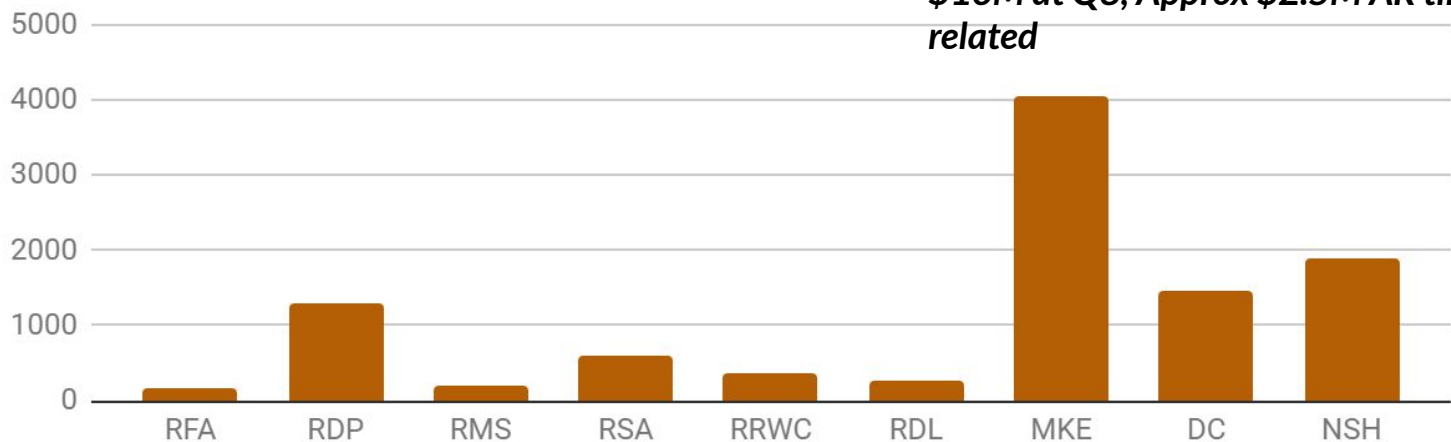
Continued monitoring of loan balances and deferrals

- CSGF early proposal to restructure debt with FY21/22 relief
- FY21 Deferrals projected to increase primarily in \$0.6 MKE; smaller additions in NSH, RMS, RDP

Loan maturities

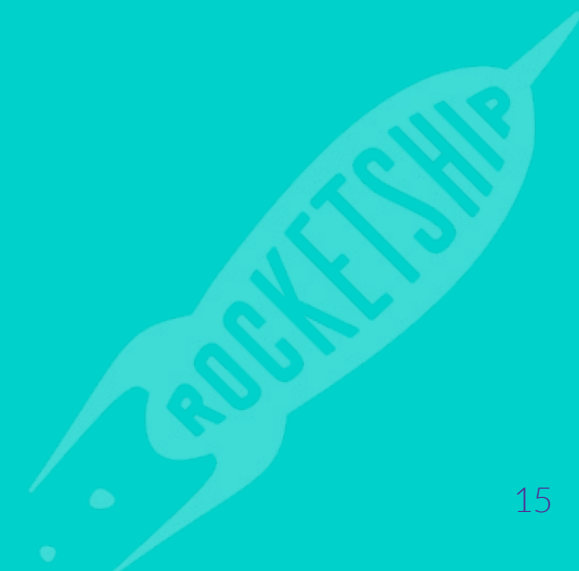


Q3 Deferred Network Svc + Intercompany (\$000)



\$10M at Q3; Approx \$2.5M AR timing related

Scenario Planning



Scenario review: developing response to changing school and economic environment

		Considerations	Timeline
Revenue: Per pupil funding		<ul style="list-style-type: none"> States with differing levels of information Some awaiting July tax data and more health certainty 	August expect more specific and legislature approvals (ex. CA state budget revision)
Revenue: Enrollment		<ul style="list-style-type: none"> Strong re-enrollments (ex. returning 5ths) Challenges for new recruitment (TK/K, DC3) 	Late July and August first weeks of school
Expense: School Operations		<ul style="list-style-type: none"> Form of return to school - full, distance, hybrid? Revenue and cost implications 	Late July/August return to school year
Financial Planning		<ul style="list-style-type: none"> More nimble scenario and condition responses Liquidity key focus Cost containment supports 	<p>June - Texas scenario review</p> <p>July/Aug - 3 year planning with more certainty of FY21 start</p>

With available information, state revenue outlook matrix was developed

- Basecase
- Scenario 1 - optimistic lower decline
- Scenario 3- **recommended planning scenario** conservative, for discussion and alignment

		<u>FY2021</u>				
	<u>BAU Assumptions</u>	<u>Basecase</u>	<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>	<u>Scenario 4</u>
Levels						
California	+2.29%	0%	-7%	-7%	-12%	-12%
Nashville	+0%	0%	-5%	-5%	-10%	-10%
Milwaukee	+3.2%	0%	-4%	-4%	-9%	-9%
DC	+4%	0%	-2%	-4%	-4%	-9%

Our scenario planning led to by region expense reduction targets

000s	CA	MKE	NSH	DC
State Revenue % Change	-12%	-8%	-10%	-4%
Revenue Impact	-9,996	-504	-1,132	-1,257
Implied Region CINA	-5,155	-988	-477	-779
Target Regional Team Savings				
Comp	1,411	142	231	188
% Comp change	3.0%	3.0%	3.5%	1.5%
Non Comp	1,592	199	267	781
% Non Comp	7.0%	7.3%	7.0%	5.7%
Total Savings Target	3,003	341	498	969
Estimated achieved (CA prelim data)				
Comp	1,047	196	290	-904
Non Comp	3,250	447	469	901
Total Estimate	4,297	643	759	-3

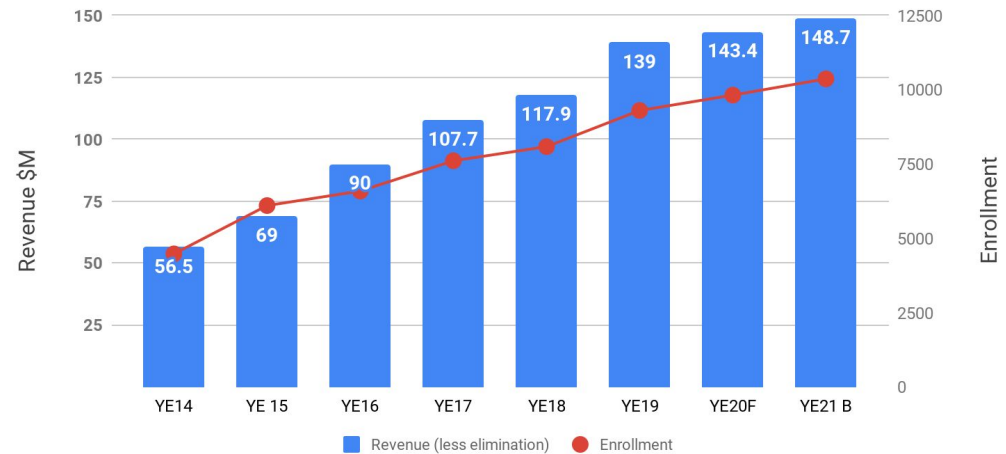
Revenue % change reflects difference versus early internal plan

- -12% CA versus original plan which had a +2% state increase (net -10%)
- DC -4%, versus original plan of 4% increase (net flat); Mayor recent conference +3%
- NSH FY20 impact -6%, and then deeper into FY21 (possibly -10%)
- MKE- uncertain, not specific yet
- All Regions actively met the goal with trade offs made on region and school basis
- Note DC comp primarily reflects staffing increase not in early plan (RLP growth, Aftercare inhouse, leadership adds)

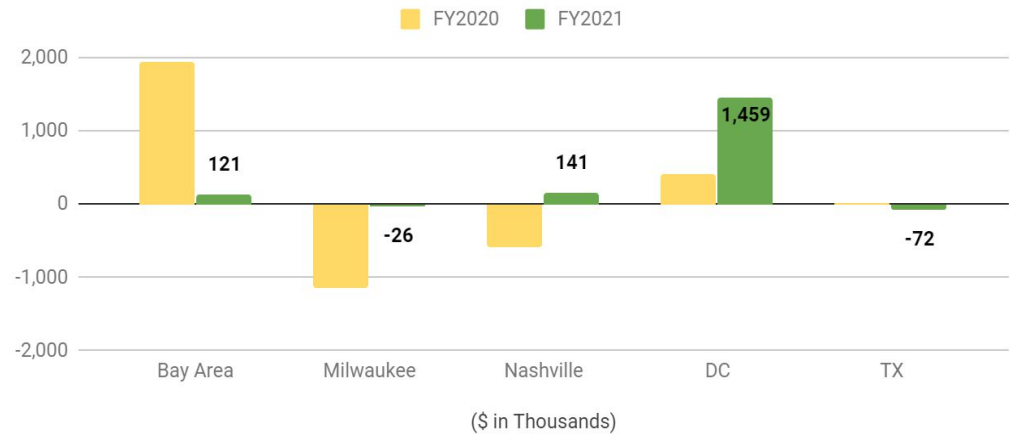
FY21 Budget Snapshot

- BET target enrollment at 10,363 in FY21 up 5.5% YoY
- Organizational revenue growth 3.6% to \$148M (less interco eliminations); Reflects state per pupil declines
- South Bay and NSH projecting close to breakeven CINA reflecting largest announced revenue declines
- Nashville narrowing deficits
- DC positive includes Yr 1 of DC3 and non cash revenue events
- Ramp up toward launch of Fort Worth planned

RPS Network Revenue and Enrollment Trends (less eliminations)



CINA contribution by Region -FY20 v FY21



RPS CINA FY21 Projection: \$2.6M positive

FY21 Enrollment update by region

Strengths

- Growth primarily driven by East Bay, DC3 opening
- MKE reflects further enrollment at RTP
- NSH goal of both schools above 500 enrollment

Risks

- Distance learning has changed recruiting planning and family outreach
- Health concerns may impact TK/K enrollment decisions
- Close monitoring: RTP, RNNE, DC3,

	Finance BET FY20	FY20 Sep	FY21 BET targets	Fy20 Sep vs BET Var
South Bay	5,843	5,788	5,848	60
East Bay	985	1,010	1,165	155
MKE	652	666	719	53
NSH	1,066	1,046	1,076	30
DC	1,298	1,306	1,555	249
Total	9,844	9,816	10,363	547



Enrollment detail - FY21 BET targets by school

Finance BET FY20			FY20 Sep	FY21 BET targets	Fy20 Sep vs BET Var
RMS	Mateo Sheedy	539	526	519	-7
RSSP	Si Se Puede	416	405	373	-32
RLS	Los Suenos	463	458	461	3
ROMO	Mosaic	604	584	627	43
RDP	Discovery Prep	518	509	539	30
RBM	Brilliant Minds	620	631	624	-7
RSA	Alma	527	511	524	13
RSK	Spark	606	619	622	3
RFZ	Fuerza	638	626	619	-7
RRWC	Redwood City	297	289	312	23
RRS	Rising Stars	615	630	628	-2
RFA	Futuro	534	534	619	85
RDL	Delta Prep	451	476	546	70
RSCP	Southside Comm Prep	500	519	519	0
RTP	Transformation Prep	152	147	200	53
RNNE	Nashville Northeast	510	495	512	17
RUA	United Academy	556	551	564	13
RISE	RISE	712	710	710	0
RLP	Legacy Prep	586	596	665	69
DC3	DC 3		0	180	180
9,844			9816	10363	547



FY21 May budgets: RSED Summary by Region

*Recommendation
Board approval*

	FY20-21 May Budget						
Revenue	CA	MKE	NSH	DC	TX	NTL	RSED Total
Public Revenue	83,028	7,536	11,705	36,037	551	72	138,929
Philanthropy and In Kind	488	250	250	500	0	5,370	6,858
Internal Transfers	4,790	512	548	1,483	1,250	12,971	21,553
Revenue	88,306	8,298	12,503	38,020	1,801	18,413	167,340
Expense							
Compensation	45,936	4,525	6,298	13,398	1,341	11,340	82,837
Non-Compensation	19,494	2,273	3,339	12,747	517	5,910	44,281
Rent	11,281	591	1,081	5,966	15	172	19,108
Network Service Fee	11,488	935	1,643	4,449	0	0	18,514
Expense	88,199	8,324	12,361	36,560	1,873	17,422	164,740
Net Income/CINA	107	-26	142	1,460	-72	991	2,600

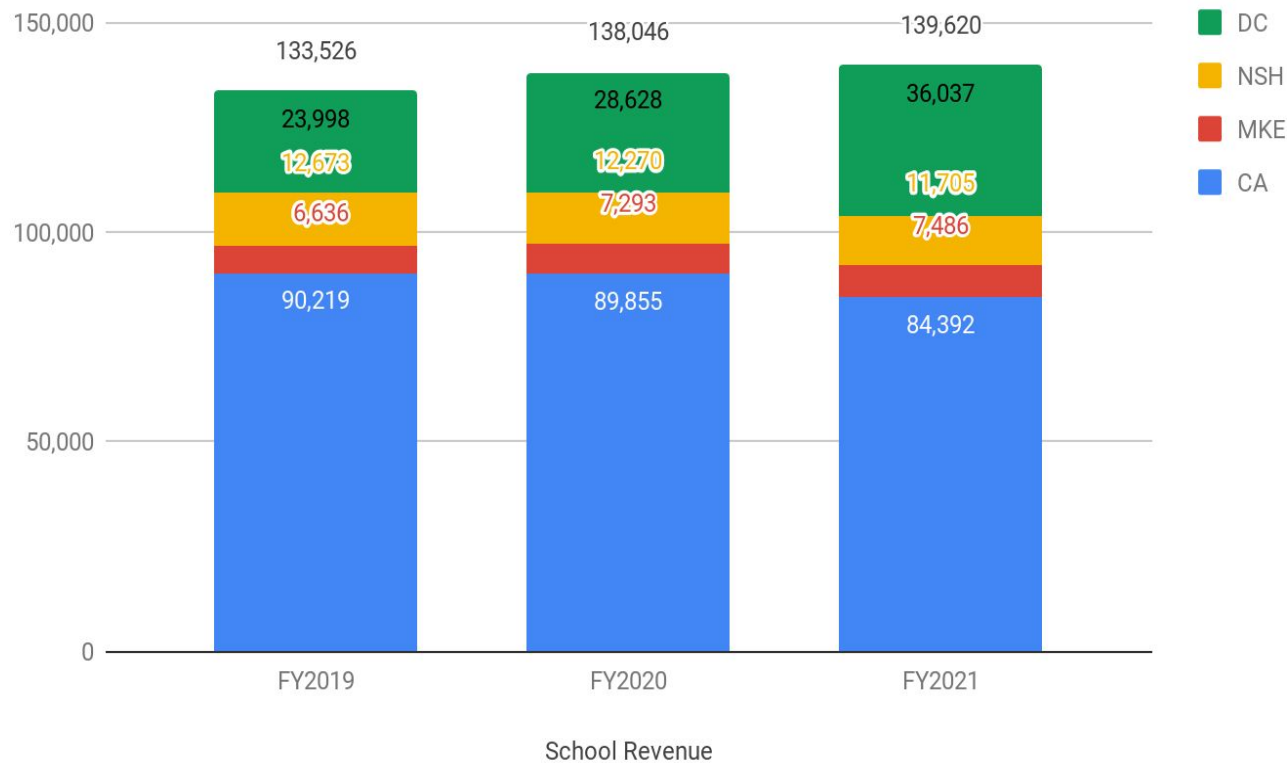
FY21 Consolidated Budget: For Review

*Recommendation
Board approval*

	FY20 Budget	FY20 Forecast	FY21 May Budget
Revenue			
Public Revenue	130,546	136,084	138,929
Philanthropy and In Kind	4,913	5,157	6,858
Internal Transfers	18,470	20,570	21,553
Revenue	153,929	161,811	167,340
Expense			
Compensation	76,814	77,614	82,837
Non-Compensation	39,963	47,724	44,281
Rent	17,463	17,563	19,108
Network Service Fee	17,600	18,346	18,514
Expense	151,840	161,247	164,740
Net Income/CINA	2,089	564	2,600

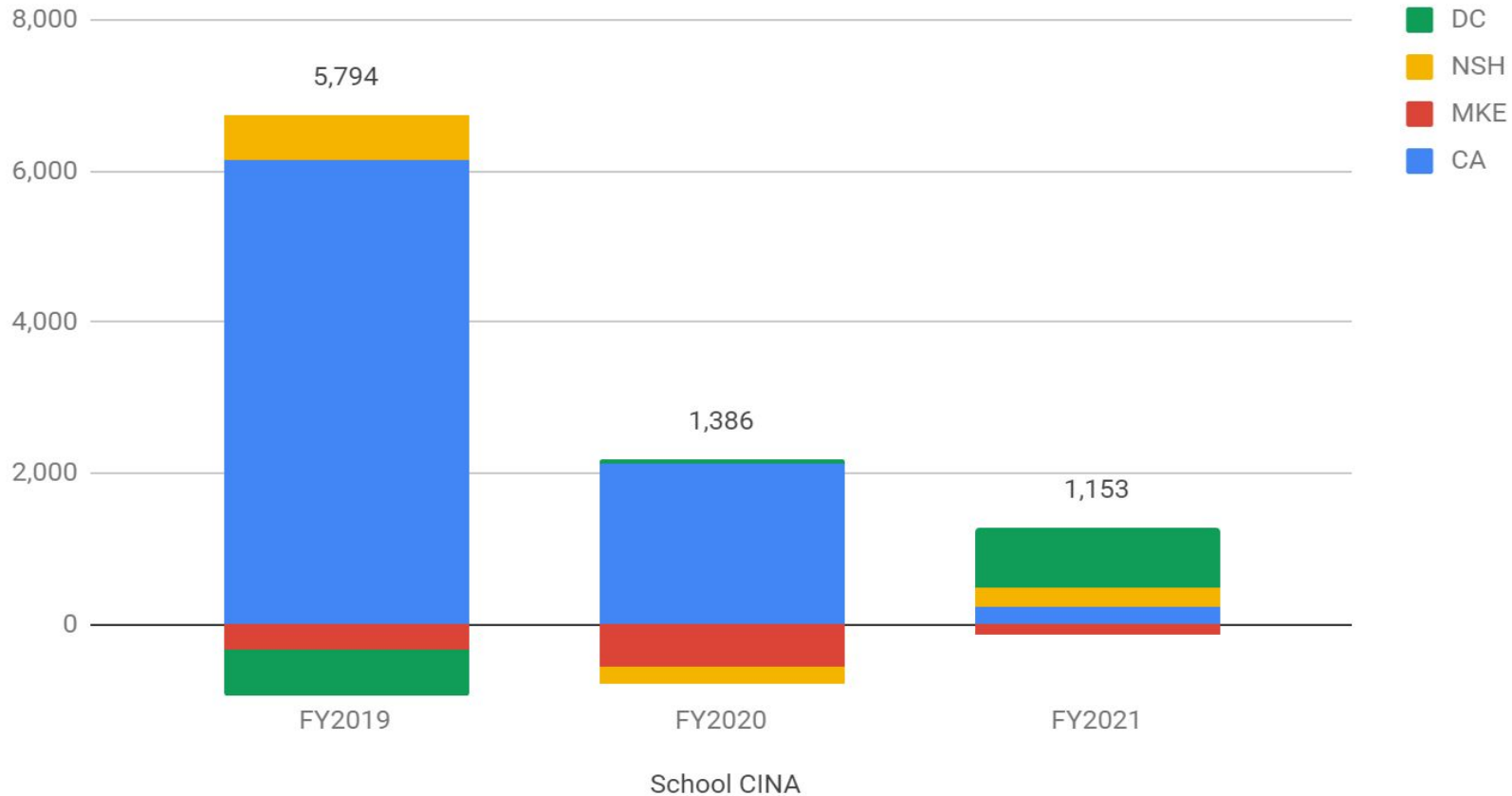
FY21 revenue growth driven by regions with lowest forecast of reduced per pupil funding impact

School Revenue Over Time



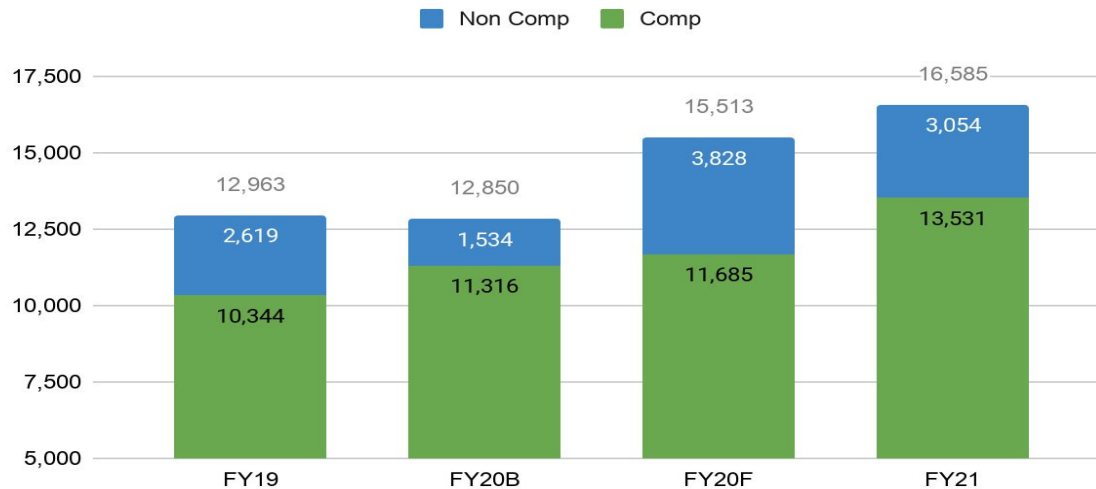
With CA funding guidance, CA schools are targeting a breakeven CINA in upcoming year

School CINA Over Time

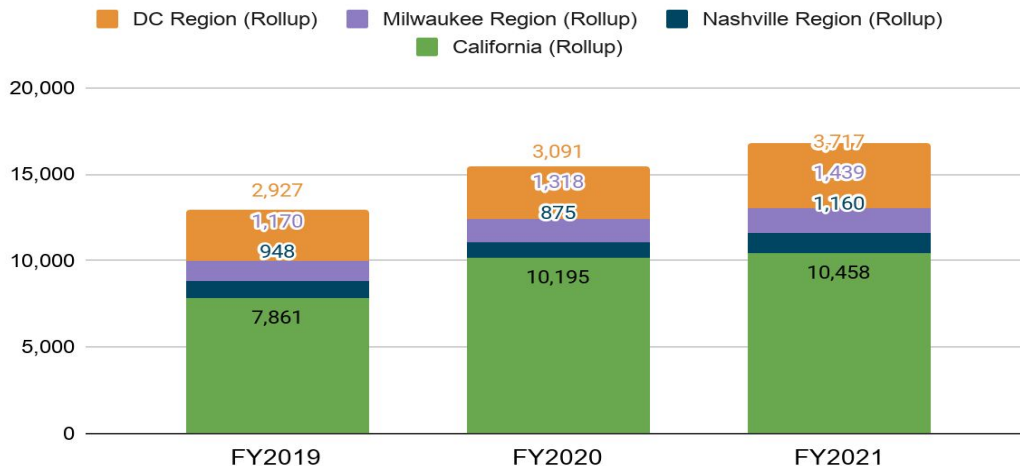


RPS continues to effectively serve an increasing percentage of ISE students; CA with highest growth level

ISE Expense over time



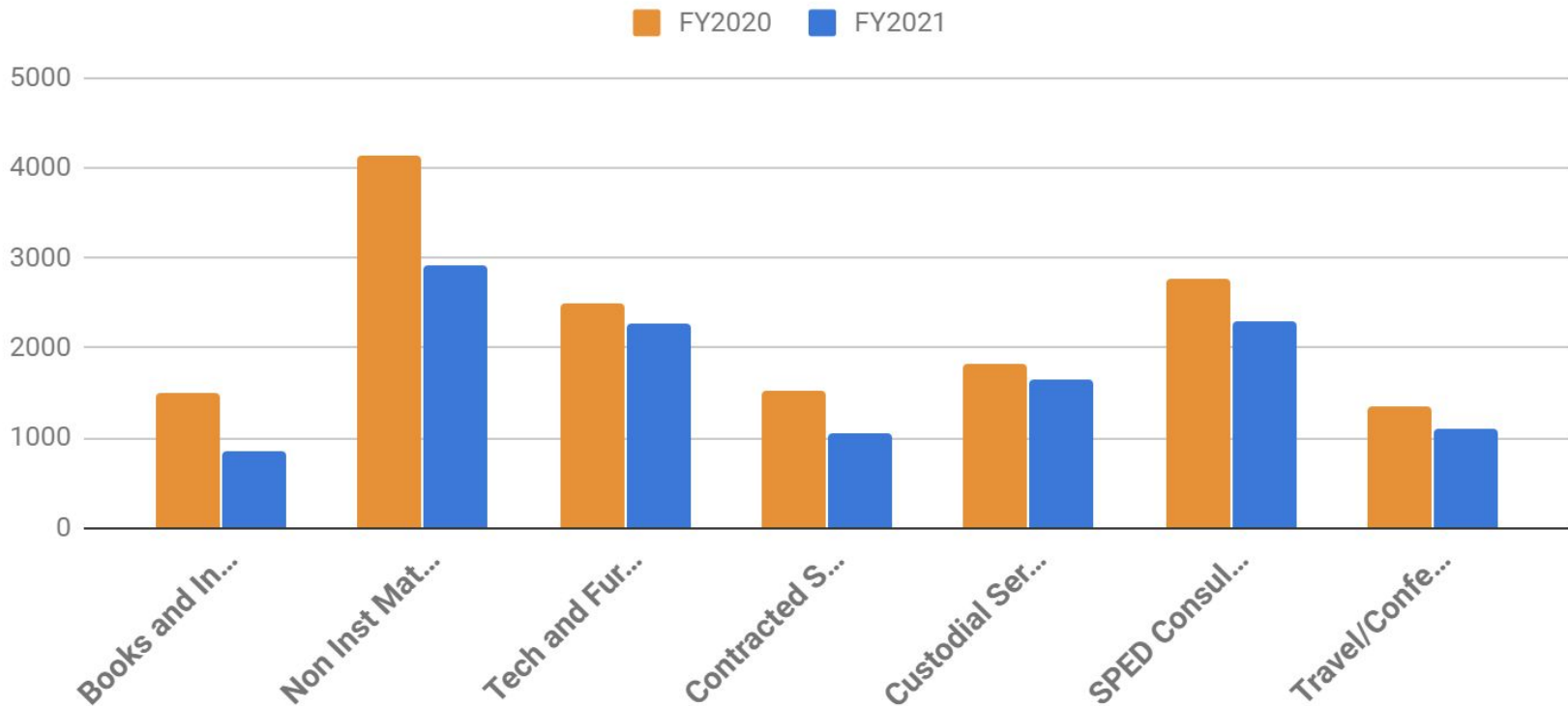
ISE Expense by Region



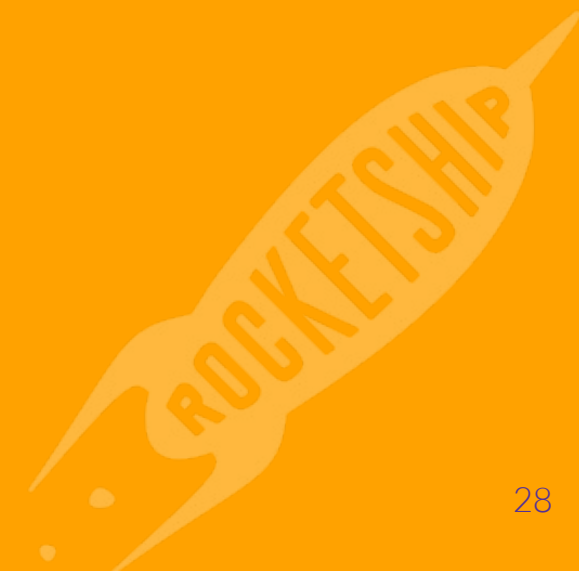
- ISE as % of enrollment grew from 8.5% to 10.2% from FY19 to FY20
- CA specific ISE % of enrollment grew from 7.7% to 9.2% of students FY19 to FY20
- FY21 will not be determined until start of year

In response to expected funding declines, greatest savings identified in non comp related expense

FY21 Non Comp Changes ~ \$3M+



NeST and Sustainability



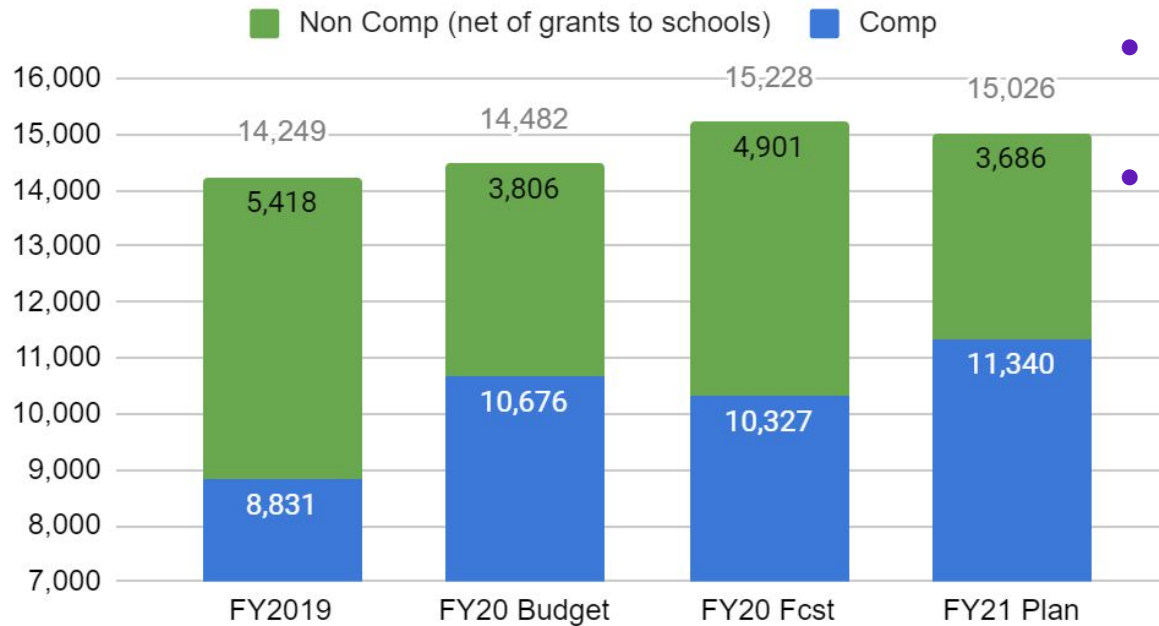
FY21 May Update - Nest Summary

		Regional Nests						FY2021
	<u>National</u>	<u>Bay Area</u>	<u>East Bay</u>	<u>MKE</u>	<u>NSH</u>	<u>DC</u>	<u>TX</u>	<u>Subtotal</u>
Internal Transfers								
Network Svc Fee Income	12,271	3,255	660	312	548	1,483	0	18,600
Grants /Intercompany	700	0	0	0	0	0	1,250	1,950
Subtotal	12,971	3,255	660	312	548	1,483	1,250	20,478
Fundraising (exclude direct school)	5,370	0	0	0	250	0	0	5,620
Revenue	18,341	3,255	660	312	798	1,483	1,250	26,098
Expenses								
Compensation	11,340	2,059	374	568	797	1,115	968	17,222
Non-Compensation	5,910	1,176	135	135	131	190	471	8,147
Rent	172	201	71	0	0	0	15	460
Expense	17,422	3,436	580	703	928	1,305	1,454	25,828
Net Income	990	-180	80	109	-130	178	-3	1,043
NTL Mgmt Deferral								
	1,145							

- Deferral National cash need exceeds net income by \$155K
 - Aim to improve school budgets, or will reduce national cash balance
- Grants to schools included in expense base

National Nest Expense Year over Year change

National Nest Expense Over Time



- FY21 allocations based on projected enrollment and revenue decreases
- National Non comp expense by 4% versus early FY21 plan
- Compensation has risen YoY reflecting
 - Absolute salary levels have been frozen for year
 - Increase reflects new hires in FY20 that were part year/ new hired (now full year)
 - Conversion of contractors or cost neutral adds only in FY21
- National 67% of all Nest expense (region growth decreases this %)

Fy21 Summary: School grants and deferrals

	<u>FY2021</u> <u>Grants</u>	Deferrals	<u>FY2021</u>
RRWC	325,000	RDP	200,000
RDL	550,000	RMS	200,000
RTP	200,000	RNNE	50,000
Grants to Schools	1,075,000	RUA	50,000
TX Fundraise Transfer	1,250,000	RSCP	480,000
Total	2,325,000	RTP	165,000
		Total	1,145,000

FY21 May Update - Fundraise Planning

- Fundraise includes \$2.25M related to TX
- NSH and MKE will develop regional fundraise capabilities in FY21 to support NSH3 growth, RTP expansion and long term MKE sustainability

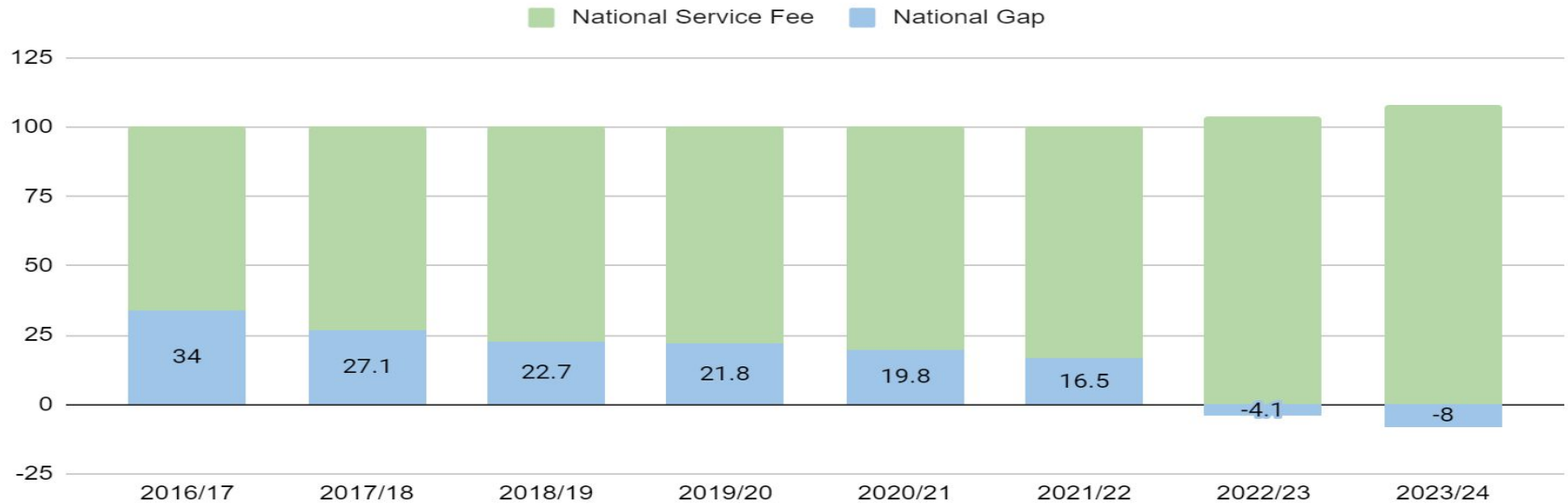
Fundraise Summary: Finance Assumptions			
Summary	FY20 B	FY20 F	FY21
National	3,788,000	3,474,907	5,250,000
CA	200,000	311,774	0
NSH	0	66,552	250,000
MKE	200,000	233,050	250,000
DC	350,000	735,645	500,000
Total	4,538,000	4,821,928	6,250,000

**\$2.25M TX, of which \$1M employed for NTL TX related supports only*

On our current path, we expect to reach National NeST sustainability in FY22-3

NeST sustainability has been defined by our ability to match National NeST costs to network service fee revenue

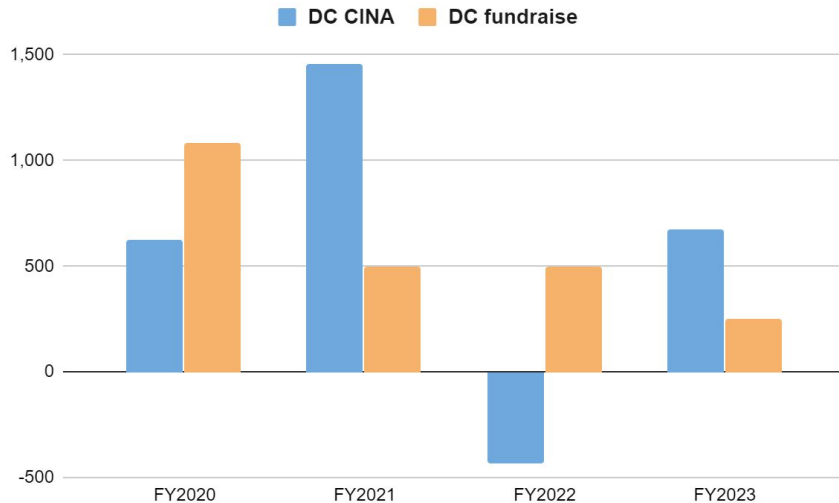
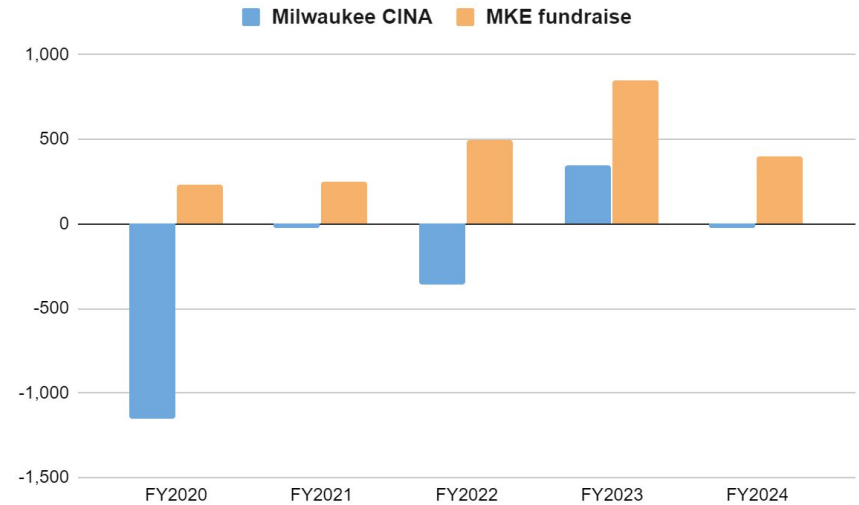
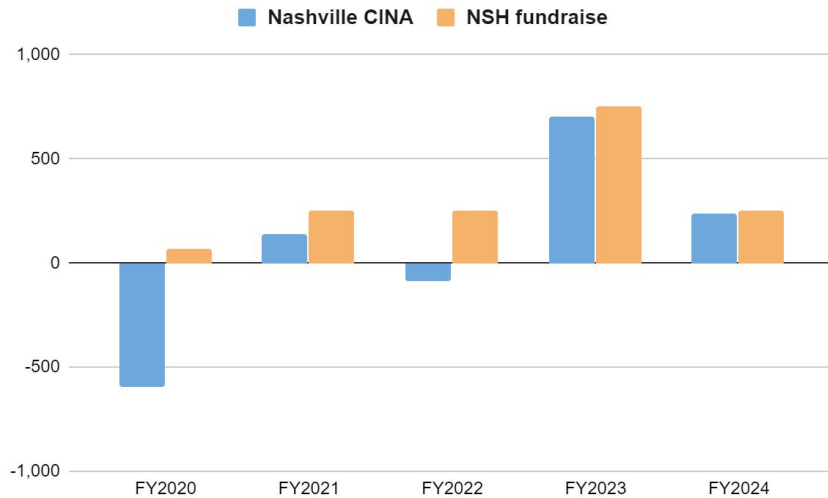
% National Gap and Service Fee (Billed)



	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>
Enrollment	7,166	8,303	9,816	10,282	11,260	12,582	13,420
National Mgmt Revenue	10,547	11,935	12,745	12,971	13,572	16,632	17,569
National Op Expense	14,466	15,443	16,299	16,172	16,259	15,983	16,263
Network Svc Fee gap incl School Grants	-3,919	-3,508	-3,554	-3,202	-2,687	649	1,306
% gap plan	27.1%	22.7%	21.8%	19.8%	16.5%	-4.1%	-8.0%

- Fee deferrals are excluded in this measurement, and impact cash basis sustainability;

NSH and DC moving to sustainability, while MKE will require ongoing regional fundraise support



Nashville

- Regional fundraise of 1.5M for NSH3, assumes 21/22 opening
- Sustainability possible at BAU FY20 revenue levels with 2 schools fully enrolled

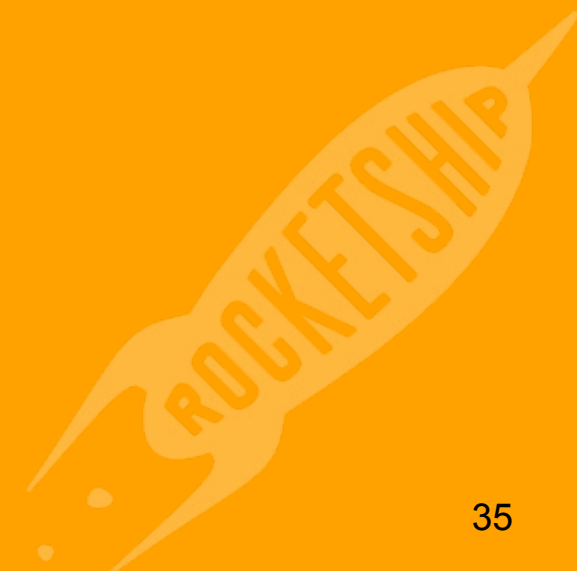
Milwaukee

- Regional fundraise campaign of \$2M over 4 years; \$400K recurring regional annual campaign will bring region to break even

DC

- On path for sustainability in FY2023

Regional Detail Updates



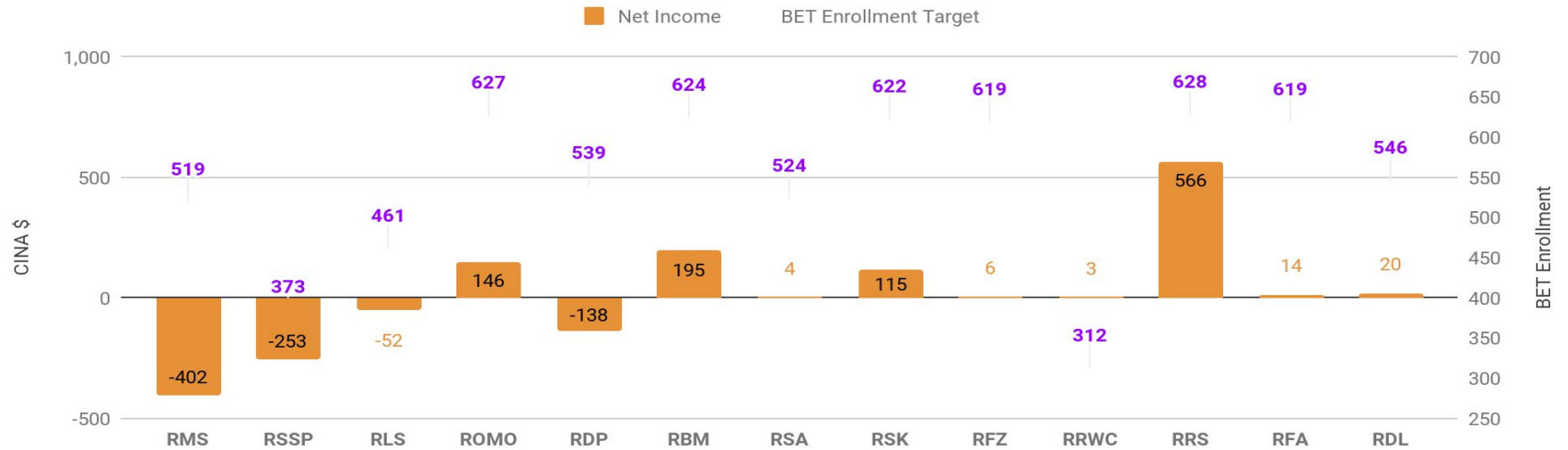
South Bay and East Bay - FY21 Budget Review

- Region wide revenue projection of \$88M includes CA state funding decline (-12% to original CA plan) of ~\$6M
 - Goal of conservative approach - further review in August
- Enrollment BET aims for slight increase vs FY20 enrollment - with growth at RFA and RDL
- Org wide effort of schools cost containment results in a breakeven CINA projection of \$0.1M
 - Staffing carefully reviewed to stay at academic model levels
 - Containment of non comp exp and overtime hours will be important
- Specific schools with more challenging CINA projections include RMS, RSSP, RRWC and RDL
 - RRWC and RSSP smaller size impacts results
 - RDL, still growing enrollment, with ISE at 12.9%, highest in CA network
 - RMS factors include ISE growth from 5.6% to 9% since FY18

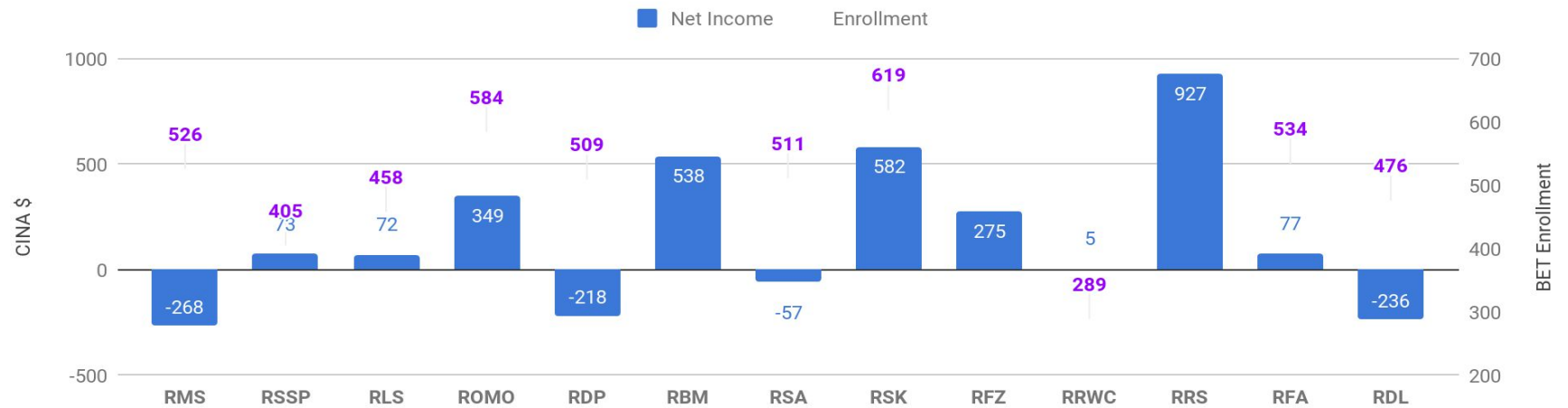
CA Schools: CINA and Enrollment

CA REGION

FY21 CINA and BET



FY20 Fcst CINA and Sept Enrollment



FY21 CA Regional Budget Summary

May 2020 FY20-21 Budget	CA Schools			CA Nest	CA Region
	Bay Area	East bay	Total Schools		
Public / Recurring Revenues	70,548	12,482	83,028	0	83,028
Philanthropy	488	0	488	0	488
Intnl/Central Fee	325	550	875	3915	4,790
Total Revenue	71,361	13,032	84,391	3,915	88,306
Compensation	36,407	7,096	43,502	2434	45,936
Non Compensation Expense	15,397	2,772	18,170	1,310	19,480
Lease Expense	9,602	1,407	11,009	272	11,281
Central Office Allocation Fee	9,766	1,722	11,488	0	11,488
Total Expenses	71,172	12,997	84,169	4,016	88,185
Change in Net Assets	189	35	222	-101	121

CA Region		
Forecast	Budget	Budget
2019-20		2020-21
88,320	86,439	83,028
396	575	488
5,299	4,883	4,790
94,015	91,897	88,306
45,201	45,537	45,936
23,096	19,840	19,480
11,371	11,151	11,281
12,416	12,038	11,488
92,084	88,566	88,185
1,931	3,331	121

FY21: CA School Budget Detail

	RMS	RSSP	RLS	ROMO	RDP	RBM	RSA
Revenue							
Federal	778	574	630	842	707	886	762
State	5,242	4,334	5,324	6,689	5,391	7,028	5,416
Internal & Grants	38	38	38	75	75	38	38
Total Revenue	6058	4946	5992	7606	6173	7952	6216
Expense							
Compensation	3,315	2,292	3,177	3,971	3,422	3,960	3,258
Non Comp	1,447	1,202	1,171	1,488	1,326	1,605	1,387
Rent	830	671	813	1,024	820	1,088	850
Network Svc Fee	868	1,032	882	977	744	1,104	716
Total Expense	6,460	5,198	6,043	7,460	6,312	7,757	6,211
CINA	-402	-252	-51	146	-139	195	5

	RSK	RFZ	RRWC	RRS	RFA	RDL	TOTAL CA
Revenue							
Federal	786	892	480	842	759	727	9,665
State	6,498	6,741	2,902	6,804	5,511	5,483	73,363
Internal & Grants	75	38	325	38	0	550	1,366
Total Revenue	7359	7671	3707	7684	6270	6760	84,394
Expense							
Compensation	3,758	3,606	2,178	3,469	3,706	3,390	43,502
Non Comp	1,580	1,524	979	1,687	1,423	1,350	18,169
Rent	1,028	1,082	465	1,096	864	858	11,489
Network Svc Fee	878	1,452	84	865	264	1,143	11,009
Total Expense	7,244	7,665	3,705	7,117	6,256	6,741	84,169
CINA	115	6	2	567	14	19	225

DC Region budget reflects enrollment growth and moderate economic climate shift

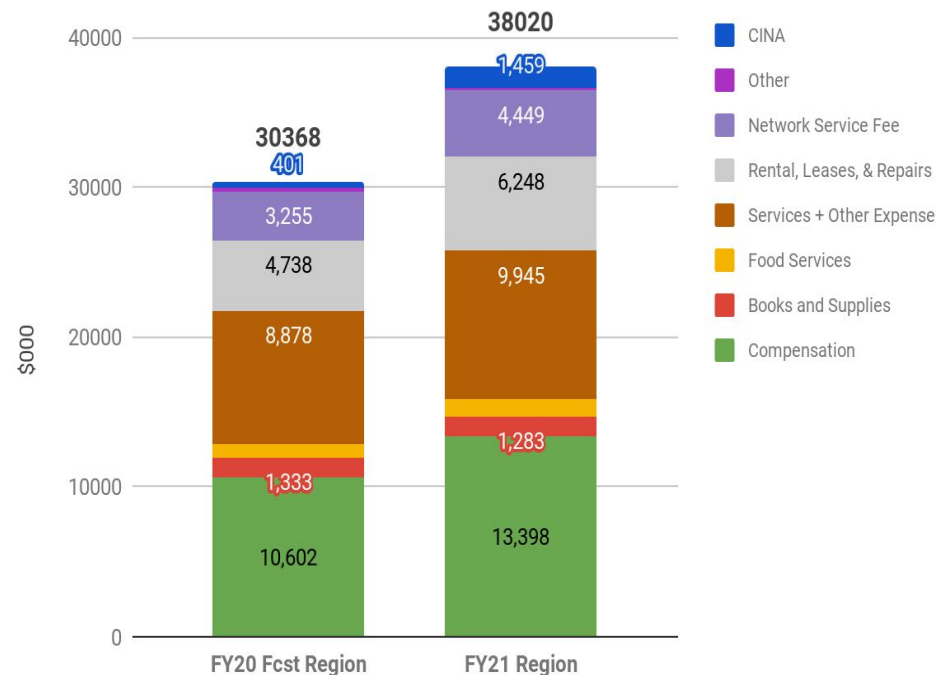
Revenue

- DC3 launching this year with yr 1 loss expected as per strategic plan of start-up and smaller, growing school
- Includes a flat District revenue assumption; can help buffer some enrollment target risk as DC indicates +3%
- Includes recent added federal support including CARES (expected use of added technology, Covid school operation adjustments)

Expense

Higher compensation and rents reflect growth at RLP and opening of DC3, as well as aftercare program internally operated

DC Region FY20 Forecast vs FY21 Budget



DC 2020-21 Proposed Budget

- At August Board meeting will review and update FY21 budget for finalization
- Budget includes \$500K philanthropy

May 2020	DC Schools					DC	DC
FY20-21 Budget	RISE	RLP	DC3	PSCB0	Total Schools	Nest	Region
Public / Recurring Revenues	16,216	15,103	4,716	0	36,037	0	36,037
Philanthropy	0	0	0	500	500	0	500
Central Office Allocation Rev	0	0	0	0	0	1483	1,483
Total Revenue	16,216	15,103	4,716	500	36,537	1,483	38,020
Compensation	5,394	5,256	1,633	0	12,282	1116	13,398
Non Compensation Expense	5,159	4,828	2,568	0	12,557	189	12,747
Lease Expense	1,882	2,684	1,400	0	5,966	0	5,966
Central Office Allocation Fee	2,186	1,619	644	0	4,449	0	4,449
Total Expenses	14,621	14,387	6,245	0	35,254	1,305	36,560
Change in Net Assets	1,595	716	-1,529	500	1,283	178	1,460

DC Region		
Forecast	Budget	Budget
2019-20		2020-21
28,423	25,815	36,037
861	350	500
1,085	1,005	1,483
30,369	27,170	38,020
10,602	9,953	13,398
11,680	9,376	12,747
4,430	4,407	5,966
3,255	3,016	4,449
29,967	26,752	36,560
402	418	1,460

Nashville: FY21 expense management will be important, NSH3 pausing

Revenue

- NSH3 opening paused for one year to better navigate uncertainty as well as high fixed costs for initial facility
- Early discussions of state revenue decline by 10% versus FY20, or per pupil \$10,722 to \$9,650
- No added federal revenue support included at this time

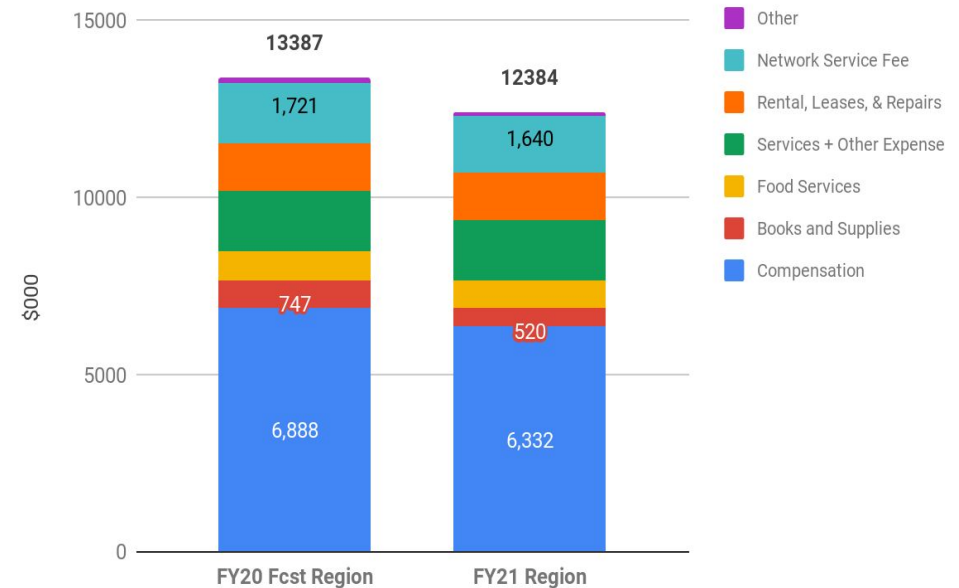
Staffing

- Difficult staffing decisions made in region to more consistent model levels- most significant expense change

Non comp

- Non compensation expenses will be more frugal in fiscal environment
 - Books, supplies - recently replenished supplies in FY20, fewer new orders
 - Travel, conference minimized
 - Management fee reduced w/revenue level

Expense FY21 Budget vs FY20 Forecast



Nashville 2020-21 Proposed Budget

- At August Board meeting will review and update FY21 budget for finalization
- Will incorporate and adjust to revenue and program changes as they develop

May 2020	NSH Schools			NSH	NSH
FY20-21 Budget	RNNE	RUA	Total Schools	Nest	Region
Public / Recurring Revenues	5,587	6,095	11,682	0	11,682
Philanthropy	0	0	0	250	250
Central Office Allocation Rev	0	0	0	547	547
Total Revenue	5,587	6,095	11,682	797	12,479
Compensation	2,772	2,741	5,513	818	6,332
Non Compensation Expense	1,656	1,544	3,197	132	3,331
Lease Expense	573	509	1,081	0	1,081
Central Office Allocation Fee	785	855	1,640	0	1,640
Total Expenses	5,786	5,649	11,431	950	12,384
Change in Net Assets	-199	446	251	-153	95

NSH Region		
Forecast	Budget	Budget
2019-20		2020-21
12,209	11,865	11,682
69	0	250
574	557	547
12,852	12,422	12,479
6,888	6,003	6,332
3,697	3,780	3,331
1,081	1,222	1,081
1,721	1,672	1,640
13,387	12,677	12,384
-535	-255	95

MKE: FY21 expense management will be important, with revenue and learning environments changing

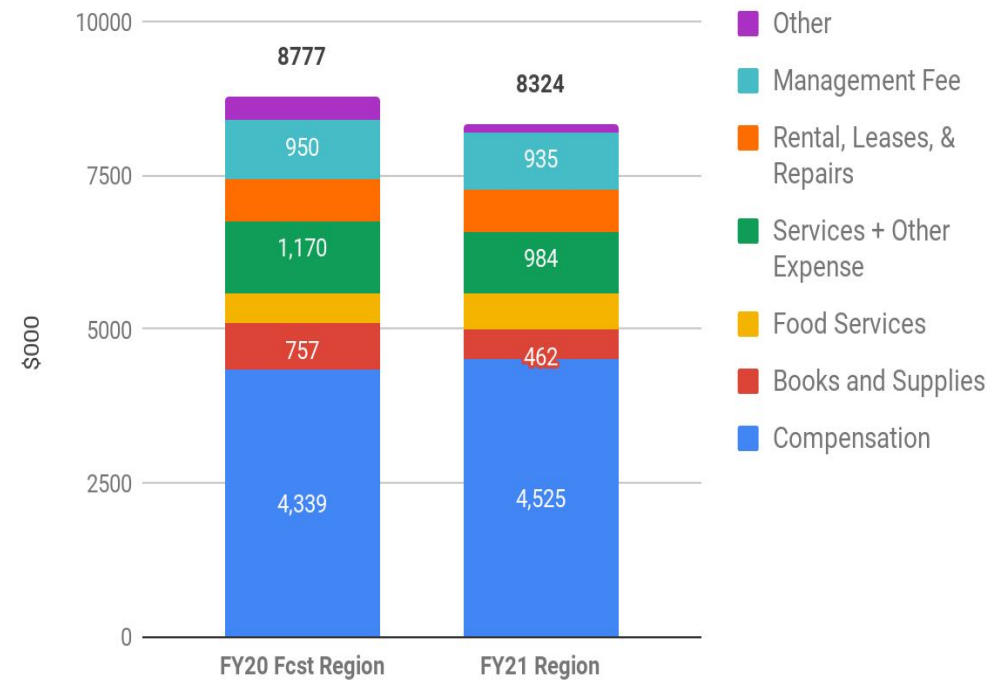
Revenue

- Included state revenue decline by 8% versus FY20, or per pupil \$9,165 to \$8,431; Not announced by state, tbd
- Federal one time support will assist region, including from CARES act

Expense: Non compensation expenses will be more frugal in fiscal environment

- Books, supplies - recently replenished supplies in FY20, fewer new orders
- Lavinia, contracted subs, consultants reduced
- Field trips and travel reduced
- Plan includes \$42k for consulting in Development

Expense FY21 Budget vs FY20 Forecast



Milwaukee 2020-21 Proposed Budget

- Budget includes \$250K philanthropy
- At August Board meeting will review and update FY21 budget for finalization
- Will incorporate and adjust to state/federal revenue and program changes as they develop

May 2020	MKE Schools			MKE	MKE
FY20-21 Budget	RSCP	RTP	Total Schools	Nest	Region
Public / Recurring Revenues	5,163	1,874	7,036	500	7,536
Philanthropy	0	250	250	0	250
Central Office Allocation Rev	0	200	200	312	512
Total Revenue	5,163	2,324	7,486	812	8,298
Compensation	2,765	1,192	3,957	568	4,525
Non Compensation Expense	1,404	725	2,129	135	2,273
Lease Expense	423	168	591	0	591
Central Office Allocation Fee	684	250	935	0	935
Total Expenses	5,276	2,335	7,612	703	8,324
Change in Net Assets	-113	-11	-126	109	-26

MKE Region		
Forecast	Budget	Budget
2019-20		2020-21
6,869	6,426	7,536
233	200	250
517	291	512
7,619	6,917	8,298
4,339	4,339	4,525
2,977	2,287	2,273
510	513	591
950	873	935
8,776	8,012	8,324
-1,157	-1,095	-26

Fort Worth 2020-21 Proposed Budget

First Fort Worth Budget includes building new Nest regional team and preparing for first two schools launch in FY21-22

May 2020	TX Schools			TX	TX
FY20-21 Budget	TX1	TX2	Total Schools	Nest	Region
Public / Recurring Revenues	175	175	350	201	551
Philanthropy				1,250	1,250
Central Office Allocation Rev	0	0	0	0	0
Total Revenue	175	175	350	1,451	1,801
Compensation	187	187	373	968	1,342
Non Compensation Expense	23	23	46	486	532
Lease Expense	0	0	0	0	0
Central Office Allocation Fee	0	0	0	0	0
Total Expenses	210	210	419	1,454	1,874
Change in Net Assets	-35	-35	-69	-3	-73

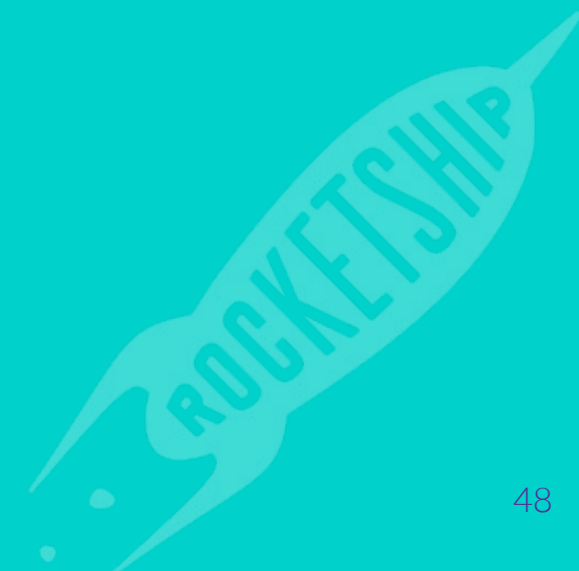
Looking ahead, we are working to manage costs for Texas and plan for possible financial changes

Increasing financial impact

	Description	Actions we are taking
Current path to 10 schools	<ul style="list-style-type: none"> Maintain current timeline to 10 schools but strategically manage costs before charter approval in Sept 	<ul style="list-style-type: none"> Stagger hiring and expenses Donor commitments through Sept do not need to be repaid if we do not receive charter
FY21 10% revenue decline	<ul style="list-style-type: none"> A per pupil revenue decline in FY21 due to COVID-19 	<ul style="list-style-type: none"> Cut costs, reevaluate staffing Set facility checkpoints before committing to more costs; revise agreement with Turner
Growth stops at 4 schools	<ul style="list-style-type: none"> Possibility of growth stopping at four schools, e.g., due to political shifts 	<ul style="list-style-type: none"> Model impact to understand how to streamline costs, offset with growth or philanthropy in other regions
Org sustainability without TX	<ul style="list-style-type: none"> Charter is denied in Sept and we must sustain the organization without Texas 	<ul style="list-style-type: none"> Model impact to understand how to streamline costs, offset with growth or philanthropy in other regions



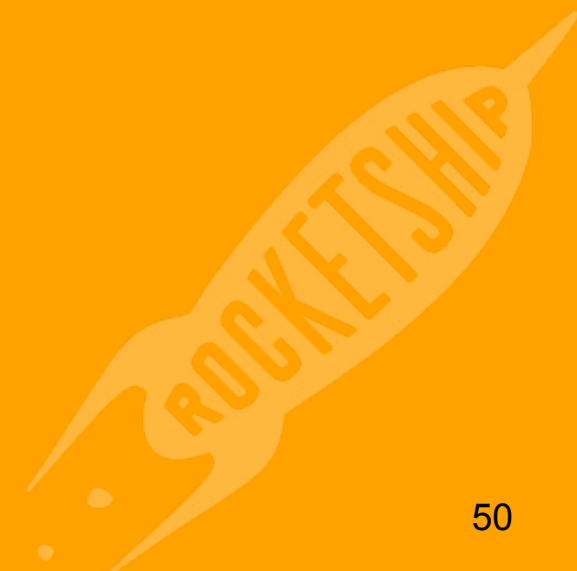
Strategic review



Business Committee Actions/Updates

- Line of Credit with Charter Asset Management
 - Term Sheet review
- MKE - Transformation Prep lease via Launchpad
 - LDC short term financing while Phase 2 pauses for 1 -2 years
- Other liquidity measures
 - Federal supports pursued in DC and MKE
 - Payroll tax deferral program available to bolster cash position
 - Reviewing possible covenant reduction requests for bond holders

Appendix: Multi year regional outlook



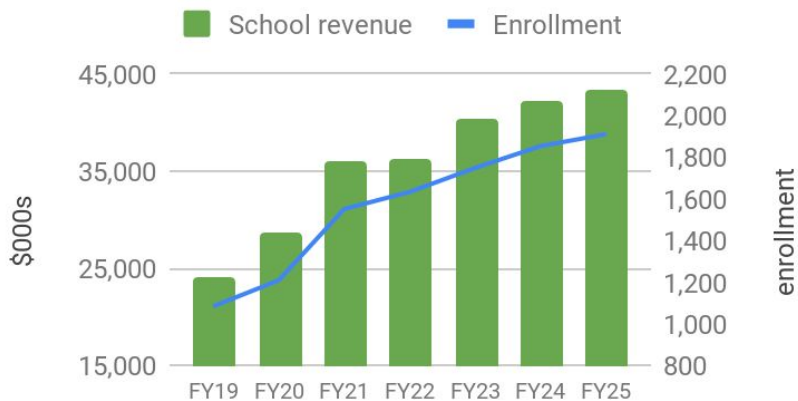
DC Region 5 year view

- 3 school perspective included; Updated 4 school version forthcoming; Prior board outlook in Appendix
- Assumes revenue returns to FY19-20 levels in FY23
- Baseline new school model has new school launch \$2.4M cash need from year 1 - 4 of operation

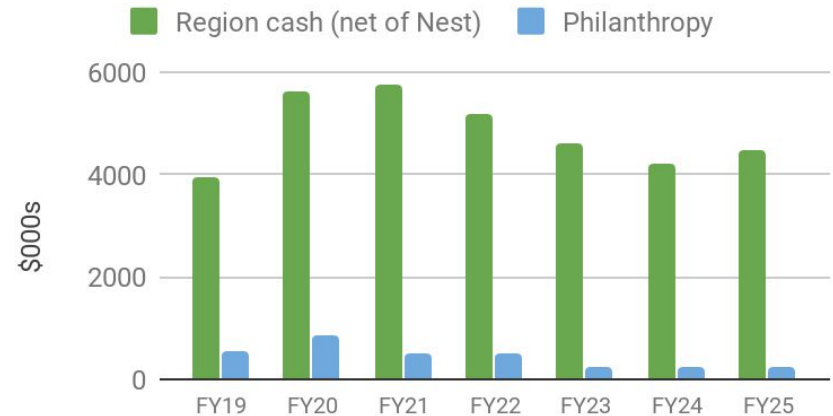
DC Region							
May 2020							
(\$ in Thousands)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Total Schools	2	2	3	3	3	3	3
Enrollment	1,085	1,210	1,552	1,634	1,749	1,854	1,911
General							
DC Philanthropy (included below)	563	861	500	500	250	250	250
RSED-DC							
Revenues	24,528	29,087	36,537	36,860	40,598	42,413	43,617
Expenses	24,613	28,571	35,255	37,628	40,624	41,872	42,288
Change in Net Assets (CINA)	-85	516	1,282	-768	-26	541	1,329
Regional NeST							
Revenue (Mgmt fee/philan)	834	1,281	1,483	1,546	1,736	1,845	1,902
Expenses	1,079	1,396	1,305	1,277	1,304	1,315	1,327
CINA	-245	-115	178	269	432	530	575
REGION							
Revenue	25,362	30,368	38,020	38,406	42,334	44,258	45,519
Expense	26,924	29,967	36,560	38,905	41,928	43,187	43,615
CINA	-1,562	401	1,460	-499	406	1,071	1,904
EOP Cash Balance (excludes NEST)	3,966	5,632	5,778	5,164	4,601	4,231	4,460
% Reserves (non Nest)	16%	20%	16%	14%	11%	10%	11%
Liability due National	2,626	2,379	2,379	2,379	1,879	1,379	629

DC 5 year forecast: financial dashboard

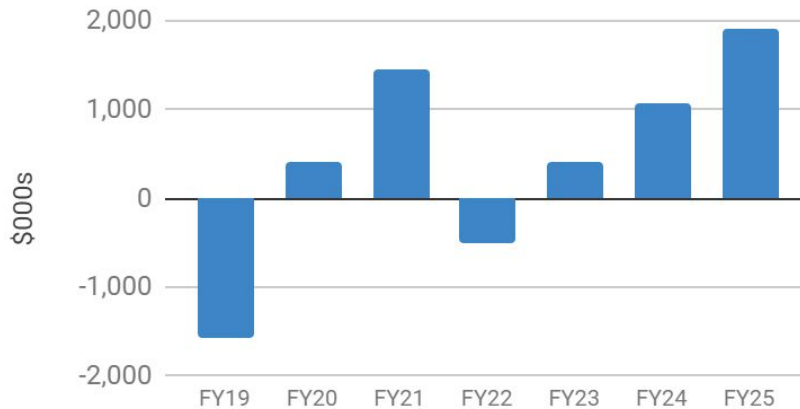
Enrollment and School Revenue



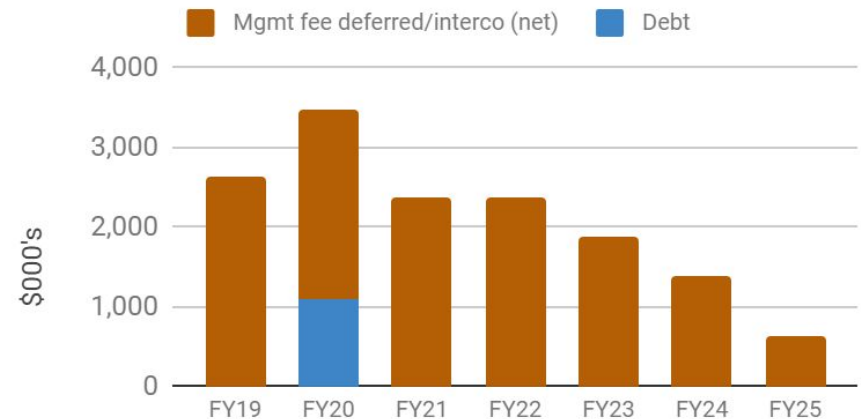
Region Cash and Philanthropy



Region CINA



Net regional debt and deferred fees



NSH Region enrollment and finance outlook

- 5 year outlook includes revenue reduction through FY22, returning to pre-recession in FY23
- Includes \$1.5M of fundraise over next 4 years; additional mgmt fee deferrals of \$600K
- Period end cash position/reserve lower by ~\$1M

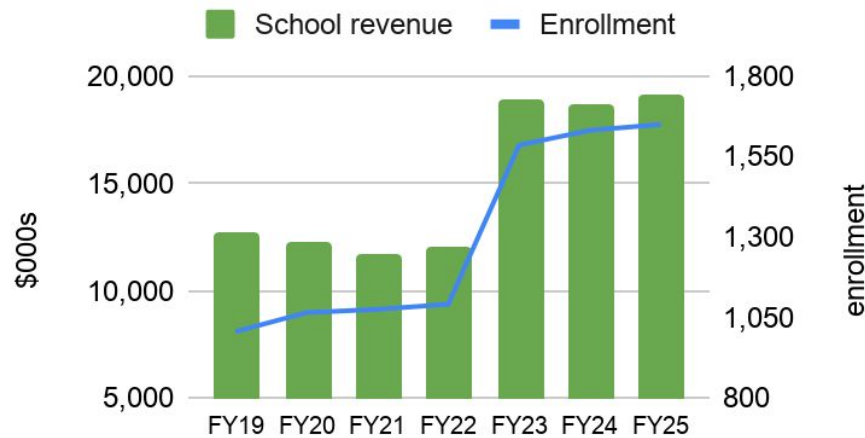
Nashville Region							
May 2020							
(\$ in Thousands)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Total Schools	2	2	2	2	3	3	3
Enrollment	1,007	1,066	1,076	1,092	1,586	1,632	1,650
General							
NSH Philanthropy (included below)	33	69	250	250	750	250	0
RSED-NSH							
Revenues	12,682	12,279	11,682	12,066	18,925	18,710	19,123
Expenses	12,084	12,451	11,433	11,739	18,093	18,165	18,407
Change in Net Assets (CINA)	598	-172	249	327	832	545	716
Regional NeST							
Revenue (Mgmt fee/philan)	543	574	797	542	854	866	897
Expenses	1,055	937	951	1,012	1,035	1,233	1,257
CINA	-512	-363	-154	-470	-181	-367	-360
REGION							
Revenue	13,225	12,853	12,479	12,609	19,779	19,576	20,020
Expense	13,139	13,388	12,384	12,751	19,128	19,397	19,664
CINA	86	-535	95	-142	651	179	356
EOP Cash Balance	729	400	509	338	792	874	1,146
% Reserves	6%	3%	4%	3%	4%	5%	6%



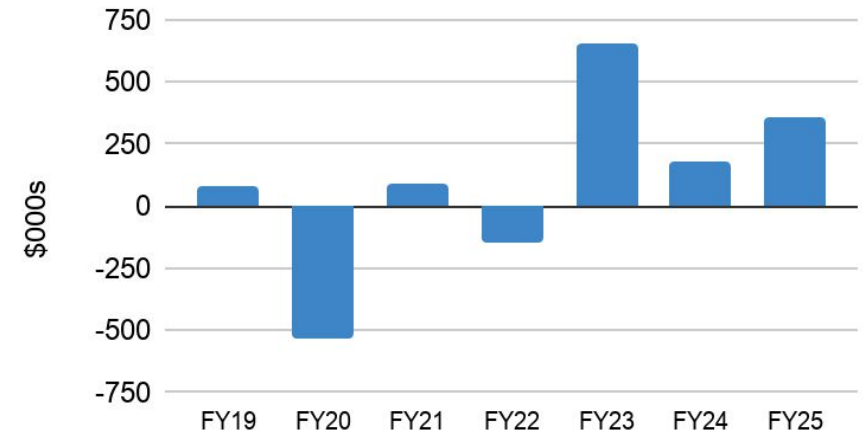
Nashville 5 year forecast financial dashboard

Assumes -10% revenue decline persists FY21, FY22; NSH3 launch and revenue to current level in FY23

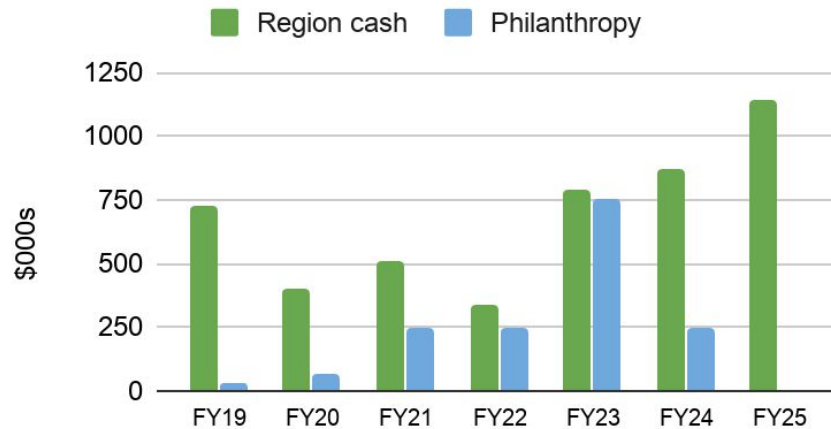
Enrollment and School Revenue



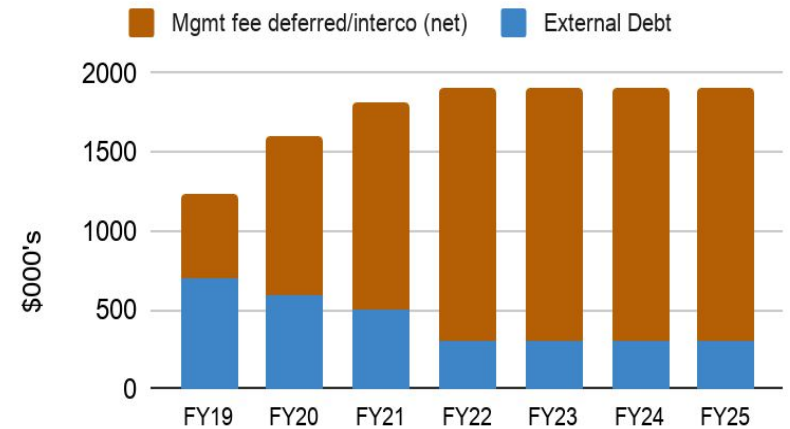
Region CINA



Region Cash and Philanthropy



Net regional debt and deferred fees



Milwaukee 5 year update: RTP delayed expansion

Assumes -8% revenue decline persists FY21, FY22; RTP expands in FY23

Milwaukee Region							
May 2020							
(\$ in Thousands)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Total Schools	2	2	2	2	2	2	2
Enrollment	569	652	719	740	905	905	905
General							
MKE Philanthropy (included below)	247	233	250	500	850	400	400
RSED-MKE							
Revenues	6,636	7,293	7,486	7,862	10,079	9,631	9,634
Expenses	6,962	7,852	7,611	7,799	9,380	9,377	9,410
Change in Net Assets (CINA)	-326	-559	-125	63	699	254	224
Regional NeST							
Revenue (Mgmt fee/philan)	276	317	812	322	419	419	419
Expenses	730	721	703	738	757	674	683
CINA	-454	-404	109	-416	-338	-255	-264
REGION							
Revenue	7,040	7,619	8,297	8,184	10,497	10,050	10,053
Expense	8,117	8,775	8,323	8,546	10,146	10,060	10,103
CINA	-1,077	-1,156	-26	-362	351	-10	-50
EOP Cash Balance	620	241	313	522	1,132	1,163	1,083
% Reserves	8%	3%	4%	6%	11%	12%	11%

4 year
summary:

Philanthropy
campaign
\$2M

Loans/grants
\$400K

Deferrals
\$1.1M

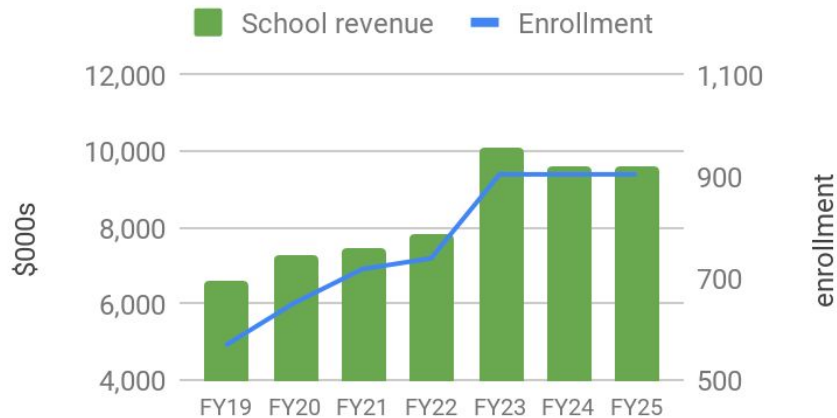
Budget
stabilized
with ~400K
philanthropy
on annual
basis



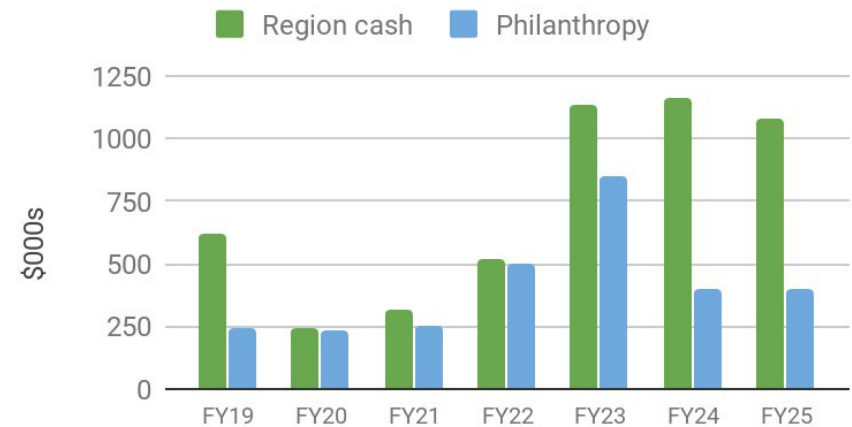
Milwaukee 5 year forecast financial dashboard

Assumes -8% revenue decline persists FY21, FY22; RTP expands in FY23

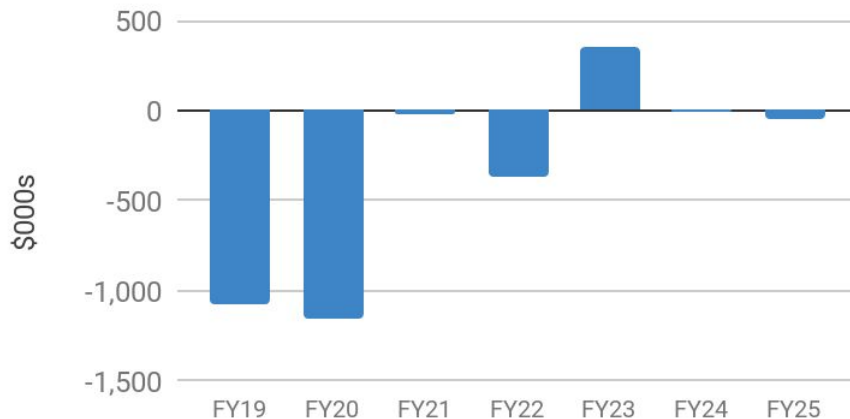
Enrollment and School Revenue



Region Cash and Philanthropy



Region CINA



Net regional debt and deferred fees

