



Wednesday, October 13, 2021
Rocketship Public Schools National Board of Directors Meeting (2021-22 Q2)

Meeting Time: 12pm PT

Webinar link: <https://rocketshipschools.zoom.us/j/89760977572>

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

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

2. Consent Items

- A. Approve minutes from the August 25th, 2021 meeting of the Board of Directors
- B. Approve minutes from the August 26th, 2021 meeting of the Board of Directors
- C. Approve resolution extending emergency Brown Act procedures under AB 361
- D. Adopt ESSER III Expenditure Plan for Rocketship Mateo Sheedy, Rocketship Si Se Puede, Rocketship Los Suenos, Rocketship Mosaic, Rocketship Discovery Prep, Rocketship Brilliant Minds, Rocketship Alma, Rocketship Spark, Rocketship Fuerza, Rocketship Rising Stars, Rocketship Redwood City Prep, Rocketship Futuro, and Rocketship Delta Prep
- E. Approve the 20-21 unaudited actuals for Rocketship Mateo Sheedy, Rocketship Si Se Puede, Rocketship Los Suenos, Rocketship Mosaic, Rocketship Discovery Prep, Rocketship Brilliant Minds, Rocketship Alma, Rocketship Spark, Rocketship Fuerza, Rocketship Rising Stars, Rocketship Redwood City Prep, Rocketship Futuro, and Rocketship Delta Prep

3. Agenda Items

- A. Approve updated COVID-19 vaccination requirements
- B. Annual Board of Directors training: Open meeting and Conflict of Interest Laws, including Brown Act, and best practices for board duties

4. Adjourn

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.

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 us at compliance@rsed.org.

SPANISH & VIETNAMESE TRANSLATION: If you need Spanish or Vietnamese audio translation in order to access the Rocketship Board meeting, please send a request to compliance@rsed.org at least 24 hours before the start of the meeting. If you would like to make a public comment in Spanish or Vietnamese and would like us to translate to English for the Board, please send a request to compliance@rsed.org at least 24 hours before the start of the meeting.

Si necesita traducción de audio al español para acceder a la reunión de la Mesa Directiva de Rocketship, envíe una solicitud a compliance@rsed.org por lo menos 24 horas antes del inicio de la reunión.

Si desea hacer un comentario público en español y desea que lo traduzcamos al inglés para la Mesa Directiva, envíe una solicitud a compliance@rsed.org por lo menos 24 horas antes del inicio de la reunión.

Rocketship Public Schools Board Meeting

Consideration of Staff Vaccination Requirement

October 13, 2021

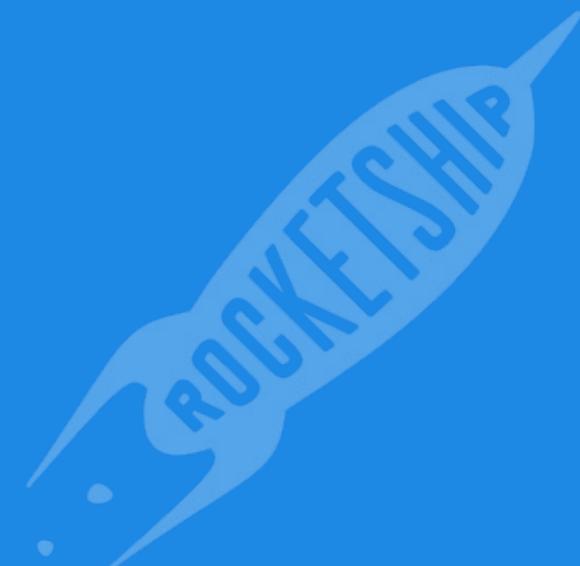


Agenda

- Review network progress on vaccination
- Decision: Vaccination requirement for Rocketship California staff
- Decision: Vaccination requirement for Rocketship National staff



Network Progress Update



Network Progress on Vaccination

Rocketship started the school year with a “soft mandate” vaccination policy.

- We launched our push to “strongly encourage” vaccination across entire network last February with a [live vaccine education and Q & A event](#) with Dr. James Hildreth (President of Meharry Medical College, member of the FDA’s Vaccines Advisory Committee).
- Unvaccinated staff are required to undergo COVID testing on campus once or twice a week, depending on the region.
- While Rocketship did not refer to this policy as a “mandate”, it was nearly identical to the “vaccinate or test” mandates that many districts and employers had in place in the summer and early fall.

Since full FDA approval in late August, Rocketship has raised vaccination rates from 70% to 81% in 6 weeks by requiring staff vaccination in two regions and driving on vaccination in the others.

- In September, DC and Milwaukee announced that vaccination would be a condition of employment, unless a medical or religious exemption is approved.
- Nashville and California have continued to assess local policy context on vaccination while driving on continued vaccination.
- Individual staff engagement has been necessary to raise vaccination rates, regardless of whether there is a mandate or not.



First network to implement a “hard mandate” sparked a movement across all DC schools

Rocketship DC announced a staff vaccine mandate on September 1, immediately following the full FDA approval of the COVID-19 vaccine.

- Staff must be fully vaccinated by October 29 to retain employment.
- Staff vaccination rates have substantially increased since the mandate launched (+22% fully vaccinated) through individual follow-up and support.
- Vaccine documentation is outstanding for 12% of staff three weeks prior to the deadline.

**The
Washington
Post**

September 10: Lead education reporter features Rocketship DC

A D.C. charter network is requiring that all employees get vaccinated or lose their jobs, making it the largest public school network in the nation’s capital to enact such a strict vaccine mandate.

September 24: Op-Ed by Executive Director, Candice Bobo

*We were one of the first charter school networks in D.C. to make **vaccination** a condition of employment, and we applaud D.C. Mayor Muriel E. Bowser for requiring **all schools...**to do the same. By mandating the vaccine, we can all keep our staff safe and our kids in school and try to heal from the trauma of this pandemic.*

Swiftly followed Milwaukee Public Schools mandate with more firm deadline than district policy

Rocketship WI announced a staff vaccine mandate on September 20, immediately following [Milwaukee Public Schools' announcement of a staff mandate](#).

- Staff must be fully vaccinated by November 12 to retain employment.

Vaccination rates have varied substantially across the two Milwaukee schools, and this contrast has continued after the mandate.

- Southside: +15% fully vaccinated
- Transformation: +7% fully vaccinated

The Milwaukee team is working closely with HR and Recruitment on ways to mitigate the impact of staff transitions due to the mandate, investing in 1:1 engagement with staff with deep concerns about vaccination.



Increasing intensity of vaccination campaign given that local context does not support mandate

- We started the year with high community spread and a slim majority of staff vaccinated. This contributed to a concerning level of **disrupted learning due to staff quarantines** from positive COVID-19 cases and exposure to positive cases.
- To address this issue, **RPS TN leadership has been engaging with the local Rocketship board on how to get all staff fully vaccinated.** Key stakeholders in Tennessee indicated that there is a strong possibility the state could withhold our public funding if we pursue a vaccination mandate at this time.
- The region is pursuing a more **aggressive internal campaign of strong, strategic 1:1s with unvaccinated staff members, collective incentives and disincentives** towards an elevated vaccination rate within RPS TN.
 - Efforts to date have raised the % of fully vaccinated staff by 13%.
 - Additional measures are being taken in November to further raise rates.
 - Staff responsibility for increased testing frequency
 - Requirement to complete vaccine education PD and pass vaccine education test
 - School wide bonus for full vaccination



Approach to Vaccination by Region

	DC	Milwaukee	CA	Nashville
Local Context	City Mandate: District, Private, & Charter Schools	District Mandate; Varied approach in charters and private schools	State Mandate expected to begin 2022-23 SY. No authorizing or local districts have mandated	No state or district mandates; Potential legal or funding risk for those imposing mandates
Rocketship Approach	Vaccination required as condition of employment - Launched 9/1 - Deadline 10/29	Vaccination required as condition of employment - Launched 9/20 - Deadline 11/23	RECOMMENDED:: Vaccination required as condition of employment in 2021-22 SY.	Vaccination or frequent testing and passing exam on COVID-19 and vaccines; related incentives/disincenti ves to support vaccination
	All regions with vaccine requirement: RPS is considering employee requests for an exemption from vaccination based on certified medical need or deeply held religious belief.			



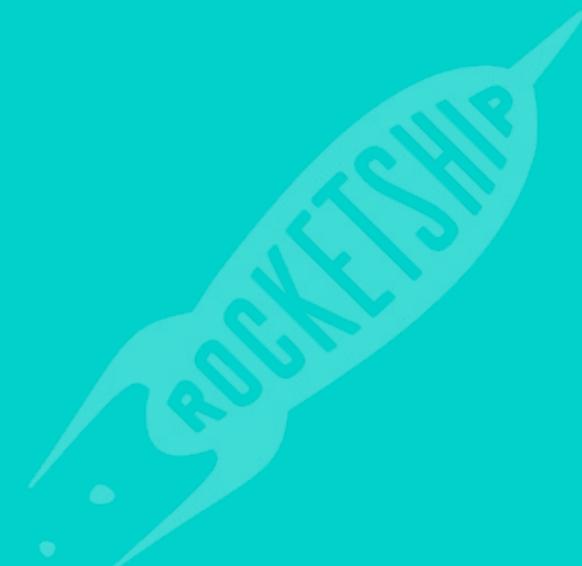
Network Overview: Vaccination Rates by Region

Rocketship Region	Vaccination Rate (10/8)	Change Aug to Oct	Estimate by Feb 2022	Context: County vax rate (10/7)
Bay Area	84%	+9%	100% By Feb 2022	73%
Milwaukee	73%	+11%	100% By Nov 2021	55%
Nashville	68%	+13%	~90%+	53%
DC	79%	+22%	100% By Oct 2021	61%
National	88%	+9%	100% By Dec 2021	-
Total	81%	+11%	97%+	-

Notes: Feb 2022 estimates assume the board approves CA and National requirements on the proposed timing
 Feb 2022 rates may not hit exactly 100% due to a very limited number of medical and/or religious exemptions
 10/7 CA countywide vaccination rates are 75% for Santa Clara, 73% for San Mateo, 71% for Contra Costa
 County vaccination data source: covidactnow.org



California Staff



New Statewide Vaccine Mandate Applies to All District, Charter, and Private School Employees and Students Once Vaccine is Fully Approved by the FDA

Statewide Vaccine Mandate: Students and Staff

All California students and school staff will be required to get vaccinated against Covid-19 as soon as January 2022, Gov. Gavin Newsom announced Friday October 1, 2021.

- The mandate is the nation's first.
- It applies to all students in kindergarten through 12th grade in public, charter and private schools, and all school employees.
- It goes into effect in the first semester following the Food and Drug Administration's full approval of the Covid vaccine for each age group.

- It is likely that vaccines for students aged 11-16 will be approved in the first half of 2022. If so, a **statewide student and staff vaccination mandate would be effective July 1 2022.**
- The staff vaccination mandate will apply to staff serving students of any age, including elementary schools.

Proposing an accelerated mandate for staff vaccination, to take effect during the 21-22 school year, ahead of state requirement

- The **CA region recommends shifting to requiring vaccination as a condition of employment this school year.**
 - We will be encouraging **COVID-19 vaccine for students** once the 5-11 age group is eligible, likely this fall. We cannot expect less from our staff than we do from our families and students.
 - Vaccination **rates vary across schools** in the region. Moving to mandate will enable full vaccination in all schools.
- Our proposed **implementation timeline enables us time to assess and account for local conditions.**
 - In contrast to the other regions who have shifted to requiring vaccination to remain employed, the **local districts surrounding Rocketship schools in the Bay Area are not requiring staff vaccination.** We are engaging with authorizers and local charters on whether they will adjust their approach in light of the Governor's recent mandate.
 - We have been experienced **extended timelines to hire staff** in many positions and few available substitutes. This labor shortage is facing many employers in the region.
- We are committed to an accelerated timeline for vaccine mandate. Having the **flexibility to determine the exact timeline over the next few weeks** will help us to effectively manage change internally and externally, and determine a timeline that supports strong and consistent staffing and operations this school year.



Proposed Timeline: CA Region

Launch	1st vaccination dose	2nd vaccination dose	Last day of employment
End October	Prior to Thanksgiving Break	Prior to December Break	Mid February

Engagement:

- 1:1 conversations from trusted leaders
- Staff education on vaccines + required passing score on exit ticket

Incentives:

- Financial incentive if vaccine documentation is submitted by Thanksgiving
- Regularly share vaccination rates by campus with staff and families - shouting out different schools as they make progress.
- School-wide incentive for first campus to 100%: staff appreciation event

Disincentives:

- Effective 10/1: unvaccinated staff exposed and need to quarantine will have to take PTO or unpaid time off.
- Sick leave for testing positive for COVID available to vaccinated staff; unvaccinated staff will need to use PTO

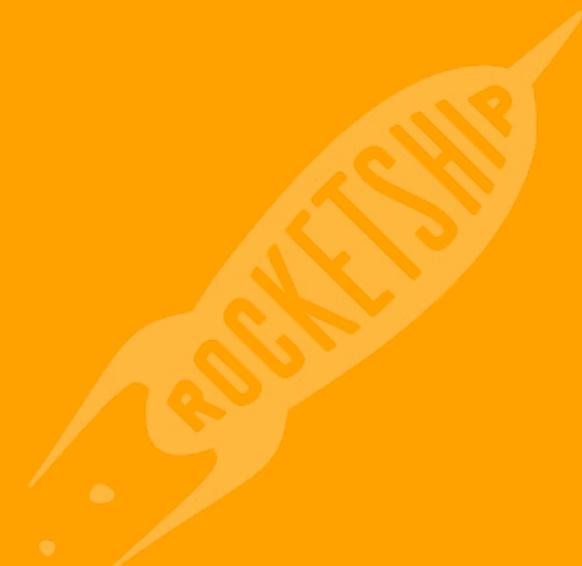


Recommendation for Board Decision

Rocketship Public Schools will require COVID-19 vaccination as a condition of employment for all Rocketship California school and regional staff. This requirement should be enacted during the 2021-22 school year based on management's assessment of local conditions.



National Staff



National Network Staff

- With multiple regions requiring vaccination as a condition of employment, it is important for Rocketship national leaders and staff to be aligned with the requirements we will soon be expecting of the majority of Rocketship staff.
- National staff support staff in person in regions and therefore should be held to the same (or higher) expectation for vaccination to support the health and safety of our students and staff.
- As we move toward supporting more in-person work and events over the course of this year, we know that it is critical to have all staff fully vaccinated against COVID-19.
- We will follow a similar but more limited process of engagement and incentives/disincentives for national staff.
 - 88% of National staff are already fully vaccinated.
 - Initial engagement is indicating few staff with material concerns about vaccination.



Proposed Timeline: National Network Support Team (NeST)

Launch	1st dose by	2nd dose by	Last day of employment
Mid-Oct	Nov 12	Dec 10	Dec 17

Engagement:

- 1:1 conversations from trusted leaders
- Staff education on vaccines

Incentives:

- Continue with modest financial incentive if vaccine documentation is submitted by Thanksgiving
- Regularly share vaccination rates by team with staff - shouting out different teams as they make progress.

Disincentives:

- End of COVID Leave, effective 10/1: unvaccinated staff who need to quarantine due to exposure to a positive case or testing positive (and are unable to work during this time) will have to take PTO or unpaid time off.



Recommendation for Board Decision

Rocketship Public Schools will require COVID-19 vaccination as a condition of employment for all National Network Support Team staff (in all locations) by the end of 2021.





ROCKETSHIP PUBLIC SCHOOLS:

Open Meetings, Conflicts, Public Records, and Best Practices for
Charter Board Members and Officials

October 13, 2021

John Lemmo

Procopio Cory Hargreaves & Savitch, LLP

Topics we'll cover today

Board Compliance

- AB 361 Teleconferencing Rules (Replaces Pandemic Executive Order)
- Brown Act When We're Back to Pre-Pandemic Rules
- Conflict of Interest
- Public Records

Board Duties and Best Practices

- Roles and Responsibilities of Board and Management
- Duty of Care (informed decision-making)
- Duty of Financial Oversight
- Duty of Loyalty (conflicts)

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AB 361 Replaced Executive Order

- Since March 2020, in-person and teleconferencing rules under Brown Act were suspended by Executive Order—but that expired last month.
- AB 361 provides new “emergency” teleconferencing rules, through 2023
 - Applies if governor declares state of emergency, and state or local health officials require or recommend social distancing
 - Requires regular findings about impact to safety of board members and presumably members of the public

AB 361 Requirements When State of Emergency

- AB 361 teleconferencing requires at least one of the following circumstances when board holds meeting during state of emergency:
 - (1) state or local officials recommend measures to promote social distancing, or
 - (2) board is meeting to determine whether meeting in person would pose “imminent risks to health or safety of attendees”, or
 - (3) board finds that meeting in person would pose “imminent risks to health or safety of attendees”
- If board chooses to meet in person, then it may follow the pre-pandemic board teleconferencing rules, and the SB 126 teleconferencing rules

AB 361 Requirements When State of Emergency

- If conditions met, AB 361 suspends any express or implied requirement for the physical presence of board members, or of the public as a condition of participation in or quorum for a public meeting.
 - Board members need not notice their teleconference/virtual locations
 - Local agencies must still give advance notice of, and post the agenda for, each public meeting according to the timeframes prescribed by the Brown Act and give notice of the means by which members of the public may observe the meeting and offer public comment.
 - New: public must be allowed opportunity to provide comments in “real time”

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SB 126 (2019) Added New Meeting Requirements

The main changes for us when this went into effect were:

1. All board meetings must take place within Santa Clara County (which most already did anyway)
2. All board meetings must be video or audio recorded, with the recording posted on our website afterward
3. All board meetings must be live-stream “teleconferenced” to each and every Rocketship school in California

**NOTE: These apply to full board meetings, but not to committee meetings*

Brown Act: Holding meetings

- SB 126 mandates Brown Act
- Boards take action at “meetings” ... so what is a “meeting”?
 - “Any congregation of a majority of the members of a legislative body ... to hear, discuss, or deliberate, or take action on any item.”
 - You may not, “outside a meeting ... use a series of communications ... directly or through intermediaries, to discuss, deliberate, or take action” (Gov. Code sec. 54952.2)
- Avoid inadvertent serial meetings through email or text communications
 - No “Reply-All” to emails
- What if we have non-charter business? Do we need to comply with Brown Act for that, too?
 - No, if “unrelated to the operation of the charter school.” (SB126)

Holding meetings

- Brown Act “types” of meetings
 - “Regular” meetings require 72 hours posting of notice
 - “Special” meetings require 24 hours notice
 - Teleconferencing
 - Notice in agenda
 - Identify teleconference location
 - Roll call vote
 - What about an “emergency” situation?

Holding meetings

- Brown Act limits meeting to posted agenda:
 - Brief general description of business to be transacted (20 words or less)
 - Post in publicly accessible place at/near location
 - Don't create "information only" vs. "action" items if you want flexibility
 - Restrictions on adding items to agenda*
- Must post agenda on website
 - "One click" rule—don't ignore this easy rule!
- Record how members vote

* Note: If you miss 72-hour posting deadline to include an item on regular agenda, you can still post a special meeting agenda with 24 hours notice for same time and place.

Board “Committee” meetings

- Brown Act applies to committees created by board, even if just advisory:
 - Applies to “standing” board committees (e.g., finance committee, audit committee, executive committee)
 - “Ad hoc” committees and CEO advisory teams exempt
 - SB 126 teleconferencing rules do not apply to committees

SB 126 rules regarding meeting locations and multi-site teleconferencing

- SB126 imposes additional rules as part of Ed. Code for charters— not actually part of the Brown Act
- Board meeting location requirements vary depending on number of school sites and counties you operate in (Rocketship falls into third column)

ENTITY WITH SINGLE CHARTER	ENTITY WITH MULTIPLE CHARTERS	
	SAME COUNTY	MULTIPLE COUNTIES
Board meets within boundaries of county where authorized and located	Board meets within boundaries of county where authorized and located	Board meets in county where greatest number of pupils reside (might change over time)
Two-way teleconference from each site* if you have more than one	Two-way teleconference from each site*	Two-way teleconference from each site*
		Audio/video record and post to website

* Includes schoolsites and resource centers.

SB126 teleconferencing rules do not apply to committees

Holding meetings—Closed Sessions

- Brown Act limits “closed” sessions:
 - Statutory basis must be identified, such as
 - Litigation (identify matter)
 - Personnel evaluation, termination (identify position)
 - Collective bargaining strategy (identify negotiators)
 - Real estate negotiations (identify property)
 - Not for budget discussions, general planning

Holding meetings

- Rights of public:
 - Speak *before* action taken on any item (including closed session)
 - Publicly accessible location (with disabled access)
 - Public comment can (and should) be time-limited
 - At regular meeting to address board on something not on agenda
 - Non-agenda comment not required at special meetings, but you can allow if you want to

Tennessee Open Meetings Act

- The TN Charter School Act of 1992 requires charters schools to comply with the Tennessee Open Meetings Act, 1974
- What is a “meeting”?
 - A gathering of a quorum of the board to deliberate toward or make a decision
 - Special exclusions apply for circumstances like program inspection (e.g. school tours) and “chance meetings” – as long as these aren’t used to circumvent the law
- “Adequate public notice” required
 - Notice must be posted in a location where a member of the community could become aware of such notice
 - Contents of the notice must reasonably describe the purpose of the meeting or the action proposed to be taken
 - Notice must be posted at a time sufficiently in advance of the actual meeting in order to give citizens both an opportunity to become aware of and to attend the meeting (though no single strict deadline)

Tennessee Open Meetings

- Meetings must be open to public attendance, though no requirement to allow public participation
- Closed session exceptions apply, such as in the case of advisory sessions with attorneys
- All votes must be public, with individual votes recorded for any roll call votes
- Teleconference or videoconference meetings are allowed, but must be noticed as such
- Minutes must be taken and made open to public inspection
- In a case where any violation occurs, any action taken is void and of no effect (nullification of action rather than penal remedy)

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Charter Officials subject to Political Reform Act:

- SB 126 requires charters to adopt conflict of interest “code”
 - Many charters have latched on to authorizer’s COI code—but no longer can do so under SB 126
 - Opportunity to establish appropriate parameters for your school
 - Pros and cons
 - What are the steps?
 - Charters process through County Clerk or FPPC
- Requires annual financial disclosures by designated officials (the “Form 700”)
 - Spouse’s interests count
- Requires disclosure, disqualification from any decision that may affect material financial interests

Gov. Code section 1090

- SB 126 applies GC 1090 to charter school officials
 - Many charter petitions and MOUs already require compliance
 - Explicit carve-out for conflicts created by employment relationship (OK for employees to be board members)
- Strict rule to “void” conflicted contracts
- Section 1090 provides that a public agency officer or employee may not make, participate in making, or attempt to influence a contract in which he or she is financially interested
 - Disclosure and recusal not enough -- if a board member owns the business, it typically can't contract with Rocketship under most circumstances,
 - But look closely at the exceptions

Tennessee Conflict of Interest Laws

Under the TN Charter School Act of 1992, charter schools are required to abide by the TN Conflict of Interest statute (Tenn. Code Ann. 12-4-101)

- Personal interest of officers prohibited
 - It is unlawful for any board member to vote for, or supervise any contract in which the board member is “directly interested.”
 - "Directly interested" means any contract with the board member personally or with any business in which the board member is the sole proprietor, a partner, or the person having the controlling interest. "Controlling interest" includes the individual with the ownership or control of the largest number of outstanding shares owned by any single individual or corporation. This does not prohibit a board member from voting on a budget, appropriation resolution, or tax rate resolution, or amendments thereto, unless the vote is on a specific amendment to the budget or a specific appropriation or resolution in which such person is directly interested.
- It is unlawful for any board member to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county, state, development district, utility district, human resource agency, or other political subdivision created by statute shall or may be interested, to be indirectly interested in any such contract unless the officer publicly acknowledges such officer's interest. "Indirectly interested" means any contract in which the officer is interested but not directly so, but also includes contracts where the officer is directly interested but is the sole supplier of goods or services in a municipality or county.

Tennessee code on consequences of violations

- *Should any person, acting as such officer, committee member, director, or other person referred to in [§ 12-4-101](#), be or become directly or unlawfully indirectly interested in any such contract, such person shall forfeit all pay and compensation therefor. Such officer shall be dismissed from such office the officer then occupies, and be ineligible for the same or a similar position for ten (10) years.*
- This provision has been mainly applied to city councilmen/mayors that receive compensation and engage in conflict of interest violations and have to return their compensation back and not run for office for 10 years.

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Are the Charter School's records open to the public?

- Yes and no.
- SB 126 applies Public Records Act to charters
- But lots of exempt records:
 - Identifiable student records (FERPA)
 - Personnel and medical records
 - Pending litigation
 - Preliminary drafts
- But email and material kept in ordinary course may be public
 - What about my private email account?

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Board and Management (CEO)

- Board is responsible for long-term viability and success of the schools
- Board approves the “big stuff”:
 - Major educational and operational policies
 - Annual budget
 - Reviews and monitors financial policies and procedures, budget, and finances to inform and evaluate resource allocation
 - Hires and evaluates CEO
 - Ensures long-term viability
 - Does not have direct responsibility for day-to-day operational matters
- CEO:
 - In charge of day-to-day operations
 - Selection of all other staff

Fiduciary duties of directors (board members)

Directors owe fiduciary duties to the corporation—

- Duty of care
- Duty to provide financial oversight
- Duty of loyalty

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Duty of Care

- The Board makes policy, and is protected from liability when doing that.
- The CEO is accountable for implementing all Board policies.
- The Charter and/or policies further delineate roles and responsibilities, including delegated authority.
- Board members should not get involved with day-to-day business operations of the school

Duty of Care

- Be informed, stay informed and be proactive
- Ask questions to seek clarity before voting
- Listen to all perspectives and test your understanding of information and implications
- “Own your decision”

Board member exposure to personal liability?

- There is broad nonprofit law immunity for volunteer board members*
- D&O insurance to defend claims against board members acting within scope of duties
 - Rocketship does have this in place for all of our board members

*But not immune under federal law

Board members can be personally liable when:

- Acting outside course and scope of duties (such as supervising/disciplining rank-and-file employees, rather than policy-making)
- Breaching fiduciary duties
- Conflicts of interest that create personal benefit
- Intentional or willful misconduct

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Charter School Finances

- A non-profit charter's board is responsible for ensuring financial health, just as a business's board would be
- Annual budget is blueprint for school year, setting spending priorities and goals
 - Board approves and monitors annual budget and finances
 - Financial reports are presented to the Board, such as balance sheet, income statement, cash flow

Board Must Ensure Adherence to Fiscal Policies and Sound Financial Management

- Lots of talk about charter (mis)management of finances
 - Emphasizes how important this topic is
- Your authorizers may seek background information about board members to help ensure you have sufficient “capacity” to manage finances of the schools
- Scrutiny of and adherence to sound financial policies is the norm

Duty of Financial Oversight

- Potential for charter revocation due to failure to meet GAAP, or “fiscal mismanagement.”
 - Ed. Code, § 47607(c)(1)(C)
- Chartering authority to assess and monitor fiscal condition of charter school.
 - Ed. Code, §§ 47604.32(d) & 47604.33(b)
- Periodic financial reports are required.
 - Ed. Code, § 47604.33(a)
- Annual, independent financial audits are required.
 - Ed. Code, § 47605(m)

Charter School Finances – Audits

- Required annually.
- It validates the schools' reported finances.
- Audits are also used to validate the charter schools internal controls.
- Board must approve Audit Agreement in Spring of the each year.
- Board must approve the audit prior to submittal to oversight agencies.

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- Roles and Responsibilities of Board and Management
- Duty of Care (informed decision-making)
- Duty of Financial Oversight
- Duty of Loyalty (conflicts)

Duty of Loyalty

- General Rule: Individuals in a position of public trust must avoid conflicts of interest which prevent them from fulfilling their duties in an impartial manner.
- Legal presumption is that a person with a conflict of interest can never be impartial

Duty of Loyalty—avoid conflicts of interest

- Directors' duty of loyalty
 - Conflicts of interest must avoided, how?
 - Disclosure of personal financial interests
 - Financially “interested” directors can't be board majority
 - Avoid self-dealing and financial interests in contracts

Nonprofit directors' “self-dealing” transactions:

- For most charitable nonprofits:
 - Majority of Board must affirm “fairness” of self-dealing transaction
 - Is it “material” to business of corporation?
 - Financially interested board member must disclose and disqualify

...but wait, there's more! Remember our discussion earlier about Conflict of Interest Codes, Form 700s, and Government Code Section 1090!

The End

- Any questions about these topics, or any other charter school topic?

Thank you!



Questions later? Please contact me.

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