Tuesday, February 15, 2022
Rocketship Public Schools Business Committee (2021-22 Q3)

Meeting Time: 10:30am
Webinar link: https://rocketshipschools.zoom.us/j/88515435699
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 November 16, 2021 Business Committee meeting

3. Information Item

A. List of checks in excess of $100,000

4. Agenda Items

A. Recommend approval of updated leases for Rocketship Brilliant Minds, Rocketship Si Se Puede and Rocketship Fuerza Prep to Rocketship Board of Directors

B. Recommend approval of updated bond financing for Rocketship Brilliant Minds, Rocketship Si Se Puede and Rocketship Fuerza Prep to Rocketship Board of Directors

C. Financial Update

D. 2022-23 Annual Planning

E. Texas Update

F. Facilities Update

5. Closed Session

A. Conference with Legal Counsel — Anticipated Litigation: Significant exposure to litigation pursuant to California Government Code § 54956.9. Number of cases: 2

6. Agenda Items (Contd.)

A. Public report on actions taken in closed session

7. 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.

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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 Education					
Checks signed in excess of $100,000					
Oct 2021 - Dec 2021					
Check Date	**Check #**	**Vendor and Invoice #**	**Invoice Amount**	**Amount of check**	
Reoccurring Monthly Budgeted Expenditures (Policy #138 August 2014)					
Subtotal by category					
Group health					
10/18/2021	44961	Cigna 2893875	542,305.24	542,305.24	
11/22/2021	45304	Cigna 2908614	501,718.97	501,718.97	
12/20/2021	45467	Cigna 2923040	471,573.22	471,573.22	
10/27/2021	EFT	Kaiser Foundation Health Plan 09/02/2021-10/01/2021	332,174.35	332,174.35	
11/30/2021	EFT	Kaiser Foundation Health Plan 813180988584	311,937.43	311,937.43	
12/16/2021	EFT	Kaiser Foundation Health Plan 813728583633	299,244.14	299,244.14	
					$ 2,458,953.35
Legal Fee					
11/29/2021	45334	San Jose Unified School District SCCCOE_Judgement	155,018.13	155,018.13	
					$ 155,018.13
School food service					
12/6/2021	45394	Revolution Foods, Inc. 453523	392,932.32		
		Revolution Foods, Inc. FTIC-001770	(128,864.16)	264,068.16	
12/6/2021	45395	Revolution Foods, Inc. 454020	415,981.68		
		Revolution Foods, Inc. FTIC-001709	(3,330.88)	412,650.80	
12/6/2021	45396	Revolution Foods, Inc. 454482	393,682.84	393,682.84	
					$ 1,070,401.80
Software - Assessments - Manage fee and Step OAS Licenses					
7/23/2021	45461	UChicago Impact LLC ST4751 (Period Jul/21 - Dec/21)	167,870.00	167,870.00	
					$ 167,870.00
Laptops & Licenses for Staff					
10/11/2021	EFT	Apple Inc. AF37998311	297,532.88	297,532.88	
					$ 297,532.88
Budgeted Expenditures - not reccurring payments					
Example	Jumpstart				
	School startup online programs or furnitures.				
Total - All checks signed in excess of $100,000					**$ 4,149,776.16**

ROCKETSHIP
PUBLIC SCHOOLS

RPS Business Committee Update
February 2022

February 15, 2022

Discussion Overview

- **Financing update**
  - Recommendation to approve leases and bond financing for RSSP, RBM, and RFZ
- **Financial update**
  - Fundraising Update
  - Enrollment Context
  - FY22 Forecast Update
  - FY22 Q2 Actuals
- **2022-23 Annual Planning**
- **Texas Update**
- **Facilities Update**

Recommendation to approve leases and bond financing for RSSP, RBM, and RFZ

Financing Updates

RPS Bus Comm Update - 2014 OG Bond Refinance

Feb 2022

Financing Updates - OG 2014 Bonds

RBM, RFZ and RSSP Refinance

Milestones Reached:

- Operational and Legal Due Diligence nearing completion
- Offering Memo and attachments drafted
- Leases drafted (new leases for the 3 schools)
- CEDA Approval granted for the issuance
- Term sheet approved by Launchpad board for the new leases and estimated outcomes for a mid-March 2022 closing
- Initial conversations scheduled with the private placement Investor (same investor as the refinance of ROMO/RSA)

Next Steps:

- Finalize all bond and lease documents
- Obtain final approval from RPS by mid Feb
- Finalize discussions with private placement Investor; determine whether this will be a public offering or a private placement
- Price in early March
- Closing mid March

Financing Updates

Term Sheet for Refinance - Salient Terms

The two major changes from the prior version are:

1. Interest Rates: Stifel uses a very conservative interest rates to address the potential for rates to increase by the time we get to pricing
   a. In these results, there is a total of $620k of savings each year, with the final term unchanged at Year 2043
   b. Assuming that we price at lower rates than this, we would shorten the term a little but keep annual debt service (and savings) the same
2. Allocation of Savings:
   a. RSSP gets about half the savings ($310k per year) – this reduces their rent quite a bit but still maximizes SB740 reimbursement
   b. RBM and RFZ then split the other half of the savings equally ($155k per year)

Terms	Details	Comments
Maturity	Holding at 2043	Original maturity for the 2014 OG is preserved. Can be adjusted if interest rates fall prior to closing in order to accelerate full repayment.
Rate Assumed	4%	Is ~50 bps conservative on credit spread given past experience, but given the uncertain closing date, and what the Fed may do in March, Stifel assumed the higher end of the range between 3.25% and 4%.
Reserves		None required.
Leases	New leases to be drafted	New lease rates will still provide material savings to all 3 schools, and meet the test on SB740 funding in order to preserve current levels.

Financial Update

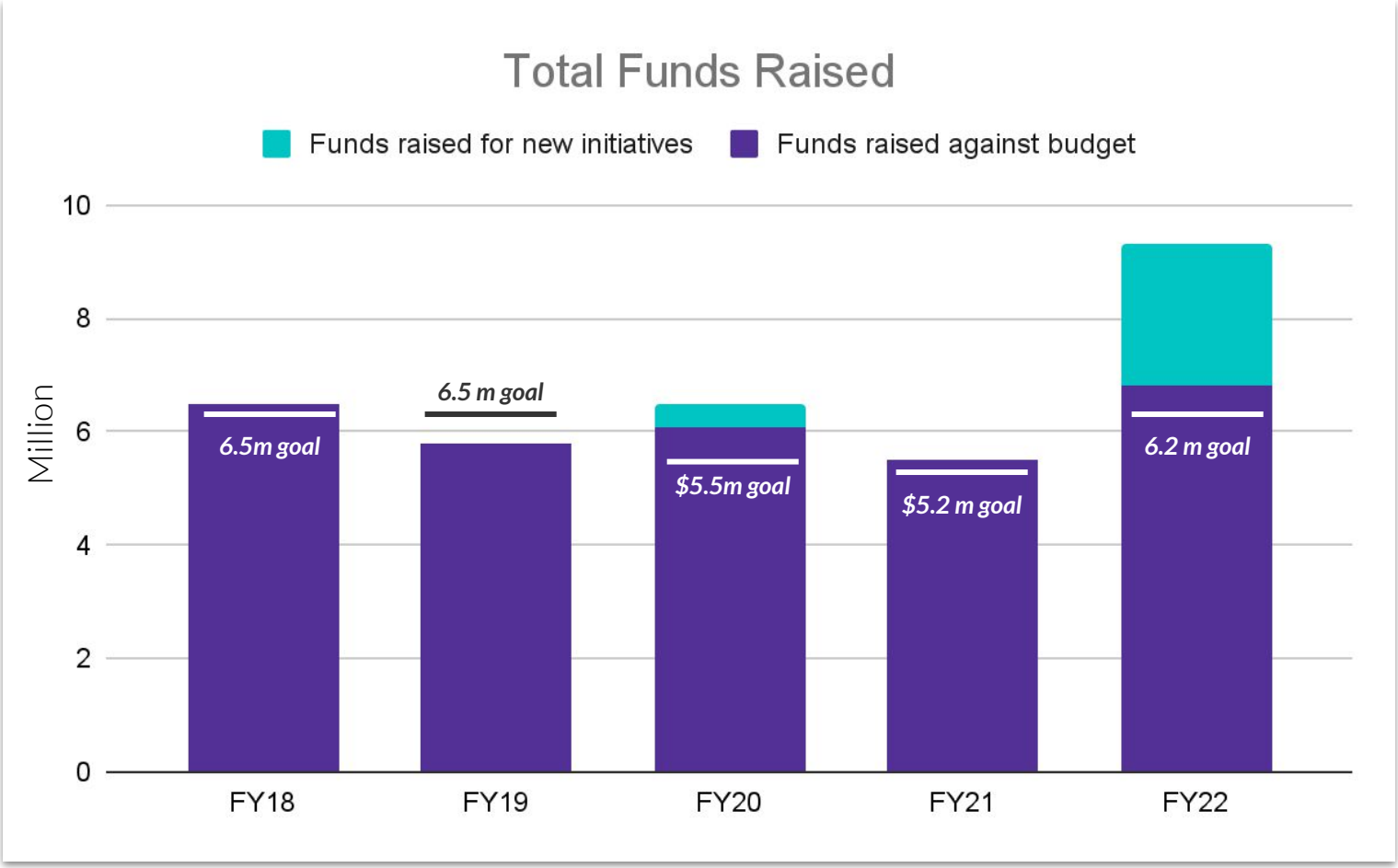
ROCKETSHIP
PUBLIC SCHOOLS

Fundraising Update

Business Committee | Kristarae Flores

February 15, 2022

To date, we've raised $9m+ against a budgeted goal of $6.2m. All regions, including National, met or exceeded their Q2 benchmark goals.



** tracking funding for unbudgeted initiatives only began in FY20*

Goal, Pipeline, & Benchmark Key

PIPELINE - List of qualified prospects (i.e give to early childhood missions, education, school choice etc.) that are in various stages of cultivation and likelihood of giving this year.

Color	Definition
Green	**On Track** Pipeline = at least 3x the benchmark
Yellow	**Slightly off track** Pipeline is < 3x the benchmark but key prospects identified and the likelihood of gifts closing is high (i.e. renewal gifts)
Red	**Off Track** Pipeline < the benchmark with a need for more prospects to be added to pipeline

Pipeline Health Report

C&C = Cash In & Committed (signed agreement)

P = Pipeline B = Benchmark

Region	Q1 Actuals	Q2 Actuals	Q3 Benchmark	Q4 Benchmark	Summary
National/ Bay Area	C&C: $2.5m Q1 Goal: $2.3m	Q2 C&C: $1.7m Q2 Goal: $300k	P: $65k B: $500k	P: $177k B: $600k	**YE Goal: $3.7m** **C&C YTD: $4.2m**
Nashville	C&C: $130k Q1 Goal: $130k	Q2 C&C: $535k Q2 Goal: $70k	P: $10k B: $125k	P: $35k B: $75k	**YE Goal: $400k** **C&C YTD: $665k**
Milwaukee	C&C: $35k Q1 Goal: $35k	Q2 C&C: $120k Q2 Goal: $50k	P: $200k B: $100k	P: $355k B: $215k	**YE Goal: $400k** **C&C YTD: $155k** Gap to Goal: $245k Current Pipeline: $555k
DC	C&C: $437k Q1 Goal: $300k	Q2 C&C: $120k Q2 Goal: $125k	P: $410k B: $50k	P: $200k B: $25k	**YE Goal: $500k** **C&C YTD:** $557k
Texas	C&C: $0 Q1 Goal: $0	Q2 C&C: $1.3m Q2 Goal: $0 YTD C&C: $1.3m	P: $0 B: $1.2m	P: $100k B: $0	**YE Goal: $1.2m** **C&C YTD: $1.3m**

Goal & Benchmark Process

Purpose: Creating fundraising benchmarks will

1. Show us the health of fundraising pipelines through a feasibility reporting
2. Give us data to create more accurate benchmarks in the future
3. Guide actions and priorities to ensure we reach our goals and develop contingencies

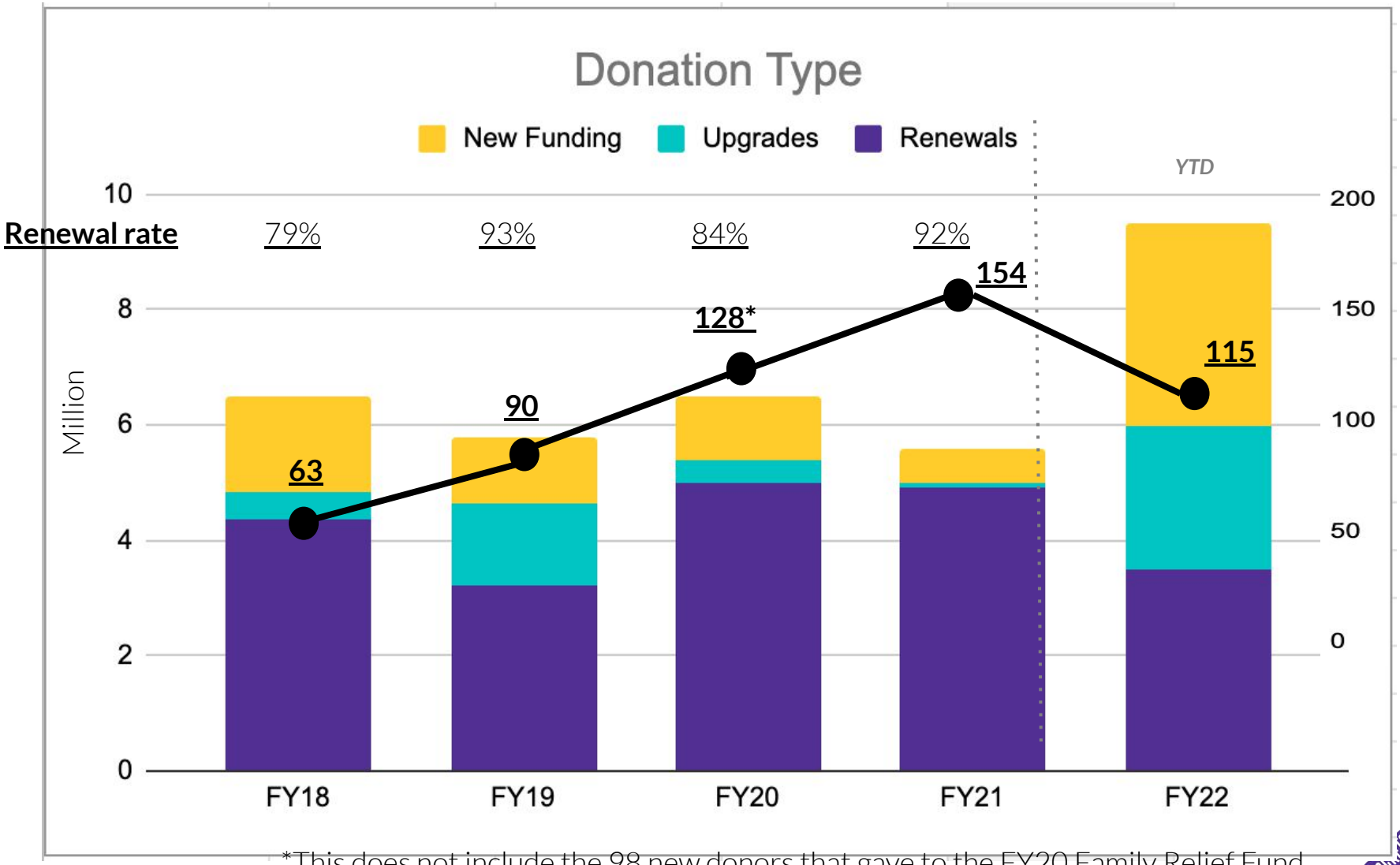
Process:

- Develop benchmarks that set feasible and necessary goals
- Continually monitor progress based on donor meetings and new information
- Identify expected close date of potential gifts through 2022

Background/Notes:

- Benchmarks can be updated, but not recommended during the fiscal year
- This is managed in our Development Salesforce database

We have 115 donors who have given so far this year. We have another 180 in the pipeline and expect to convert at least 50



*This does not include the 98 new donors that gave to the FY20 Family Relief Fund

Reconciliation Summary

- $9m raised to date includes an estimated $2.5m in reimbursable expenses from the CA Community Schools Partnership Program grant that are designated for new community school initiatives in CA. Most of these expenses were not originally built into the FY22 budget, making them CINA neutral.

- Excluding the CCSPP funds, we have raised $6.8m in philanthropic revenue against a $6.2m budgeted goal.

- Any philanthropic discrepancies between the Development and Finance reports are due to fact that development includes cash-in and formal commitments as funds raised, while Finance and Accounting only report on cash-in status. These discrepancies are accounted for in a quarterly reconciliation process.

Enrollment Context

Enrollment Update: YoY Changes

Enrollment Jan 2021 to Jan 2022				
Region	Actual Enrollment Jan 2021	Actual Enrollment Jan 2022	YoY Change #	YoY Change %
San Jose	5,459	5,015	-444	-9%
East Bay & Peninsula	1,489	1,523	34	2%
Milwaukee	705	719	14	2%
Nashville	1,076	1,014	-62	-6%
DC *(incl. Appletree)*	1,524	1,508	-16	-1%
Total	10,253	9,779	-474	-5%

- Our 474 student enrollment drop was driven almost entirely by a 444 student decline in San Jose. Nashville's 62 student drop was a result of low enrollment at RNNE, primarily in K.
- The recruitment landscape continues to become more challenging - this is felt most acutely in our schools located in or directly adjacent to Alum Rock Unified (RSSP, RLS, RBM, RFZ, and RDP).
- External factors leading to a challenging recruitment environment aren't purely pandemic-driven. Low birth rate and gentrification in San Jose has caused a consistent decline in enrollment over the last six years. From 2014 to 2020, all schools (including charters) within our district boundaries reported significant drops in TK-5 enrollment:
  - Alum Rock Unified: -2,287 TK-5th graders (-22%)
  - San Jose Unified: -3,444 TK-5th graders (-20%)
  - Franklin-McKinley: -1,321 TK-5th graders (-17%)

FY22 Update

FY22 Forecast Update to the Board Approved August Budget

Budget forecast shows minor shifts to revenue and expense

- Revenue is down 2.3%
- Expenses are down 1.8%
- Lease adjusted CINA down $1.5M

Revenue shifts were buoyed by bringing $1.5M of ESSER funds forward

- CA $1.2M ESSER pulled forward
- DC $300K ESSER pulled forward
- Represents 8% of planned FY23 ESSER allocations

RDL will require additional $300K grant from National which will come from National contingency.

- To serve all kids well, RDL incurs high special education expenses
- RDL has lower revenue than other CA schools
- RDL has been among the hardest hit by low attendance due to COVID

California Hold Harmless

- There is pending legislation in CA that would allow us to use 2019-2020 ADA for FY22
- District schools already have this hold harmless in place but charters do not
- If the legislation passes we will not need to use next year's ESSER funds in FY22

Quarterly Forecast Update:
FY22 November Forecast Overview

($000)	FY22 Aug FY22 B	FY22 Nov Forecast	FY22 Var
Federal Income	28,957	30,857	1,900
State Revenue Sources	148,437	141,974	(6,463)
Other Local Revenues	1,471	1,139	(332)
Grants and Fundraising	6,320	6,946	626
Revenues	**185,186**	**180,917**	**(4,269)**
Compensation	106,049	103,112	2,937
Non Compensation	55,262	55,148	114
Rent	20,554	20,400	154
Network Service Fee			
Expense	**181,865**	**178,660**	**3,205**
CINA	**3,321**	**2,257**	**(1,064)**
Lease Adjusted CINA	4,925	3,429	(1,496)

FY22 FY Forecast:

- Revenue $180.9
- Expense $178.7
- Lease adjusted CINA $3.4M

Changes from the August Budget:

- Per pupil revenues decreased by approx. $6.4M, offset by pull forward of approx. $1.5M ESSER funding
- $3.2M in savings
- Net lease adjusted CINA impact of ($1.5M)

FY22 November Forecast: RPS Summary by Region

	FY22 Forecast - Nov								
($000)	CA	MKE	NSH	DC	TX	NTL	Elim	Nov RPS	Aug FY22 B
Federal Income	16,233	2,577	4,305	7,062	430	250		30,857	28,957
State Revenue Sources	89,196	6,740	13,583	32,455	0	0		141,974	148,437
Other Local Revenues	127	23	9	868	0	111		1,139	1,471
Grants and Fundraising	132	400	688	500	1,200	4,027		6,946	6,320
Revenues	**111,546**	**10,431**	**19,424**	**42,441**	**1,630**	**20,497**	**(25,052)**	**180,917**	**185,186**
Compensation	59,006	5,662	8,815	16,371	1,018	12,241		103,112	106,049
Non Compensation	25,076	3,137	4,951	15,673	530	7,658	(1,876)	55,148	55,262
Rent	11,319	584	1,079	7,227	20	171		20,400	20,554
Network Service Fee	14,693	1,297	2,519	4,667	0	0	(23,176)	0	
Expense	**110,094**	**10,679**	**17,363**	**43,938**	**1,568**	**20,069**	**(25,052)**	**178,660**	**181,865**
CINA	**1,451**	**(248)**	**2,060**	**(1,497)**	**62**	**428**	**(0)**	**2,257**	**3,321**
Lease Adjusted CINA	**1,451**	**(248)**	**2,060**	**(325)**	**62**	**428**	**-**	**3,429**	**4,925**
Aug Budget CINA	**3,321**	**(220)**	**774**	**923**	**136**	**(8)**	**-**	**4,925**	
Variance	**(1,870)**	**(28)**	**1,287**	**(1,247)**	**(73)**	**435**	**-**	**(1,496)**	

Cash and Liquidity Projection - November Forecast

Forecast Balance Sheet - 6/30/22									6/31/21
(000s)	National	CA	MKE	NSH	DC	TX	Elim	RPS	RPS
Cash and cash equivalents	6,586	34,184	703	3,599	6,264	215	-	51,552	42,198
Accounts Receivable	1,203	12,522	997	739	656	49	(1,519)	14,648	26,412
Prepaid	2,133	3,059	94	162	235	0	-	5,684	5,723
Security Deposits	5	444	0	0	0	0	-	450	450
Property, plant & equipment	69	4,276	25	73	24	0	-	4,466	4,466
Note receivable	6,121	958	865	23	1,526	0	(9,493)	0	0
Total Assets	**16,118**	**55,445**	**2,684**	**4,596**	**8,705**	**265**	**(11,012)**	**76,800**	**79,248**
Accounts Payable	1,581	2,342	210	225	669	59	-	5,086	5,566
Accrued Liabilities	1,472	3,238	72	288	404	43	-	5,516	6,453
Deferred Lease Liability	0	3,680	109	8	8,154	0	-	11,951	10,671
Deferred network svc fee	0	1,629	3,171	896	2,416	0	(8,112)	0	0
Intercompany Loan	0	250	1,850	150	650	0	(2,900)	0	0
Long-Term Loans	2,941	281	302	814	0	0	-	4,338	6,793
Total Liabilities	**5,994**	**11,420**	**5,714**	**2,380**	**12,294**	**102**	**(11,012)**	**26,891**	**32,414**
Net Assets	**10,125**	**44,025**	**(3,030)**	**2,216**	**(3,588)**	**163**	**(0)**	**49,909**	**46,834**
Total Liabilities and Net Assets	**16,118**	**55,445**	**2,684**	**4,596**	**8,705**	**265**	**(11,012)**	**76,800**	**79,248**

Projected YE balance sheet is strong:

Days Cash on Hand of 103

Net Asset Ratio of 65%

Intercompany Loans and Grants

- Four schools forecasted to require grants from National in FY22 totaling $758K, update from $500k in budget
- RDL requires additional $300k grant, compared to budget

- Grants from national have decreased from $2.6 in FY20 and $1.3M in FY21 to $758K in FY22

Grants From National				
	FY21	Budget FY22	YTD Act FY22	Forecast FY22
RDP	200	100		100
RRWC	175	200		200
RDL		100		400
RSCP	100	100		58
TX Region	835			
Total	**1,310**	**500**		**758**

*** RSSP, $175K Interdistrict FY22*

Deferral/ Interco Loans	FY20 YE	FY21 YE	FY22 F
CA	5,450	2,290	1,879
MKE	4,213	4,945	4,771
NSH	1,177	1,117	1,046
DC	2,648	3,093	2,416
Total	**13,488**	**11,445**	**10,112**

- Deferrals and intercompany loans projected to decrease from $13.5M in FY20 to $10.1M in FY22
- Decrease in deferrals and intercompany loans has been most significant in CA.
- MKE is the only region anticipated to increase their deferrals and intercompany loans in FY22.

Q2 Finance Review

Q2 YTD CINA unfavorable to budget

($000)	FY22 Q2 YTD Aug FY22 B	Q2 FY22 A	Var
Federal Income	13,972	10,353	(3,620)
State Revenue Sources	70,709	66,773	(3,937)
Other Local Revenues	790	447	(343)
Int Transfers/Network Support Fee	51	()	(51)
Grants and Fundraising	2,927	6,049	3,122
Revenues	**88,450**	**83,622**	**(4,828)**
Compensation	52,575	50,231	2,344
Non Compensation	29,672	29,860	(188)
Network Service Fee	()	()	()
Expense	**92,524**	**90,281**	**2,243**
CINA	**(4,074)**	**(6,660)**	**(2,585)**
Lease Adjusted CINA	(3,120)	(5,796)	(2,675)

Overview

- Revenue variance ($4.8M)
- Expenses favorable by $2.2M
- Lease adjusted CINA unfavorable by $2.7M

Revenue Variance

- Decrease in per pupil funding due to decreases in enrollment and attendance (i.e. quarantines)
- Timing of Federal and CA COVID-relief revenue
- COVID revenue timing will correct over the upcoming quarters as receipts catch up with expenditures

Expense Variance

- Comp savings due to open positions, hourly staff shortages, budgeted new hires on hold
- Comp savings helps offset the losses associated with lower enrollment.

FY22 Q2 Balance Sheet

Cash increase since June driven by CA COVID relief and ELOP apportionments

Balance Sheet - 12/31/21									6/31/21
(000s)	National	CA	MKE	NSH	DC	TX	Elim	RPS	RPS
Cash and cash equivalents	4,769	41,144	160	3,719	7,057	424	0	57,273	42,198
Accounts Receivable	3,034	12,474	916	725	2,816	0	(3,856)	16,109	26,412
Prepaid	1,257	3,339	78	170	463	20	0	5,328	5,723
Security Deposits	5	444	0	0	0	0	0	450	450
Property, plant & equipment	55	4,180	21	69	21	0	0	4,346	4,466
Note receivable	6,900	985	967	47	1,526	0	(10,281)	145	0
Total Assets	**16,021**	**62,567**	**2,142**	**4,729**	**11,884**	**445**	**(14,137)**	**83,650**	**79,248**
Accounts Payable	(336)	1,679	235	119	1,122	15	0	2,833	5,566
Accrued Liabilities	1,481	3,405	115	545	326	42	0	5,915	6,613
Deferred Revenue	4	12,950	177	463	4,358	0	0	17,952	2,931
Deferred Lease Liability	0	4,368	100	6	7,366	0	0	11,841	10,671
Deferred network svc fee	0	3,269	3,050	1,167	3,580	0	(10,786)	281	0
Intercompany Loan	0	701	1,850	150	650	0	(3,351)	0	0
Long-Term Loans	3,279	414	303	817	0	0	0	4,814	6,793
Total Liabilities	**4,427**	**26,787**	**5,831**	**3,267**	**17,403**	**57**	**(14,137)**	**43,635**	**32,574**
Net Assets	**11,594**	**35,780**	**(3,689)**	**1,462**	**(5,519)**	**387**	**(0)**	**40,014**	**46,674**
Total Liabilities and Net Assets	**16,021**	**62,567**	**2,142**	**4,729**	**11,884**	**445**	**(14,137)**	**83,650**	**79,248**

12/31 balance sheet is strong:

Days Cash On Hand of 117

Net Asset Ratio of 48%

Q2 YTD Budget to Actual: CA

CA	Q2-FY22 YTD			FY22 Forecast		
$000s	Budget	Actuals	Variance	Budget	Forecast	Variance
Revenue	54,583	48,974	(5,609)	117,115	111,546	(5,569)
Expense	57,680	54,748	2,932	113,794	110,094	3,700
CINA	(3,097)	(5,774)	(2,677)	3,321	1,451	(1,869)

Q2 YTD

- CINA variance of ($2,677K)
- Revenue variance due to timing of ESSER claims and drop in enrollment

Forecast

- CINA variance of ($1,869K)
- Revenue variance due to $6.2M decrease in per pupil funds on enrollment, offset by pull in of $1.2M of ESSER funds from FY23
- Savings on compensation due to open positions, food service, and network service fees on lower revenue

Q2 YTD Budget to Actual: CA Schools

FY22 Q2 YTD	RMS	RSSP	RLS	ROMO	RDP	RBM	RSA	RSK	RFZ	RRWC	RRS	RFA	RDL	TOTAL CA
CINA Budget	(369)	(296)	(263)	(141)	(342)	(270)	(306)	(234)	(72)	(195)	37	(281)	(351)	(3,083)
CINA Actual	(555)	(842)	(635)	(379)	(499)	(616)	(467)	(378)	(96)	(328)	102	(351)	(604)	(5,649)
Variance	(187)	(546)	(372)	(238)	(158)	(346)	(160)	(144)	(25)	(133)	64	(70)	(253)	(2,566)

CINA variance ($2,566) YTD

Revenue

- YTD revenue shortfall primarily driven by
  - $ 2.1M due to timing of State and Federal COVID relief revenue and
  - $2.9M reduction in per pupil funding due to decrease in enrollment and attendance
- This is addressed in Nov forecast which reduces revenue by $5.6M

Expenses

- Expenses are $2.7M lower than budget
  - Comp savings of $1.4M
  - Favorable non-comp variance on network service fees (timing of revenue) and other non-comp savings

Hold Harmless

- Hold harmless legislation has been proposed that could return up to $6M to CA schools

Q2 YTD Budget to Actual: Milwaukee

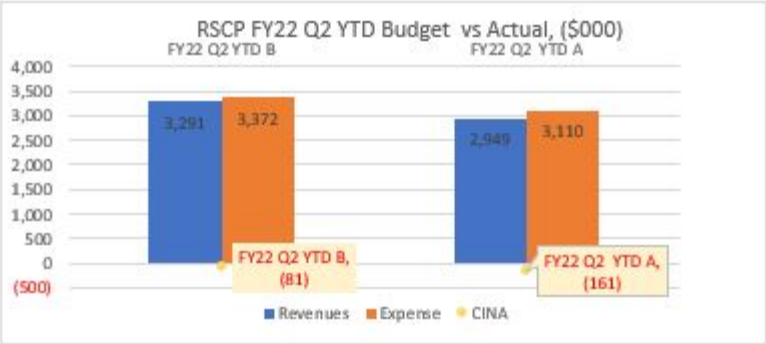
Q2 YTD

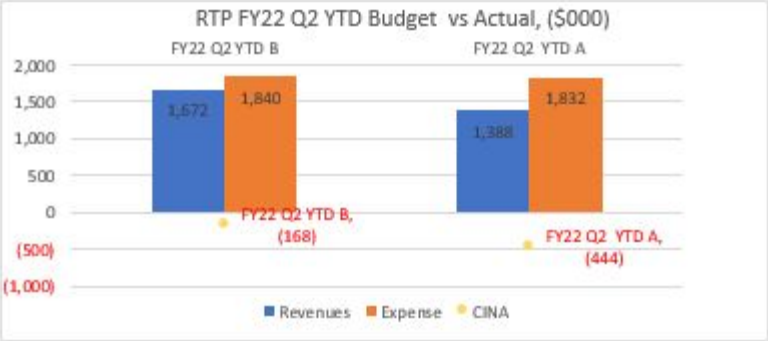
- CINA variance of ($468K)
- Revenue variance due primarily to timing of ESSER claims and a small drop in enrollment

Forecast

- CINA variance of ($28K)
- Revenue variance due to small drop in enrollment
- Savings identified to return CINA to budgeted level

MKE	Q2-FY22 YTD			FY22 Forecast		
$000s	Budget	Actuals	Var	Budget	Forecast	Var
Revenue	5,383	4,568	(816)	10,673	10,431	(241)
Expense	5,605	5,258	347	10,893	10,679	213
CINA	(222)	(690)	(468)	(220)	(248)	(28)





Q2 Budget to Actual: Nashville

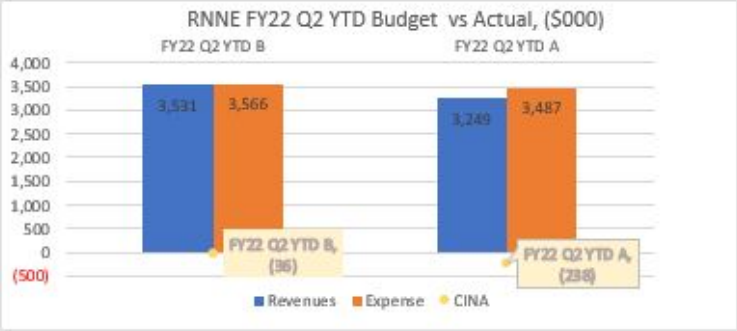
Q2 YTD

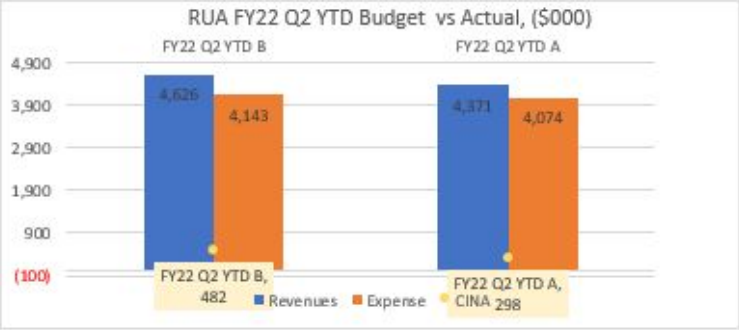
- As of Q2, Nashville is on target
- CINA variance of $25K

NSH	Q2-FY22 YTD			FY22 Forecast		
$000s	Budget	Actuals	Var	Budget	Forecast	Var
Revenue	8,783	8,645	(139)	17,302	18,189	887
Expense	8,371	8,207	164	16,528	16,997	(469)
CINA	412	437	25	774	1,192	418

Forecast

- CINA variance of $418K
- Revenue increased significantly due to an increase in per pupil funding.
- Expenses increased as a result of additional funding.





Q2 Budget to Actual: DC

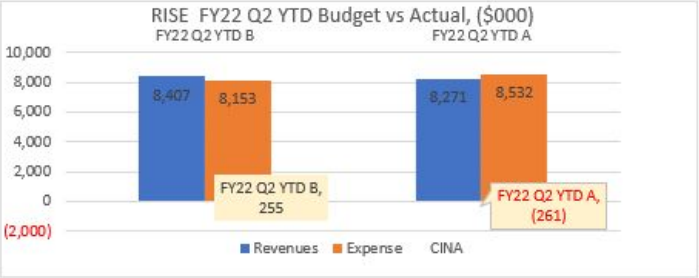
Q2 YTD

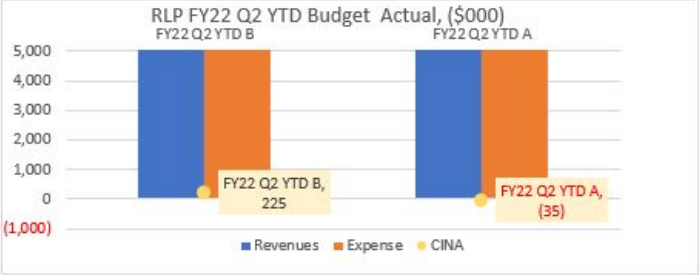
- CINA variance of ($1.4M)
- Revenue variance due primarily to timing of ESSER claims and lower than expected revenue for Rocketboosters! after school program
- Expense variance driven by COVID related costs at beginning of the year and timing of Appletree expenses

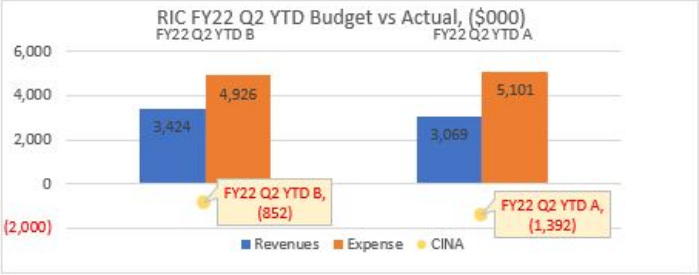
Forecast

- CINA Variance of ($1.2M)
- Revenue variance due to decrease in enrollment and demographic composition of student body
- Expenses are anticipated to be slightly higher than budgeted.

DC	Q2-FY22 YTD			FY22 Forecast		
$000s	Budget	Actuals	Variance	Budget	Forecast	Variance
Revenue	21,126	19,930	(1,196)	43,119	42,441	(678)
Expense	21,967	22,520	(553)	43,801	43,938	(137)
CINA	(841)	(2,590)	(1,749)	(682)	(1,497)	(815)
Lease Adjusted CINA	(412)	(1,820)	(1,408)	923	(325)	(1,247)







** Lease adjusted CINA*

Q2 YTD Budget to Actual: Texas

TX Region	Q2-FY22			FY2022		
($000)	Budget	Region Actuals	Variance	Budget	Region Forecast	Variance
Federal Income	205	0	(205)	430	430	(0)
Int Transfers/Network Svc Fee	9	0	(9)	18	0	(18)
Grants and Fundraising	600	1,127	527	1,200	1,200	(0)
Revenues	**814**	**1,127**	**313**	**1,648**	**1,630**	**(18)**
Compensation	507	416	91	1,115	1,018	98
Non Compensation	162	309	(147)	325	530	(204)
Rent	9	13	(4)	18	20	(2)
Network Service Fee	26	0	26	53	0	53
Expense	**705**	**738**	**(33)**	**1,511**	**1,568**	**(57)**
			0			0
CINA	**109**	**388**	**280**	**136**	**62**	**(74)**

- Texas is exceeding projections as of Q2, driven by fundraising which is ahead of projections
- Revised forecast makes no material change to August budget projections.

Q2 Budget to Actual: National

National	FY22 Q2 YTD			FY22		
($000)	Budget	Actuals	Variance	Budget	Forecast	Variance
Federal Income	125	0	(125)	250	250	0
Other Local Revenues	36	88	52	72	111	39
Int Transfers/Network Svc Fee	7,917	6,901	(1,016)	16,643	16,109	(534)
Grants and Fundraising	1,727	3,942	2,215	3,820	4,027	207
Revenues	**9,805**	**10,931**	**1,126**	**20,785**	**20,497**	**(288)**
Compensation	6,637	5,951	687	13,466	12,241	1,225
Non-Comp	3,515	3,327	188	7,150	7,658	(508)
Rent	88	85	3	177	171	6
Expense	**10,241**	**9,363**	**878**	**20,793**	**20,069**	**723**
CINA	**(436)**	**1,568**	**2,003**	**(8)**	**428**	**435**

- Q2 actuals are significantly better than budget
  - Revenue increase is driven by philanthropy
  - Expense savings is driven position vacancies and elimination of positions that were on hold
- Forecast is better than August budget
  - Revenue decrease driven by lower service fee caused by lower enrollment
  - Expense savings driven by position vacancies offset partially by increased consulting cost
- Contingency of $583K remains in place

2022-23 Annual Planning

Enrollment and Budget Approach

General Approach to Enrollment

- Budgeting will be based on Projected Enrollment, a transparent, data driven and realistic assessment of FY23 attainable enrollment targets
- This represents a slight shift from BET which served, in part, as a motivational/aspirational target

California

- California funding is based on Average Daily Attendance (ADA), not enrollment
  - In prior years attendance rates were stable
  - FY22 average attendance rates have fallen approximately 4%
  - FY23 projected attendance rate assumptions will mirror FY22 due to continued uncertainty around COVID variants, quarantines, etc.
  - Pending legislation would hold charter schools harmless for dips in attendance
- Initial approach to FY23 budgeting uses realistic enrollment and attendance projections.
  - Creates challenges that will require adjustments
  - Likely reduction of out-of-model positions in the base budget
    - These positions may remain if funded with ESSER dollars
    - We will create a three year plan to prepare for the sunset of ESSER funds
  - Assess impact of addressing compensation in CA as we expect districts to further elevate compensation as well as the rapid elevation of hourly compensation across the state
    - Would require further adjustments to the budget model

Enrollment Update: YoY Changes

Enrollment Jan 2021 to Jan 2022				
Region	Actual Enrollment Jan 2021	Actual Enrollment Jan 2022	YoY Change #	YoY Change %
San Jose	5,459	5,015	-444	-9%
East Bay & Peninsula	1,489	1,523	34	2%
Milwaukee	705	719	14	2%
Nashville	1,076	1,014	-62	-6%
DC *(incl. Appletree)*	1,524	1,508	-16	-1%
Total	10,253	9,779	-474	-5%

- Our 474 student enrollment drop was driven almost entirely by a 444 student decline in San Jose. Nashville's 62 student drop was a result of low enrollment at RNNE, primarily in K.
- The recruitment landscape continues to become more challenging - this is felt most acutely in our schools located in or directly adjacent to Alum Rock Unified (RSSP, RLS, RBM, RFZ, and RDP).
- External factors leading to a challenging recruitment environment aren't purely pandemic-driven. Low birth rate and gentrification in San Jose has caused a consistent decline in enrollment over the last six years. From 2014 to 2020, all schools (including charters) within our district boundaries reported significant drops in TK-5 enrollment:
  - Alum Rock Unified: -2,287 TK-5th graders (-22%)
  - San Jose Unified: -3,444 TK-5th graders (-20%)
  - Franklin-McKinley: -1,321 TK-5th graders (-17%)

Enrollment Update: A Look Towards 2022-23

Current Enrollment & Next Year's Projections				
Region	Actual Enrollment Jan 2022	Projected Enrollment SY 22-23	YoY Change #	YoY Change %
San Jose	5,015	4,940	-75	-2%
East Bay & Peninsula	1,523	1,508	-15	-1%
Milwaukee	719	727	8	1%
Nashville	1,014	1,435	421	29%
DC (incl. Appletree)	1,508	1,630	122	7%
Texas		410	410	100%
Total	9,779	10,650	871	8%

Of the new students projected for next year, 830 come from new school openings in Texas and Nashville. The remaining new students are concentrated at RIC, which is adding a grade as it grows to scale.

The slight decline in California is driven by smaller kindergarten cohorts transitioning into first grade while larger G4 cohorts move on to middle school.

COVID Funding

COVID relief funding totals $61M over four years

- COVID relief funding decreases by
  - 27% from FY22 to FY23
  - 23% from FY23 to FY24
- This creates a gradual decrease over the next two years but will require careful planning for FY25

	COVID/One time Revenue				
($000s)	**FY21**	**FY22**	**FY23**	**FY24**	**TOTAL**
CA	8,199	14,951	10,105	6,904	40,158
MKE	196	2,125	1,823	1,311	5,455
NSH	270	1,288	1,425	733	3,717
DC	731	4,190	3,078	3,600	11,599
Total	**9,395**	**22,555**	**16,431**	**12,548**	**60,929**

Texas Update

Texas Financial Projections

The current single school model shows positive CINA and the two school model including Regional NeST is effectively break even.

Updated financial projections have taken into account:

- Increased facilities expenses
- Increased transportation expense
- Increased expenses associated with the bilingual program
- Increased enrollment
- Additional supports for our schools to ideally realize an A or B status in their first year of operating

New projections show

- Single school generating a $327K positive CINA at full enrollment capacity
- Two school model with Regional NeST operating with a $74K negative CINA when both schools are at full capacity
- Philanthropic need for the two school model is $13.5M over nine years. $1.5M raised to date.
    - Provides resources to create the foundation for a new region
    - Allows Regional NeST to staff in advance of growth

Finances & Funding - Single School Model at 93% FRL

TX1 (93% FRL)	Year 0 2022	Year 1 2023	Year 2 2024	Year 3 2025	Year 4 2026	Year 5 2027	Year 6 2028	Year 7 2029
Total Schools		1	1	1	1	1	1	1
Income Statement								
Federal Income	350,000	1,063,669	750,978	911,877	979,623	983,857	983,857	983,857
State Revenue Sources	-	4,102,439	5,290,328	6,574,048	7,078,161	7,109,668	7,109,668	7,109,668
Total Revenue	**350,000**	**5,166,108**	**6,041,306**	**7,485,924**	**8,057,784**	**8,093,526**	**8,093,526**	**8,093,526**
Certificated Salaries	105,000	1,564,250	1,757,250	1,817,250	1,997,250	1,997,250	1,997,250	1,997,250
Classified Salaries	106,000	583,000	694,942	751,000	805,767	805,767	805,767	805,767
Employee Benefits	46,314	559,177	637,062	671,554	731,865	731,865	731,865	731,865
Books and Supplies	-	654,021	410,165	459,263	470,519	458,220	457,313	457,313
Food Services	-	267,284	342,394	416,851	448,201	450,160	450,160	450,160
Services and Other Operating Expenses	1,395	929,192	948,909	994,880	1,014,345	1,015,387	1,015,387	1,015,387
Travel & Conferences	100	2,800	3,300	3,400	3,700	3,700	3,700	3,700
Dues and Insurance	100	14,109	16,984	19,834	21,034	21,109	21,109	21,109
Rental, Leases, & Repairs	-	950,450	951,000	958,155	1,188,990	1,194,900	1,201,920	1,201,920
Management Fee	-	599,243	775,971	967,086	1,042,096	1,046,784	1,046,784	1,046,784
Non-Comp Adjustments	-	-	50,000	25,000	35,000	35,000	35,000	35,000
Total Expense	**258,909**	**6,123,525**	**6,587,977**	**7,084,273**	**7,758,767**	**7,760,142**	**7,766,255**	**7,766,255**
Net Income CINA	**91,091**	**(957,417)**	**(546,671)**	**401,651**	**299,018**	**333,384**	**327,270**	**327,270**
Cumulative	**91,091**	**(866,326)**	**(1,412,997)**	**(1,011,346)**	**(712,329)**	**(378,945)**	**(51,675)**	**275,595**
Cash and Cash Equivalents	50,661	(1,194,062)	(1,956,490)	(1,800,148)	(1,707,101)	(1,524,327)	(1,304,208)	(1,056,019)

Finances & Funding - 2 School Regional View

		0	1	2	3	4	5	6	7	8
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Schools			1	2	2	2	2	2	2	2
Schools										
Public Revenue (No Philathropy)		350,000	5,516,108	11,179,735	13,491,861	15,500,716	16,105,107	16,140,648	16,140,648	16,140,648
Expenses		258,909	6,287,213	12,639,978	13,705,527	14,845,558	15,512,366	15,519,826	15,525,940	15,525,940
Change in Net Assets		91,091	(771,104)	(1,460,242)	(213,666)	655,158	592,741	620,822	614,708	614,708
Cumulative Cash Position		50,661	(1,048,180)	(3,015,223)	(3,696,506)	(3,497,614)	(3,265,669)	(2,903,995)	(2,479,884)	(2,002,882)
Regional										
Revenues (No Philanthropy)		80,000	199,748	452,998	565,899	647,439	671,780	672,815	672,815	672,815
Expenses		1,229,859	1,554,201	1,558,571	1,682,951	1,270,947	1,356,883	1,358,297	1,359,718	1,361,145
Change in Net Assets		(1,149,859)	(1,354,453)	(1,105,572)	(1,117,051)	(623,507)	(685,104)	(685,482)	(686,902)	(688,330)
Cumulative Cash Position	113,174	(1,057,700)	(2,409,749)	(3,513,585)	(4,629,382)	(5,251,983)	(5,936,432)	(6,621,440)	(7,308,001)	(7,996,084)
Consolidated Schools and Regional NeST										
Change in Net Asset		(1,058,768)	(2,125,557)	(2,565,815)	(1,330,717)	31,650	(92,362)	(64,660)	(72,195)	(73,622)
Cumulative Cash Position before Philanthropy	113,174	(1,007,039)	(3,457,929)	(6,528,808)	(8,325,888)	(8,749,597)	(9,202,101)	(9,525,435)	(9,787,884)	(9,998,966)
Annual Fundraising Need		1,230,354	3,403,787	4,024,450	1,975,569	532,913	565,416	324,665	263,580	211,296
National NeST Fundraising Need		700,000	290,896	-	-	-	-	-	-	-
Total Fundraising Need		1,930,354	3,694,683	4,024,450	1,975,569	532,913	565,416	324,665	263,580	211,296
Cumulative Fundraising Need		1,930,354	5,625,037	9,649,487	11,625,056	12,157,969	12,723,384	13,048,050	13,311,629	13,522,925

Facilities Update
Nashville 3 and Texas 1

ROCKETSHIP
PUBLIC SCHOOLS

5400 MOUNT VIEW ROAD,
ANTIOCH, TN 37013

DATE: JANUARY 28th, 2022

BUDGET: ▌=Previous Week, ▲ =Current Week

SCHEDULE:

OVERALL:

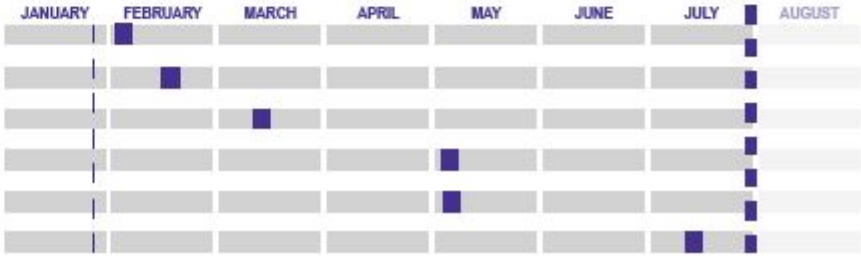
CONSTRUCTION UPDATE:

ACTION:

Construction Update	Action
Weather delays +4 last week, make up days continuing, structural steel install delay (#3) due to site logistics, new s/s install date scheduled 02/02/2022	Increasing make up days brought to T/I as a concern as dates continue to slip, T/I assured that ongoing delays can be made up by WT.
R/S requested proposed mulch playground surface be replaced by rubber matting, WT to provide pricing for review/final approval.	Anticipated increase to budget based on request. Final approval will take into consideration cost implications.
Temp water install begins 1/31, Security guard starts 1/27, Nth Storm & Fire Water installs start 1/28 & 1/29, Waterproofing of Retaining Wall ongoing.	Monitor planned schedule activities as continual delays and schedule slipping has occurred in last 2 weeks and neds to be rectified by T/I.
Currently 3 RFI's and 5 Submittals are outstanding. 1 RFI and 4 Submittals aging and need to be addressed by MZA.	R/S has requested a more detailed weekly review of RFI and Submittal response information to ensure timely responses from MZ.
MZ provided two (2) astroturf options for consideration, RS selected, WT to begin pricing for final decision based on costs/schedule implications.	Awaiting final pricing for turf, irrigation, drainage from TI/WT to make final selection - anticipated w/o 1/31.
Change order requests (Civil, Makeup and Unforeseen conditions) presented by T/I, responded to and rejected by RS Finance.	T/I will be responding to R/S rejection of CO's w/0 1/31, T/I to schedule follow up call for further discussion.

CURRENT MILESTONE DATES:

	# DAYS
02/02/2022: STRUCTURAL STEEL INSTALLATION BEGINS (Delay #2)	-5
02/18/2022: INSULATED METAL PANEL INSTALLATION BEGINS	-21
03/16/2022: ROOF DRY-IN COMPLETION	-47
05/06/2022: PERMANENT POWER / DISTRIBUTION STARTUP	-98
05/09/2022: ROCKETSHIP LOW VOLTAGE TEAM BEGINS	-101
07/14/2022: TEMP CERTIFICATE OF OCCUPANCY RECEIPT	-167



ROCKETSHIP
PUBLIC SCHOOLS

5400 MOUNT VIEW ROAD,
ANTIOCH, TN 37013

ROCKETSHIP
PUBLIC SCHOOLS

5400 MOUNT VIEW ROAD,
ANTIOCH, TN 37013

ROCKETSHIP PUBLIC SCHOOLS

DASHBOARD

3430 E BERRY STREET,
FORT WORTH, TX 76105

DATE: JANUARY 28th, 2022

BUDGET: I= Previous Week, ▲ = Current Week

SCHEDULE:

OVERALL:

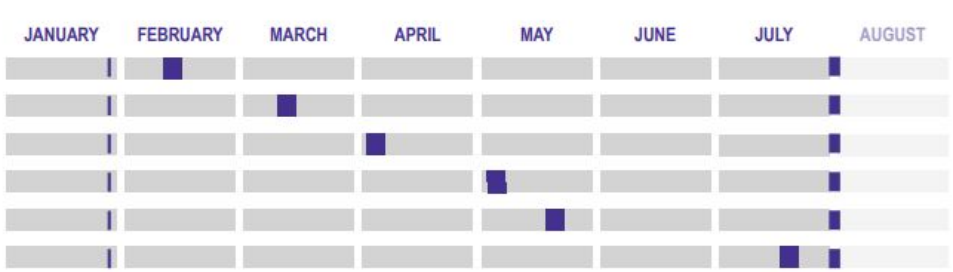
CONSTRUCTION UPDATE:

ACTION:

Primer and foam complete, spacer layer and structural inserts currently in progress, planned dome completion 03/11/2022		No action required, activity is on schedule.
Final grade beam pours completed, backfilling underway in readiness for on grade slab pour and steel erection in Feb. Elevator pit complete past week.		No action required, activity is on schedule.
Low voltage proposals sent to IT, received approval on Option 1 (circa $90K) on 02/25/2022, sent to WT for procurement and ordering. Item closed.		Budget impact circa $90,000 - no further action required.
Underground electrical and plumbing conduit/lines being installed throughout building and dome.		No action required, activity is on schedule.
Storefront Shops, Site Fencing, Playground Submittals to be complete Feb '22.		No action required, activity is on schedule.
Security guard will be onsite 1st week Feb in evenings to prevent further breakins at site (1 recorded incident to date).		Final contract complete - no further action required.

CURRENT MILESTONE DATES:

	# DAYS OUT
02/16/2022: Install Roof Decking for Main Building	-20
03/16/2022: All Project Submittals to be completed for Project	-47
04/08/2022: Building Power and RTU Start Up Completion	-70
05/09/2022: VIP Walkthrough Scheduled, 05/10/2022 1st Parent Walkthrough	-101
05/23/2022: Main Building Permanent Dry-In	-115
07/29/2022: Substantial Completion	-183



ROCKETSHIP
PUBLIC SCHOOLS

3430 E BERRY STREET,
FORT WORTH, TX 76105

Completion of Elevator Pit Pour.

Completion of Elevator Pit Pour.

Floor Plan Included for Visual Reference of Installed Plumbing Lines.

Ongoing Installation of Underground Building Plumbing.

Ongoing Installation of Underground Building Plumbing.

ROCKETSHIP
PUBLIC SCHOOLS

3430 E BERRY STREET,
FORT WORTH, TX 76105

Ongoing Application of the ¼ in Spacer Layer in the Dome.

Ongoing Installation of Building Electrical Conduit.

Ongoing Installation of Building Electrical Conduit.

Ongoing Backfill, Grading, and Formwork in Preparation for Slab on Grade Pour.

Ongoing Backfill, Grading, and Formwork in Preparation for Slab on Grade Pour.

ROCKETSHIP
PUBLIC SCHOOLS

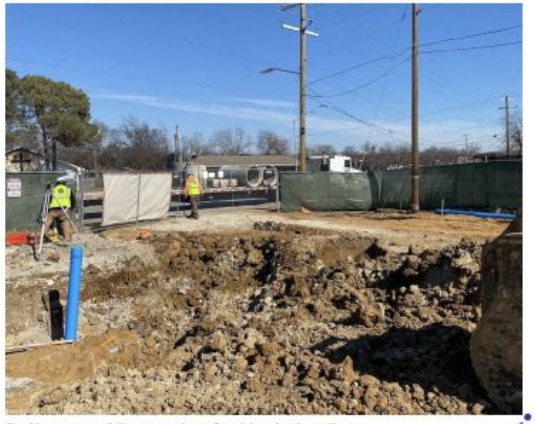
3430 E BERRY STREET,
FORT WORTH, TX 76105

¼ in Spacer Layer for Dome Walls Complete.

Ongoing Application of the ¼ in Spacer Layer in the Dome.

¼ in Spacer Layer for Dome Walls Complete.

Delivery and Excavation for Manhole - East



Delivery and Excavation for Manhole - East

THIRD AMENDED AND RESTATED LEASE AGREEMENT – SI SE PUEDE

Between

Launchpad Development Two LLC

as Landlord

and

Rocketship Education

as Tenant

Dated: _____, 2022

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13.2. Waiver by Tenant of Certain Remedies: Tenant waives the provisions of §§ 1932(1), 1941 and 1942 of the California Civil Code and any similar or successor law regarding Tenant's right to terminate this Lease or to make repairs and deduct the expenses of such repairs from the rent due under this Lease. Tenant hereby waives any right of redemption or relief from forfeiture under the laws of the State of California, or under any other present or future law, including the provisions of §§1174 and 1179 of the California Code of Civil Procedure. 22

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(a) In connection with the operation of the Obligated Group School at the Premises, Tenant receives and expects to receive certain financial assistance, payments, benefits and awards from the State of California (the "State") and the Santa Clara County Office of Education ("SCCOE"), to fund, in part, the operating costs of the Obligated Group School at the Premises, including, without limitation, appropriations, allocations, grants, and funds of all kinds (including per pupil payments) that may be claimed with respect to any Obligated Group School at the Premises pursuant to applicable laws (including, without limitation, under the Charter School Law (as defined in the Master Indenture) by Tenant or by any other entity that is or may operate the Obligated Group Schools at the Premises pursuant to the applicable charters (collectively, the "Appropriations").....10

SUMMARY OF BASIC LEASE TERMS

Lease Reference Date:	_____, 2022 (the "Lease Reference Date")
Landlord:	Launchpad Development Two LLC, a California limited liability company ("Landlord").
Tenant:	Rocketship Education, a California non-profit corporation ("Tenant").
Premises:	Property and structures located thereon at and generally known as 2249 Avenue, San Jose, California and legally described and shown on **Exhibit A**.
Tenant's Share:	100%
Effective Date:	_____, 2022 ("Effective Date")
Lease Term:	The Lease Term shall be the term set forth in **Exhibit B**, attached hereto and incorporated herein.
Basic Rent:	The Rent shall be the amount set forth in **Exhibit B**, attached hereto and incorporated herein.
Permitted Use:	Solely for the purpose of operating an elementary charter school in accordance with the school's charter, serving students in transitional kindergarten through sixth grade, that is exempt from federal income taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code") as an organization described in Code Section 501(c)(3) and that qualifies as an "educational organization" as described under Code Section 170(b)(l)(A)(ii), and for any other lawful related or incidental educational purposes (the "Permitted Use").
Permitted Tenant's Alterations Limit:	$2,500.00
Tenant's Liability Insurance Minimum:	$1,000,000.00

Landlord's Address:	c/o Launchpad Development Company 350 Twin Dolphin Drive, Suite 109 Redwood City, CA 94065 Attn: Legal
Tenant's Address:	c/o Rocketship Education 350 Twin Dolphin Drive, Suite 109 Redwood City, CA 94065 Attn: Chief Executive Officer and Legal Counsel
With a Copy to:	c/o Rocketship Education 350 Twin Dolphin Drive, Suite 109 Redwood City, CA 94065 Attn: Chief Schools Officer
Lease:	This Lease includes the Summary of Basic Lease Terms, the Lease, and the following exhibits and addenda: **Exhibit A** (Site Plan/Legal Description of the Premises) **Exhibit B** (Rent, Term, and Other Specific Provisions) **Exhibit C** (Project Description) **Exhibit D** (Maintenance Services to be provided by Landlord) **Exhibit E** (Intercept Notice)

The foregoing Summary is hereby incorporated into and made part of this Lease. Each reference in this Lease to any term of the Summary shall mean the respective information set forth above shall be construed to incorporate all of the terms provided under the particular paragraph pertaining to such information. In the event of any conflict between the Summary and the Lease, the Summary shall control.

THIRD AMENDED AND RESTATED LEASE AGREEMENT – SI SE PUEDE

This Third Amended and Restated Lease Agreement - Si Se Puede (this "Lease") is dated as of the Lease Reference Date specified in the Summary and made between the Landlord and Tenant identified in the Summary with reference to the following:

RECITALS

A. Landlord and Tenant entered into that certain Amended and Restated Lease dated June 1, 2013 (the "Original Lease"), which Original Lease was amended and restated in its entirety by the Second Amended and Restated Lease Agreement – Si Se Puede dated February 1, 2014 (the "Second A&R Lease". Landlord and Tenant desire to amend and restate the Second A&R Lease in its entirety as provided herein and this Lease is completed substituted for and replaces in its entirety the Second A&R Lease from and after the Lease Reference Date. Landlord is the owner of that property commonly known as and referred to as 2249 Dobern Avenue, San Jose, California, legally described in **Exhibit A** attached hereto and incorporated herein (the "Property") and certain facilities and improvements thereon as described in the Project Description attached hereto as **Exhibit C** (the "Improvements"). The Property and Improvements are collectively the "Premises".

B. Landlord desires to lease the Premises to Tenant and Tenant desires to lease the Premises form Landlord for the term, at the rental and upon the covenants, conditions and provisions herein set forth.

B. Pursuant to Landlord's request, on or about [_____, 2022], the California Enterprise Development Authority, a joint exercise of powers authority organized and existing under the laws of the State of California, (together with its successors and assigns, the "Issuer"), is expected to issue those certain California Enterprise Development Authority Charter School Revenue Refunding Bonds (Rocketship Public Schools – Obligated Group No. 2) Series 2022A (the "2022A Tax-Exempt Bonds") and its California Enterprise Development Authority Charter School Revenue Refunding Bonds (Rocketship Public Schools – Obligated Group No. 2) Series 2022B (Taxable) (the "2022B Taxable Bonds" and together with the 2022A Tax-Exempt Bonds, the "2022 Bonds"), a portion of the proceeds of which (the "Loan") will be made available to Landlord through a Loan Agreement dated as of [_____], 2022 (the "Loan Agreement") entered into by and among the Issuer, Landlord, Launchpad Development Company ("Launchpad"), Launchpad Development Eleven LLC ("LP11") and Launchpad Development Twelve LLC ("LP12"). The Issuer and Wilmington Trust, National Association, as trustee thereunder (the "Trustee") are entering into that certain Indenture dated as of [_____] (the "Indenture") in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof, redemption price, if any, and interest thereon.

C. Launchpad, as the obligated group representative ("Launchpad"), Launchpad Development Four LLC, Launchpad Development Eight LLC and Trustee entered into that certain Master Indenture of Trust dated September 1, 2021, as supplemented by a Supplemental Master Indenture for Obligation No. 1 dated September 1, 2021 and a Supplemental Master Indenture for Obligation No. 2, dated as of [_____], 2022 entered into by Launchpad, Landlord, LP11 and LP12 and Wilmington Trust, National Association, as master trustee thereunder ("Master Trustee") (collectively, as amended and supplement from time to time, the "Master Indenture"). As additional security for the Loan, Landlord is entering into that certain [Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing dated _____, 2022] (the "Deed of Trust") (collectively, the Deed of Trust, the Loan Agreement, the Indenture, and the Master Indenture and any and all other instruments, documents and agreements entered into in connection therewith, as the same may be amended, restated, supplement or modified from time to time in accordance with their terms, are referenced herein as the "Loan Documents") for the benefit of the Issuer. Capitalized terms not otherwise defined in this Lease shall have such meanings as are set forth in the Loan Documents.

NOW, THEREFORE, in consideration of the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1.

DEFINITIONS

General: Any initially capitalized term that is given a special meaning by this Article 1, the Summary, or by any other provision of this Lease (including the exhibits attached hereto) shall have such meaning when used in this Lease or any addendum or amendment unless otherwise clearly indicated by context.

Address for Notices: The term "Address for Notices" shall mean the addresses set forth in the Summary.

Additional Rent: The term "Additional Rent" shall have such meaning as is set forth in **Exhibit B**.

Agents: The term "Agents" shall mean the following: (i) with respect to Landlord or Tenant, the agents, employees, contractors, and invitees of such party; and (ii) in addition with respect to Tenant, Tenant's subtenants and their respective agents, employees, contractors, and invitees.

Agreed Interest Rate: The term "Agreed Interest Rate" shall mean that interest rate determined as of the time it is to be applied that is equal to the lesser of (i) 5% in excess of the discount rate established by the Federal Reserve Bank of San Francisco as it may be adjusted from time to time, or (ii) the maximum interest rate permitted by Law.

Base Rent: The term "Base Rent" shall have such meaning as is set forth in **Exhibit B**.

Bankruptcy Code: The term "Bankruptcy Code" shall have such meaning as is set forth in **Section 13.3**.

Bonds: The term "Bonds" shall have such meaning as is set forth in the recitals.

Building: The term "Building" shall mean the building located on the Property.

Deed of Trust: The term "Deed of Trust" shall have such meaning as is set forth in the recitals.

District: The term "District" shall have such meaning as is set forth in the recitals.

Educational Management Fees: The term "Educational Management Fees" shall have such meaning as is set forth in the **Exhibit B**.

Effective Date: The term "Effective Date" shall have such meaning as is set forth in the recitals.

Estimate: The term "Estimate" shall have such meaning as is set forth in **Section 8.1**.

Event of Tenant's Default: The term "Event of Tenant's Default" shall have such meaning as is set forth in **Section 13.1**.

Expenses: The term "Expenses shall have such meaning as is set forth in **Exhibit B.**

Extraordinary Monthly Rent: The term "Extraordinary Monthly Rent" shall have such meaning as is set forth in **Section 3.3**.

Extraordinary Monthly Rent Notice: The term "Extraordinary Monthly Rent Notice" shall have such meaning as is set forth in **Section 3.3**.

Facility Fee: The term "Facility Fee" shall have such meaning as is set forth in **Exhibit B**.

HVAC: The term "HVAC" shall have such meaning as is set forth in **Section 4.1**.

Hazardous Material: The term "Hazardous Material" shall have such meaning as is set forth in **Section 7.2**.

Improvements: The term "Improvements" shall have such meaning as is set forth in the recitals.

Indenture: The term "Indenture" shall have such meaning as is set forth in the recitals.

Initial Lease Term: The term "Initial Lease Term" shall have such meaning as is set forth in **Exhibit B**

Insured Peril: The term "Insured Peril" shall have such meaning as is set forth in **Section 11.2**.

Landlord: The term "Landlord" shall have such meaning as is set forth in the Summary.

Landlord's Agents: The term "Landlord's Agents" shall have such meaning as is set forth in **Section 5.5**.

Law: The term "Law" shall mean any judicial decision, statute, constitution, ordinance, resolution, regulation, rule, administrative order, or other requirement of any municipal, county, state, federal, or other government agency or authority having jurisdiction over the parties to this Lease or the Premises, or both, in at any time.

Launchpad: The term "Launchpad" shall have such meaning as is set forth in the recitals.

Lease: "Lease" shall mean this Third Amended and Restated Lease Agreement - Si Se Puede, as the same is amended, restated, modified and supplemented from time to time and all attachments or exhibits hereto.

Lease Reference Date: The term "Lease Reference Date" shall have such meaning as is set forth in the Summary.

Lease Term: The term "Lease Term" shall have such meaning as is set forth in **Exhibit B**.

Lender: The term "Lender" shall mean any beneficiary, mortgagee, bond holder, secured party, lessor, or other holder of any Security Instrument.

Loan: The term "Loan" shall have such meaning as is set forth in the recitals.

Loan Agreement: The term "Loan Agreement" shall have such meaning as is set forth in the recitals.

Loan Documents: The term "Loan Documents" shall have such meaning as is set forth in the recitals.

Master Trustee: The term "Master Trustee" shall have such meaning as is set forth in the recitals.

Master Indenture: The term "Master Indenture" shall have such meaning as is set forth in the recitals.

Monthly Expense Payment: [The term "Monthly Expense Payment" shall mean an estimated payment of one month of the annual Operating Expenses payable by Tenant, subject to reconciliation and adjustment to actual annual Operating Expenses as set forth in this Lease.]

Operating Expenses: The term "Operating Expenses" shall have such meaning as is set forth in **Exhibit B**.

Permitted Transfer: The term "Permitted Transfer" shall have such meaning as is set forth in **Section 14.1**.

Permitted Use: The term "Permitted Use" shall have such meaning as is set forth in the Summary.

Private Restrictions: The term "Private Restrictions" shall mean all recorded covenants, conditions and restrictions, private agreements, reciprocal easement agreements, and any other recorded instruments affecting the use of the Premises which (i) exist as of the Effective Date, or (ii) are recorded after the Effective Date and are approved by Tenant.

Property: The term "Property" shall have such meaning as is set forth in the recitals.

Property Management Fee: The term "Property Management Fee" shall have such meaning as is set forth in **Exhibit B**.

Proportionate Share: The term "Proportionate Share" shall have such meaning as is set forth in **Section 3.3**.

Real Property Taxes: The term "Real Property Taxes" shall have such meaning as is set forth in **Section 8.3**.

Renewal Option: The term "Renewal Option" shall have such meaning as is set forth in **Exhibit B**.

Renewal Term: The term "Renewal Term" shall have such meaning as is set forth in **Exhibit B**

Rent: The term "Rent" shall have such meaning as is set forth in **Exhibit B**.

Security Instrument: The term "Security Instrument" shall mean any underlying lease, mortgage, deed of trust, or bond which now or hereafter affects the Premises, and any renewal, modification, consolidation, replacement or extension thereof.

Si Se Puede Charter: The term "Si Se Puede Charter" shall have such meaning as is set forth in **Section 15.18**

Statement: The term "Statement" shall have such meaning as is set forth in **Section 8.1**.

Summary: The term "Summary" shall mean the Summary of Basic Lease Terms that is part of this Lease.

Supplemental Master Indenture: The term "Supplemental Master Indenture" shall have such meaning as is set forth in the recitals.

Tenant: The term "Tenant" shall have such meaning as is set forth in the Summary.

Tenant's Agents: The term "Tenant's Agents" shall have such meaning as is set forth in **Section 5.5**.

Tenant's Alterations: The term "Tenant's Alterations" shall mean all improvements, additions, alterations, and fixtures installed in the Premises by Tenant at its expense which are not Trade Fixtures.

Trade Fixtures: The term "Trade Fixtures" shall mean (i) Tenant's inventory, furniture, signs, and business equipment, and (ii) anything affixed to the Premises by Tenant at its expense for purposes of trade, manufacture, ornament or domestic use (except replacement of similar work or material originally

installed by Landlord) which can be removed without material injury to the Premises unless such thing has, by the manner in which it is affixed, become an integral part of the Premises.

Transfer: The term "Transfer" shall have such meaning as is set forth in **Section 14.1**.

Uninsured Peril: The term "Uninsured Peril" shall have such meaning as is set forth in **Section 11.2**.

2.

DEMISE AND ACCEPTANCE

Demise of Premises. Landlord hereby leases to Tenant, and Tenant leases from Landlord, for the Lease Term upon the terms and conditions of this Lease, the Premises for Tenant's own use. For the purposes hereof, the Effective Date is the date upon which this Lease commences.

3.

RENT

Rent: Commencing on the Effective Date and continuing throughout the Lease Term, Tenant shall pay to Landlord the Rent as set forth in **Exhibit B**. To the extent that there is any inconsistency or distinction between the body of this Lease and the provisions of **Exhibit B**, the terms and provisions of **Exhibit B** shall control.

Rent Defined: [As used herein, "Rent" is comprised of the following: (i) the Base Rent (as defined in **Exhibit B**); (ii) the Monthly Expense Payment (as defined in **Exhibit B**); (iii) the Additional Monthly Payment (as defined in below in **Section 3.3**); (iv) the Property Management Fee (as defined in **Exhibit B**); (v) the Annual Adjusting Rent Payment (as defined in **Section 8.1**); and (vi) Additional Rent (as defined in **Exhibit B**). The term "Rent", as used herein, is also referenced as the "Facility Fee".]

Payment of Rent: All Rent, required to be paid in monthly installments, shall be paid in advance on the twentieth (20th) day of each calendar month during the Lease Term. All Rent shall be paid in lawful money of the United States, without any abatement, deduction or offset whatsoever (except as specifically provided herein), and without any prior demand therefore. All Rent shall be paid to the Master Trustee for deposit in the Gross Revenue Fund (as that term is defined in the Loan Documents), and at such address as the Master Trustee notifies Tenant, or at such other place as Landlord may designate from time to time, with the approval of the Master Trustee as long as Landlord has any obligations pursuant to the terms of the Loan Documents. Tenant's obligation to pay Rent shall be prorated at the commencement and expiration of the Lease Term over any partial month.

In the event that the Lessee under such Lease receives a notice (an "Extraordinary Monthly Rent Notice") from Landlord or the Master Trustee stating that the Master Trustee has not received full payment of Rent with respect to a Related Project (as defined in the Master Indenture) on or before the date that such required payment is due, then Tenant shall pay the Extraordinary Monthly Rent to the Master Trustee not later than two business days following such Tenant's receipt of the Extraordinary Monthly Rent Notice. Landlord shall immediately provide Tenant with a copy of any Extraordinary Monthly Rent Notice or Additional Payment Notice (as defined in the Master Indenture) received by Landlord pursuant to the terms of the Master Indenture. "Extraordinary Monthly Rent" means the amount set forth in an Extraordinary Monthly Rent Notice, which shall indicate Tenant's Proportionate Share of such Extraordinary Monthly Rent. "Proportionate Share" means the amount required to be paid by Tenant to ensure that all of the required Rent with respect to all of the Related Projects have been timely made.

Promptly after the Master Trustee refunds to Landlord the Extraordinary Monthly Rent amount paid by Tenant pursuant to this **Section 3.3** or otherwise releases or make such funds available to Landlord pursuant to the terms of the Loan Documents, Landlord shall refund such amount to Tenant. For clarity, the aforementioned refund mechanism applies with respect to the refund of payments made by Tenant

with respect to a Related Project after the tenant with respect to such Related Project has paid rent and the Master Trustee has sufficient funds available in the Master Revenue Fund.

Late Charge and Interest on Rent in Default: If any Rent is not received by or on behalf of Landlord from Tenant within ten (10) calendar days after Landlord or Master Trustee has notified Tenant in writing that payment has not been received by Landlord or Master Trustee, then Tenant shall immediately pay to Landlord a late charge equal to five percent (5%) of the amount of such delinquent rent as liquidated damages for Tenant's failure to make timely payment, by paying such sum to the Master Trustee for deposit in the Gross Revenue Fund. In no event shall this provision for a late charge be deemed to grant to Tenant a grace period or extension of time within which to pay any rent or prevent Landlord from exercising any right or remedy available to Landlord upon Tenant's failure to pay any rent due under this Lease in a timely fashion. If any Rent remains delinquent for a period in excess of thirty (30) days then, in addition to such late charge, Tenant shall pay to Landlord interest on any rent that is not paid when due at the Agreed Interest Rate from the date such amount became due until paid by paying such sum to the Master Trustee by depositing the same in the Gross Revenue Fund.

4.

USE OF PREMISES

Limitation on Use: Tenant shall use the Premises solely for the Permitted Use. Tenant shall not do anything in or about the Premises which will: (a) cause structural injury to any building on the Premises, or (b) cause damage to any part of any building on the Premises except to the extent reasonably necessary for the installation of Tenant's Trade Fixtures and Tenant's Alterations, and then only in a manner which has been first consented to by Landlord in writing, which consent shall not be unreasonably withheld, conditioned or delayed. Tenant shall not operate any equipment within the Premises which will: (i) materially damage any building on the Premises, (ii) overload existing electrical systems or other mechanical equipment servicing any building on the Premises, (iii) impair the efficient operation of the sprinkler system or the heating, ventilating or air conditioning ("HVAC") equipment within or servicing any building on the Premises, or (iv) damage, overload or corrode the sanitary sewer system. Any dust, fumes, or waste products generated by Tenant's use of the Premises shall be contained and disposed so that they do not (1) create an unreasonable fire or health hazard, (2) damage the Premises, or (3) result in the violation of any Law. Tenant shall not change the exterior of any building on the Premises or install any equipment or antennas on or make any penetrations of the exterior or roof of any building on the Premises, without Landlord's written consent, which shall not be unreasonably withheld. Tenant shall not commit any material physical waste in or about the Premises, and Tenant shall keep the Premises in a neat, clean, attractive and orderly condition, free of any nuisances.

Compliance with Regulations: Tenant shall not use the Premises in any manner which violates any Laws or Private Restrictions which affect the Premises. Tenant shall abide by and promptly observe and comply with all Laws and Private Restrictions. Tenant shall not use the Premises in any manner which will cause a cancellation of any insurance policy covering Tenant's Alterations or any improvements installed by Landlord at its expense or which poses an unreasonable risk of damage or injury to the Premises. Tenant shall not sell, or permit to be kept, used, or sold in or about the Premises any article which may be prohibited by the standard form of fire insurance policy. Tenant shall comply with all reasonable requirements of any insurance company, insurance underwriter, or Board of Fire Underwriters which are necessary to maintain the insurance coverage carried by either Landlord or Tenant pursuant to this Lease.

Signs: Tenant's signage, if any, shall conform to all Laws, be installed at the expense of Tenant, and be installed with such governmental permits as are required by Law. Tenant shall maintain such signs in good condition and repair.

5.

TRADE FIXTURES AND ALTERATIONS

Trade Fixtures: Throughout the Lease Term, Tenant may provide and install, and shall maintain in good condition, any Trade Fixtures required in connection with the operation of an elementary charter school in the Premises. All Trade Fixtures shall remain Tenant's property.

Tenant's Alterations: Construction by Tenant of Tenant's Alterations shall be governed by the following:

A. Tenant shall not construct any Tenant's Alterations or otherwise alter the Premises without Landlord's prior written approval. Tenant shall be entitled, without Landlord's prior approval, to make Tenant's Alterations (i) which do not affect the structural or exterior parts or water tight character of any building on the Premises, and (ii) the reasonably estimated cost of which, plus the original cost of any part of the Premises removed or materially altered in connection with such Tenant's Alterations, together do not exceed the Permitted Tenant's Alterations Limit specified in the Summary per work of improvement. In the event Landlord's approval for any Tenant's Alterations is required, Tenant shall not construct the leasehold improvement until Landlord has approved in writing the plans and specifications therefore, and such Tenant's Alterations shall be constructed substantially in compliance with such approved plans and specifications by a licensed contractor first approved by Landlord. All Tenant's Alterations constructed by Tenant shall be constructed by a licensed contractor in accordance with all Laws using new materials of good quality.

B. Tenant shall not commence construction of any Tenant's Alterations until (i) all required governmental approvals and permits have been obtained, (ii) all requirements regarding insurance imposed by this Lease have been satisfied, (iii) Tenant has given Landlord at least five days' prior written notice of its intention to commence such construction, and (iv) if reasonably requested by Landlord, Tenant has obtained contingent liability and broad form builders' risk insurance in an amount reasonably satisfactory to Landlord if there are any perils relating to the proposed construction not covered by insurance carried pursuant to **Article 9**.

C. All Tenant's Alterations shall remain the property of Tenant during the Lease Term but shall not be altered or removed from the Premises. At the expiration or sooner termination of the Lease Term, all Tenant's Alterations shall be surrendered to Landlord as part of the realty and shall then become Landlord's property, and Landlord shall have no obligation to reimburse Tenant for all or any portion of the value or cost thereof; provided, however, that if Landlord requires Tenant to remove any Tenant's Alterations, Tenant shall so remove such Tenant's Alterations prior to the expiration or sooner termination of the Lease Term. Notwithstanding the foregoing, Tenant shall not be obligated to remove any Tenant's Alterations with respect to which the following is true: (i) Tenant was required, or elected, to obtain the approval of Landlord to the installation of the leasehold improvement in question; (ii) at the time Tenant requested Landlord's approval, Tenant requested of Landlord in writing that Landlord inform Tenant of whether or not Landlord would require Tenant to remove such leasehold improvement at the expiration of the Lease Term; and (iii) at the time Landlord granted its approval, it did not inform Tenant that it would require Tenant to remove such leasehold improvement at the expiration of the Lease Term.

Alterations Required by Law: Tenant shall make any alteration, addition or change of any sort to the Premises that is required by any Law because of (i) Tenant's particular use or change of use of the Premises; (ii) Tenant's application for any permit or governmental approval; or (iii) Tenant's construction or installation of any Tenant's Alterations or Trade Fixtures. Any other alteration, addition, or change required by Law which is not the responsibility of Tenant pursuant to the foregoing shall be made by Landlord (subject to Landlord's right to reimbursement from Tenant specified in §5.4).

Amortization of Certain Capital Improvements: Tenant shall pay additional Rent (to be paid as part of the Monthly Expense Payment) in the event Landlord reasonably elects or is required to make any of the following kinds of capital improvements to the Premises and the cost thereof is not reimbursable as an Operating Expense: (i) capital improvements required to be constructed in order to comply with any Law (excluding any Hazardous Materials Law) not in effect or applicable to the Property as of the Effective Date; and (ii) modification of existing or construction of additional capital improvements or building service equipment for the purpose of reducing the consumption of utility services or Operating Expenses of the Premises (with approval of Tenant). The increase in the Monthly Expense Payment to be paid with respect to each such capital improvement shall be determined as follows:

D. All costs paid by Landlord to construct such improvements (including financing costs) shall be amortized over the useful life of such improvement (as reasonably determined by Landlord in accordance with generally accepted accounting principles) in a series of equal monthly payments with interest on the unamortized balance at the market rate prevailing as of date of completion of the improvement if Landlord borrowed funds to construct such improvements from an institutional lender, bond holders or any other comparable entity. Landlord shall inform Tenant of the monthly amortization payment required to so amortize such costs, and shall also provide Tenant with the information upon which such determination is made.

E. As an addition to the expenses referenced above, beginning on the twentieth (20th) day of each month after the completion of such improvements and continuing on the twentieth (20th) day of each month thereafter, Tenant shall pay the monthly amortization payment for each month after such improvements are completed until the first to occur of (i) the expiration of the Lease Term (as it may be extended), or (ii) the end of the term over which such costs were amortized.

Mechanic's Liens: Tenant shall keep the Premises free from any liens and shall pay when due all bills arising out of any work performed, materials furnished, or obligations incurred by Tenant or Tenant's agents, employees, contractors, licensees and invitees (collectively "Tenant's Agents") relating to the Premises. If any claim of lien is filed against the Premises or recorded (except those caused by Landlord or Landlord's agents, employees, contractors, licensees and invitees (collectively "Landlord's Agents"), Tenant shall bond against or discharge the same within 10 days after the same has been filed or recorded against the Premises. Should any lien be filed against the Premises or any action be commenced affecting title to the Premises, the party receiving notice of such lien or action shall immediately give the other party written notice thereof.

Taxes on Tenant's Property: Tenant shall pay before delinquency any and all taxes, assessments, license fees and public charges levied, assessed or imposed against Tenant or Tenant's estate in this Lease or the property of Tenant situated within the Premises which become due during the Lease Term. If any tax or other charge is assessed by any governmental agency because of the execution of this Lease, such tax shall be paid by Tenant. On demand by Landlord, Tenant shall furnish Landlord with satisfactory evidence of these payments.

6.

REPAIR AND MAINTENANCE

Tenant's Obligation to Maintain: Except as otherwise provided in **Section 6.2**, **Section 11.1**, and **Section 12.3**, Tenant shall be responsible for the following during the Lease Term:

A. Tenant shall clean and maintain in good order, condition, and repair the Premises and every part thereof (including external grounds and parking areas), through regular inspections and servicing, including, but not limited to: (i) all plumbing and sewage facilities (including all sinks, toilets, faucets and drains), and all ducts, pipes, vents or other parts of the HVAC or plumbing system; (ii) all fixtures, interior walls, floors, carpets and ceilings; (iii) all windows,

doors, entrances, plate glass, showcases and skylights (including cleaning both interior and exterior surfaces); (iv) all electrical facilities and all equipment (including all lighting fixtures, lamps, bulbs, tubes, fans, vents, exhaust equipment and systems); and (v) any automatic fire extinguisher equipment in the Premises.

B. Tenant shall be responsible for the maintenance and repair of all utility facilities serving the Premises (including electrical wiring and conduits, gas lines, water pipes, and plumbing and sewage fixtures and pipes). Tenant shall replace any damaged or broken glass in the Premises (including all interior and exterior doors and windows) with glass of the same kind, size and quality. Tenant shall repair any damage to the Premises (including exterior doors and windows) caused by vandalism or any unauthorized entry.

C. All repairs and replacements required of Tenant shall be promptly made with new materials of like kind and quality. If the work affects the structural parts of the Building or if the estimated cost of any item of repair or replacement is in excess of the Permitted Tenant's Alterations Limit, then Tenant shall first obtain Landlord's written approval of the scope of the work, plans therefore, materials to be used, and the contractor.

Landlord's Obligation to Maintain: Landlord shall maintain, repair, and operate all HVAC equipment and elevator which services the Premises, and shall keep the same in good condition through regular inspection and servicing, with expenses passed through to Tenant through payment of Operating Expenses as required by **Article 8** hereof. Landlord will also replace (when necessary in Landlord's reasonable judgment) at its own cost, without reimbursement by Tenant, the roof, HVAC system, elevator, parking lot, and any other capital items (other than those listed in **Section 5.4**) which are capital expenses under generally accepted accounting principles as applied in Landlord's reasonable judgment. Landlord shall not be responsible for repairs required by an accident, fire or other peril or for damage caused to any part of the Premises by any act or omission of Tenant or Tenant's Agents except as otherwise required by **Article 11**. Landlord may engage contractors of its choice to perform the obligations required of it by this Article, and the necessity of any expenditure to perform such obligations shall be at the sole discretion of Landlord.

Landlord's Services and Replacement Obligations: Landlord shall provide Tenant with those certain maintenance services described in **Exhibit D**, attached hereto and incorporated herein. All such maintenance services shall be deemed Operating Expenses under the Lease. In addition, provided that Tenant has maintained the major mechanical systems and roof as set forth above, Landlord shall be responsible for replacement of the major mechanical systems and roof if that should prove necessary, in Landlord's reasonable judgment.

7.

WASTE DISPOSAL AND UTILITIES

Waste Disposal: Tenant shall store its waste either inside the Premises or within outside trash enclosures that are fully fenced and screened in compliance with all Private Restrictions, and designed for such purpose. All entrances to such outside trash enclosures shall be kept closed, and waste shall be stored in such manner as not to be visible from the exterior of such outside enclosures. Tenant shall cause all of its waste to be regularly removed from the Premises at Tenant's sole cost. Tenant shall keep all fire corridors and mechanical equipment rooms in the Premises free and clear of all obstructions at all times.

Hazardous Materials: Landlord and Tenant agree as follows with respect to the existence or use of Hazardous Materials on the Premises:

A. Any handling, transportation, storage, treatment, disposal or use of Hazardous Materials by Tenant and Tenant's Agents after the Effective Date (or such earlier date that Tenant occupied the Premises whether pursuant to this Lease or another agreement) in or about the

Premises shall strictly comply with all applicable Hazardous Materials Laws. Tenant shall indemnify, defend upon demand with counsel reasonably acceptable to Landlord, and hold harmless Landlord from and against any liabilities, losses, claims, damages, lost profits, consequential damages, interest, penalties, fines, monetary sanctions, attorneys' fees, experts' fees, court costs, remediation costs, investigation costs, and other expenses which result from or arise in any manner whatsoever out of the use, storage, treatment, transportation, release, or disposal of Hazardous Materials on or about the Premises by Tenant or Tenant's Agents after the Effective Date (or such earlier date that Tenant occupied the Premises whether pursuant to this Lease or another agreement).

B. If the presence of Hazardous Materials on the Premises caused by Tenant or Tenant's Agents after the Effective Date (or such earlier date that Tenant occupied the Premises whether pursuant to this Lease or another agreement) results in contamination or deterioration of water or soil resulting in a level of contamination greater than the levels established as acceptable by any governmental agency having jurisdiction over such contamination, then Tenant shall promptly take any and all action necessary to investigate and remediate such contamination if required by Law or as a condition to the issuance or continuing effectiveness of any governmental approval which relates to the use of the Premises or any part thereof. Tenant shall further be solely responsible for, and shall defend, indemnify and hold Landlord and its agents harmless from and against, all claims, costs and liabilities, including attorneys' fees and costs, arising out of or in connection with any investigation and remediation required hereunder to return the Premises to its condition existing prior to the appearance of such Hazardous Materials.

C. Landlord and Tenant shall each give written notice to the other as soon as reasonably practicable of (i) any communication received from any governmental authority concerning Hazardous Materials which relates to the Premises, and (ii) any contamination of the Premises by Hazardous Materials which constitutes a violation of any Hazardous Materials Law. Tenant may use small quantities of household chemicals such as adhesives, lubricants, and cleaning fluids in order to conduct its business at the Premises and such other Hazardous Materials as are necessary for the operation of Tenant's business of which Landlord receives notice prior to such Hazardous Materials being brought onto the Premises and which Landlord consents in writing may be brought onto the Premises. At any time during the Lease Term, Tenant shall, within five days after written request therefore received from Landlord, disclose in writing all Hazardous Materials that are being used by Tenant on the Premises, the nature of such use, and the manner of storage and disposal.

D. Landlord may cause testing wells to be installed on the Premises, and may cause the ground water to be tested to detect the presence of Hazardous Material by the use of such tests as are then customarily used for such purposes. If Tenant so requests, Landlord shall supply Tenant with copies of such test results. The cost of such tests and of the installation, maintenance, repair and replacement of such wells shall be paid by Tenant if such tests disclose the existence of facts which give rise to liability of Tenant pursuant to its indemnity given in **Section 7.2A** or **Section 7.2B**.

E. As used herein, the term "Hazardous Material," means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. The term "Hazardous Material," includes, without limitation, petroleum products, asbestos, PCB's, and any material or substance which is (i) listed under Article 9 or defined as hazardous or extremely hazardous pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (ii) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. 6901 et seq. (42 U.S.C. 6903), or (iii) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response; Compensation and Liability Act, 42 U.S.C. 9601 et seq. (42 U.S.C. 9601). As used herein, the term "Hazardous Material Law" shall mean any statute, law,

ordinance, or regulation of any governmental body or agency (including the U.S. Environmental Protection Agency, the California Regional Water Quality Control Board and the California Department of Health Services) which regulates the use, storage, release or disposal of any Hazardous Material.

F. The obligations of Landlord and Tenant under this **Section 7.2** shall survive the expiration or earlier termination of the Lease Term. The rights and obligations of Landlord and Tenant with respect to issues relating to Hazardous Materials are exclusively established by this **Section 7.2**. In the event of any inconsistency between any other part of this Lease and this **Section 7.2**, the terms of this **Section 7.2** shall control.

G. All contamination of the Property with Hazardous Materials other than that described in **Section 7.2A** and **Section 7.2B** shall be the responsibility of Landlord, which shall indemnify, defend upon demand with counsel reasonably acceptable to Tenant, and hold harmless Tenant from and against any liabilities, losses, claims, damages, lost profits, consequential damages, interest, penalties, fines, monetary sanctions, attorneys' fees, experts' fees, court costs, remediation costs, investigation costs, and other expenses which result from or arise in any manner whatsoever out of the same.

Utilities: Tenant shall promptly pay, as the same become due, all charges for water, gas, electricity, telephone, sewer service, waste pick up and any other utilities, materials or services furnished directly to or used by Tenant on or about the Premises during the Lease Term, including, without limitation, (i) meter, use and/or connection fees, hook up fees, or standby fee (excluding any connection fees or hook up fees which relate to making the existing electrical, gas, and water service available to the Premises as of the Effective Date), and (ii) penalties for discontinued or interrupted service.

Compliance with Governmental Regulations: Tenant shall comply with all rules, regulations and requirements promulgated by national, state or local governmental agencies or utility suppliers concerning the use of utility services, including any rationing, limitation or other control. Tenant shall not be entitled to terminate this Lease nor to any abatement in rent by reason of such compliance.

8.

OPERATING EXPENSES

Tenant's Obligation to Reimburse: As a part of the Rent, on the twentieth (20th) day of each calendar month, Tenant shall reimburse Operating Expenses by paying a Monthly Expense Payment as set forth in **Exhibit B**. Tenant shall pay the Monthly Expense Payment as follows: (a) Landlord shall deliver Landlord's reasonable estimate of the Operating Expenses it anticipates will be paid or incurred for the Landlord's fiscal year in question (the "Estimate") at least sixty (60) days prior to the commencement of each Lease Year; (b) during such Lease Year, Tenant shall pay the Monthly Estimated Expense Payment as per the Estimate in advance in monthly installments; and (c) within 90 days after the end of each Lease Year, Landlord shall furnish to Tenant a statement of the actual Operating Expenses paid or incurred by Landlord during the preceding Lease Year ("Statement") and thereupon there shall be an adjustment between Landlord and Tenant, with payment to Master Trustee by depositing such payment in the Gross Revenue Fund or credit by Landlord against the next Rent, as the case may require, within 10 days after delivery by Landlord to Tenant of said statement, so that Master Trustee shall receive the entire amount of the annual operating expenses shown on the Statement and no more. Tenant shall have the right at its expense, exercisable upon reasonable prior written notice to Landlord, to inspect at Landlord's office during normal business hours Landlord's books and records as they relate to Operating Expenses. Such inspection must be within a reasonable time period after Tenant's receipt of the Statement. Tenant may not withhold payment of such bill pending completion of such inspection, and prior payment of the amount shown by the Statement is a pre-condition to inspection. "Lease Year" shall mean each and every consecutive twelve (12) month period during the Lease Term, with the first such twelve (12) month period commencing on the Effective Date; provided, however, if the Effective Date occurs other than on the first

day of a calendar month, the first Lease Year shall be that partial month plus the first full twelve (12) months thereafter.

Operating Expenses Defined: The term "Operating Expenses" shall mean the following:

A. All costs and expenses paid or incurred by Landlord in carrying out the Landlord's maintenance responsibility under **Section 6.3**, except that Landlord will not be entitled to reimbursement of capital expenses except under the circumstances set forth in **Section 5.4**. As used herein, "capital expenses" means and includes replacement of the roof and/or the HVAC system and any other matter which would be considered a capital expenditure pursuant to generally accepted accounting principles as consistently applied by Landlord in its reasonable discretion.

B. All costs and expenses paid or incurred by Landlord in regard to the following: (i) maintenance of the liability, fire and property damage insurance covering the Premises carried by Landlord pursuant to **Section 9.2** (including the prepayment of premiums for coverage of up to one year); (ii) non capital repairs, inspection, and servicing of the roof if performed by Landlord; (iii) maintaining, repairing, inspecting, and operating the HVAC equipment, utility facilities and other building service equipment (but not including capital expense); (iv) complying with all applicable Laws and Private Restrictions; (vi) operating, maintaining, repairing, cleaning, painting, restriping and resurfacing (but not replacing) the parking area; (vii) replacement or installation of lighting fixtures, directional or other signs and signals, irrigation systems, trees, shrubs, ground cover and other plant materials, and all landscaping in the outside area.

C. The following costs: (i) Real Property Taxes as defined in **Section 8.3**; (ii) the amount of any "deductible" paid by Landlord with respect to damage caused by any Insured Peril; (iii) the cost to repair damage caused by an Uninsured Peril up to a maximum amount in any 12 month period equal to 2% of the replacement cost of the buildings or other improvements damaged; and (iv) that portion of all compensation (including benefits and premiums for workers' compensation and other insurance) paid to or on behalf of employees of Landlord but only to the extent they are involved in the performance of the work described by **Section 8.2A** and **Section 8.2B**. Landlord and Tenant shall cooperate to reduce or eliminate any Real Property Taxes to the greatest extent feasible based on their non- profit and charitable status.

D. All additional costs and expenses incurred by Landlord with respect to the operation, protection, maintenance, repair and replacement of the Premises which would be considered a current expense (and not a capital expenditure) pursuant to generally accepted accounting principles; provided, however, that Operating Expenses shall not include any of the following: (i) payments on any loans affecting the Premises; (ii) depreciation of any buildings or any major systems of building service equipment within the Premises; (iii) any cost incurred in complying with Hazardous Materials Laws, which subject is governed exclusively by **Section 7.2**; and (iv) any fees for management services, which are part of the Base Rent.

Real Property Taxes Defined: The term "Real Property Taxes" shall mean all taxes, assessments, levies, and other charges of any kind or nature whatsoever, general and special, foreseen and unforeseen (including all installments of principal and interest required to pay any existing or future general or special assessments for public improvements, services or benefits, and any increases resulting from reassessments resulting from a change in ownership, new construction, or any other cause), now or hereafter imposed by any governmental or quasi governmental authority or special district having the direct or indirect power to tax or levy assessments, which are levied or assessed against, or with respect to the value, occupancy or use of all or any portion of the Premises (as now constructed or as may at any time hereafter be constructed, altered, or otherwise changed) or Landlord's interest therein, the fixtures, equipment and other property of Landlord, real or personal, that are an integral part of and located on the Premises, the gross receipts, income, or rentals from the Premises, or the use of parking areas, public

utilities, or energy within the Premises, or Landlord's business of leasing the Premises. If at any time during the Lease Term the method of taxation or assessment of the Premises prevailing as of the Effective Date shall be altered so that in lieu of or in addition to any Real Property Tax described above there shall be levied, assessed or imposed (whether by reason of a change in the method of taxation or assessment, creation of a new tax or charge, or any other cause) an alternate or additional tax or charge (i) on the value, use or occupancy of the Premises or Landlord's interest therein, or (ii) on or measured by the gross receipts, income or rentals from the Premises, on Landlord's business of leasing the Premises, or computed in any manner with respect to the operation of the Premises, then any such tax or charge, however designated, shall be included within the meaning of the term "Real Property Taxes" for purposes of this Lease. If any Real Property Tax is based upon property or rents unrelated to the Premises, then only that part of such Real Property Tax that is fairly allocable to the Premises shall be included within the meaning of the term "Real Property Taxes". Notwithstanding the foregoing, the term "Real Property Taxes" shall not include estate, inheritance, transfer, gift or franchise taxes of Landlord or any federal or state net income tax imposed on Landlord's income from all sources.

9.

INSURANCE

Tenant's Insurance: Tenant shall maintain insurance complying with all of the following:

A. Tenant shall procure, pay for and keep in full force and effect the following:

(1) Commercial general liability insurance, including property damage, against liability for personal injury, bodily injury, death and damage to property occurring in or about, or resulting from an occurrence in or about, the Premises with combined single limit coverage of not less than the amount of Tenant's Liability Insurance Minimum specified in the Summary, which insurance shall contain a "contractual liability" endorsement insuring Tenant's performance of Tenant's obligation to indemnify Landlord contained in **Section 10.3**;

(2) Fire and property damage insurance in so called "all risk" form insuring Tenant's Trade Fixtures and Tenant's Alterations for the full actual replacement cost thereof;

(3) Such other insurance that is either (i) required by any Lender, or (ii) reasonably required by Landlord and customarily carried by tenants of similar property in similar businesses.

B. Where applicable and required by Landlord, each policy of insurance required to be carried by Tenant pursuant to this **Section 9.1**: (i) shall name Landlord and such other parties in interest as Landlord reasonably designates as additional insured; (ii) shall be primary insurance which provides that the insurer shall be liable for the full amount of the loss up to and including the total amount of liability set forth in the declarations without the right of contribution from any other insurance coverage of Landlord; (iii) shall be in a form satisfactory to Landlord; (iv) shall be carried with companies reasonably acceptable to Landlord; (v) shall provide that such policy shall not be subject to cancellation, lapse or change except after at least 30 days prior written notice to Landlord so long as such provision of 30 days notice is reasonably obtainable, but in any event not less than 10 days prior written notice; (vi) shall not have a "deductible" in excess of such amount as is approved by Landlord; (vii) shall contain a cross liability endorsement; and (viii) shall contain a "severability" clause. If Tenant has in full force and effect a blanket policy of liability insurance with the same coverage for the Premises as described above, as well as other coverage of other premises and properties of Tenant, or in which Tenant has some interest, such blanket insurance shall satisfy the requirements of this **Section 9.1**.

C. A copy of each paid up policy evidencing the insurance required to be carried by Tenant pursuant to this **Section 9.1** (appropriately authenticated by the insurer) or a certificate of

the insurer, certifying that such policy has been issued, providing the coverage required by this **Section 9.1**, and containing the provisions specified herein, shall be delivered to Landlord prior to the time Tenant or any of its Agents enters the Premises and upon renewal of such policies, but prior to the expiration of the term of such coverage. Landlord may, at any time, and from time to time, inspect and/or copy any and all insurance policies required to be procured by Tenant pursuant to this **Section 9.1**. If any Lender or insurance advisor reasonably determines at any time that the amount of coverage required for any policy of insurance Tenant is to obtain pursuant to this **Section 9.1** is not adequate, then Tenant shall increase such coverage for such insurance to such amount as such Lender or insurance advisor reasonably deems adequate, not to exceed the level of coverage for such insurance commonly carried by comparable businesses similarly situated.

Landlord's Insurance: Landlord shall have the following obligations and options regarding insurance:

D. Landlord shall maintain a policy or policies of fire and property damage insurance in so called "all risk" form insuring Landlord (and such others as Landlord may designate) against loss of Rents for a period of not less than 12 months and from physical damage to the Premises with coverage of not less than the full replacement cost thereof. Landlord may so insure the Premises separately, or may insure the Premises with other property owned by Landlord which Landlord elects to insure together under the same policy or policies. Landlord shall not be required to cause such insurance to cover any Trade Fixtures or Tenant's Alterations of Tenant.

E. Landlord may maintain a policy or policies of commercial general liability insurance insuring Landlord (and such others as are designated by Landlord) against liability for personal injury, bodily injury, death and damage to property occurring or resulting from an occurrence in, on or about the Premises, with combined single limit coverage in such amount as Landlord from time to time determines is reasonably necessary for its protection.

F. Landlord shall maintain such insurance as is required pursuant to Section 3.03 of the Master Indenture. To the extent that any of the insurance requirements herein conflict with the insurance requirements of Section 3.03 of the Master Indenture, the insurance requirements of Section 3.03 of the Master Indenture shall control.

Tenant's Obligation to Reimburse: If Landlord's insurance rates for the Building are increased at any time during the Lease Term as a result of the nature of Tenant's use of the Premises, Tenant shall reimburse Landlord for the full amount of such increase immediately upon receipt of a bill from Landlord therefore.

Release and Waiver of Subrogation: The parties hereto release each other, and their respective agents and employees, from any liability for injury to any person or damage to property that is caused by or results from any risk insured against under any valid and collectible insurance policy carried by either of the parties which contains a waiver of subrogation by the insurer and is in force at the time of such injury or damage; subject to the following limitations: (i) the foregoing provision shall not apply to the commercial general liability insurance described by subparagraphs **Section 9.1A** and **Section 9.2B**; (ii) such release shall apply to liability resulting from any risk insured against or covered by self insurance maintained or provided by Tenant to satisfy the requirements of §9.1 to the extent permitted by this Lease; and (iii) Tenant shall not be released from any such liability to the extent any damages resulting from such injury or damage are not covered by the recovery obtained by Landlord from such insurance, but only if the insurance in question permits such partial release in connection with obtaining a waiver of subrogation from the insurer. This release shall be in effect only so long as the applicable insurance policy contains a clause to the effect that this release shall not affect the right of the insured to recover under such policy. Each party shall use reasonable efforts to cause each insurance policy obtained by it to provide that the insurer waives all right of recovery by way of subrogation against the other party and its

agents and employees in connection with any injury or damage covered by such policy. However, if any insurance policy cannot be obtained with such a waiver of subrogation, or if such waiver of subrogation is only available at additional cost and the party for whose benefit the waiver is to be obtained does not pay such additional cost, then the party obtaining such insurance shall notify the other party of that fact and thereupon shall be relieved of the obligation to obtain such waiver of subrogation rights from the insurer with respect to the particular insurance involved.

10.

LIMITATION ON LANDLORD'S LIABILITY AND INDEMNITY

Limitation on Landlord's Liability: Landlord shall not be liable to Tenant, nor shall Tenant be entitled to terminate this Lease or to any abatement of rent (except as expressly provided otherwise herein), for any injury to Tenant or Tenant's Agents, damage to the property of Tenant or Tenant's Agents, or loss to Tenant's business resulting from any cause, including without limitation any: (a) failure, interruption or installation of any HVAC or other utility system or service; (b) failure to furnish or delay in furnishing any utilities or services when such failure or delay is caused by fire or other peril, the elements, labor disturbances of any character, or any other accidents or other conditions beyond the reasonable control of Landlord; (c) limitation, curtailment, rationing or restriction on the use of water or electricity, gas or any other form of energy or any services or utility serving the Premises; (d) vandalism or forcible entry by unauthorized persons or the criminal act of any person; or (e) penetration of water into or onto any portion of the Premises or the Building through roof leaks or otherwise. Notwithstanding the foregoing but subject to **Section 9.4**, Landlord shall be liable for any such injury, damage or loss which is proximately caused by Landlord's willful misconduct or gross negligence of which Landlord has actual notice and a reasonable opportunity to cure but which it fails to so cure.

Limitation on Tenant's Recourse and Landlord's Recourse: The obligations of Landlord shall not constitute personal obligations of the officers, directors, trustees, partners, joint venturers, members, owners, stockholders, or other principals or representatives of such business entity; and (ii) Tenant shall not have recourse to the assets of such officers, directors, trustees, partners, joint venturers, members, owners, stockholders, principals or representatives except to the extent of their interest in the Premises. Tenant shall have recourse only to the interest of Landlord in the Premises for the satisfaction of the obligations of Landlord and shall not have recourse to any other assets of Landlord for the satisfaction of such obligations.

Indemnification of Landlord: Tenant shall hold harmless, indemnify and defend Landlord, and its employees, Agents and contractors, with competent counsel reasonably satisfactory to Landlord (and Landlord agrees to accept counsel that any insurer requires be used), from all liability, penalties, losses, damages, costs, expenses, causes of action, claims and/or judgments arising by reason of any death, bodily injury, personal injury or property damage resulting from (i) any cause or causes whatsoever occurring in or about or resulting from an occurrence in or about the Premises during the Lease Term, other than such cause or causes arising out of the gross negligence or willful misconduct of Landlord, its Agents, employees and contractors; or (ii) the grossly negligent or willful misconduct of Tenant or its Agents, employees and contractors, wherever the same may occur. The provisions of this **Section 10.3** shall survive the expiration or sooner termination of this Lease.

Indemnification of Tenant: Landlord shall hold harmless, indemnify and defend Tenant, and its employees, Agents and contractors, with competent counsel reasonably satisfactory to Tenant (and Tenant agrees to accept counsel that any insurer requires be used), from all liability, penalties, losses, damages, costs, expenses, causes of action, claims and/or judgments arising by reason of any death, bodily injury, personal injury or property damage resulting from: (i) Landlord or its Agents, employees and contractors acts or omissions, or (ii) grossly negligent or willful misconduct acts or omissions of Landlord and its Agents but only if and to the extent that Tenant is not required under **Section 10.3** to indemnify and defend Landlord. The provisions of this **Section 10.4** shall survive the expiration or sooner termination of this Lease.

11.

DAMAGE TO PREMISES

Landlord's Duty to Restore: If the Premises are damaged by any peril after the Effective Date, Landlord shall restore the Premises unless the Lease is terminated by Landlord pursuant to **Section 11.2** or by Tenant pursuant to **Section 11.3**. If this Lease is terminated pursuant to either **Section 11.2** or **Section 11.3**, then all insurance proceeds available from insurance carried by Tenant which covers loss to property that is Landlord's property or would become Landlord's property on termination of this Lease shall be paid to and become the property of Landlord. If this Lease is not so terminated, then upon receipt of the insurance proceeds (if the loss is covered by insurance) and the issuance of all necessary governmental permits, Landlord shall commence and diligently prosecute to completion the restoration of the Premises, to the extent then allowed by Law, to substantially the same condition in which the Premises were immediately prior to such damage. Landlord's obligation to restore shall be limited to the Premises and interior improvements constructed by Landlord as they existed as of the Effective Date, excluding any Tenant's Alterations, Trade Fixtures and/or personal property constructed or installed by Tenant in the Premises. Tenant shall forthwith replace or fully repair all Tenant's Alterations and Trade Fixtures installed by Tenant and existing at the time of such damage or destruction, and all insurance proceeds received by Tenant from the insurance carried by it pursuant to **Section 9.1.A(2)** shall be used for such purpose.

Landlord's Right to Terminate: Landlord shall have the right to terminate this Lease in the event any of the following occurs, which right may be exercised only by delivery to Tenant of a written notice of election to terminate within 30 days after the date of such damage:

A. Either the Premises or the Building is damaged by an Insured Peril to such an extent that the estimated cost to restore exceeds twenty five percent (25%) of the then actual replacement cost thereof;

B. Either the Premises or the building where the school is located is damaged by an Uninsured Peril, except that that Landlord may not terminate this Lease pursuant to this **Section 11.2B** if one or more tenants of the Premises agree in writing to pay the amount by which the cost to restore the damage exceeds the net insurance proceeds and subsequently deposits such amount with Landlord within 30 days after Landlord has notified Tenant of its election to terminate this Lease;

C. The Premises are damaged by any peril within 12 months of the last day of the Lease Term to such an extent that the estimated cost to restore equals or exceeds an amount equal to six times the Base Rent then due; or

D. Either the Premises or the building where the school is located is damaged by any peril and, because of the Laws then in force, (i) cannot be restored at reasonable cost to substantially the same condition in which it was prior to such damage, or (ii) cannot be used for the same use being made thereof before such damage if restored as required by this Article.

E. As used herein, the following terms shall have the following meanings: (i) the term "Insured Peril" shall mean a peril actually insured against for which the insurance proceeds actually received by Landlord are sufficient to restore the Premises under then existing building codes to the condition existing immediately prior to the damage; and (ii) the term "Uninsured Peril" shall mean any peril which is not an Insured Peril. Notwithstanding the foregoing, if the "deductible" for earthquake or flood insurance exceeds 2% of the replacement cost of the improvements insured, such peril shall be deemed an "Uninsured Peril".

Notwithstanding the foregoing, if any bonds are outstanding pursuant to the terms of the Loan Documents, Landlord shall not have the right to terminate this Lease as provided in **Section 11.2** unless

Landlord shall have obtained an opinion of its counsel for the benefit of the bondholders and such other parties as are necessary pursuant to the terms of the Loan Documents that such a termination will not adversely effect the bondholder in any material respect.

Tenant's Right to Terminate: If the Premises are damaged by any peril and Landlord does not elect to terminate this Lease or is not entitled to terminate this Lease pursuant to **Section 11.2**, then as soon as reasonably practicable, Landlord shall furnish Tenant with the written opinion of Landlord's architect or construction consultant as to when the restoration work required of Landlord may be completed. Tenant shall have the right to terminate this Lease in the event any of the following occurs, which right may be exercised only by delivery to Landlord of a written notice of election to terminate within 7 days after Tenant receives from Landlord the estimate of the time needed to complete such restoration.

F. The Premises are damaged by any peril and, in the reasonable opinion of Landlord's architect or construction consultant, the restoration of the Premises cannot be substantially completed within 270 days after the date of such damage; or

G. The Premises are damaged by any peril within 12 months of the last day of the Lease Term and, in the reasonable opinion of Landlord's architect or construction consultant, the restoration of the Premises cannot be substantially completed within 90 days after the date of such damage and such damage renders unusable more than 30% of the Premises.

Abatement of Rent: In the event of damage to the Premises which does not result in the termination of this Lease, the Base Rent, the Monthly Expense Payment and the Additional Rent shall be temporarily abated during the period of restoration in proportion to the degree to which Tenant's use of the Premises is impaired by such damage. Tenant shall not be entitled to any compensation or damages from Landlord for loss of Tenant's business or property or for any inconvenience or annoyance caused by such damage or restoration. Tenant hereby waives the provisions of California Civil Code Sections 1932(2) and 1933(4) and the provisions of any similar law hereinafter enacted.

Exception for Lender: Notwithstanding any terms or provisions herein to the contrary, the provisions of this **Article 11** shall be subject and subordinate to the applicable casualty provisions in the Loan Documents. In the event the holder of any indebtedness secured by any Loan Document covering the Premises requires, after a casualty, that the insurance proceeds be applied to such indebtedness, then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant within fifteen (15) days after such requirement is made by any such holder, whereupon all rights and obligations hereunder shall cease and terminate.

12.

CONDEMNATION

Landlord's Termination Right: Landlord shall have the right to terminate this Lease if, as a result of a taking by means of the exercise of the power of eminent domain (including a voluntary sale or transfer by Landlord to a condemnor under threat of condemnation), (a) all or any part of the Premises is so taken, or (b) more than 10% of the leasable area of the building where the school is located is so taken. Any such right to terminate by Landlord must be exercised within a reasonable period of time, to be effective as of the date possession is taken by the condemnor.

Tenant's Termination Right: Tenant shall have the right to terminate this Lease if, as a result of any taking by means of the exercise of the power of eminent domain (including any voluntary sale or transfer by Landlord to any condemnor under threat of condemnation), 10% or more of the Premises is so taken and that part of the Premises that remains cannot be restored within a reasonable period of time and thereby made reasonably suitable for the continued operation of the Tenant's business. Tenant must exercise such right within a reasonable period of time, to be effective on the date that possession of that portion of the Premises that is condemned is taken by the condemnor.

Restoration and Abatement of Rent: If any part of the Premises is taken by condemnation and this Lease is not terminated, then Landlord shall restore the remaining portion of the Premises and interior improvements constructed by Landlord as they existed as of the Effective Date, excluding any Tenant's Alterations, Trade Fixtures and/or personal property constructed or installed by Tenant. Thereafter, except in the case of a temporary taking, as of the date possession is taken the Base Rent and Monthly Expense Payment shall be reduced in the same proportion that the floor area of that part of the Premises so taken (less any addition thereto by reason of any reconstruction) bears to the original floor area of the Premises.

Temporary Taking: If any portion of the Premises is temporarily taken for one year or less, this Lease shall remain in effect. If any portion of the Premises is temporarily taken by condemnation for a period which exceeds one year or which extends beyond the natural expiration of the Lease Term, and such taking materially and adversely affects Tenant's ability to use the Premises for the Permitted Use, then Tenant shall have the right to terminate this Lease, effective on the date possession is taken by the condemnor.

Division of Condemnation Award: Any award made as a result of any condemnation of the Premises shall belong to and be paid to Landlord, and Tenant hereby assigns to Landlord all of its right, title and interest in any such award; provided, however, that Tenant shall be entitled to receive any condemnation award that is made directly to Tenant for the following so long as the award made to Landlord is not thereby reduced: (a) for the taking of personal property or Trade Fixtures belonging to Tenant; (b) for the interruption of Tenant's business or its moving costs; (c) for loss of Tenant's goodwill; or (d) for any temporary taking where this Lease is not terminated as a result of such taking. The rights of Landlord and Tenant regarding any condemnation shall be determined as provided in this Article, and each party hereby waives the provisions of California Code of Civil Procedure Section 1265.130 and the provisions of any similar law hereinafter enacted allowing either party to petition the Superior Court to terminate this Lease in the event of a partial taking of the Premises.

Exception for Lender: Notwithstanding any contrary provisions hereof, this Section is subject and subordinate to the applicable condemnation provisions in the Loan Documents. If the holder of any indebtedness secured by the Loan Documents on the Premises requires, after a condemnation, that the insurance proceeds be applied to such indebtedness, then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant within fifteen (15) days after Lender's notice, whereupon all rights and obligations hereunder shall cease and terminate.

13.

DEFAULT AND REMEDIES

Events of Tenant's Default: Tenant shall be in default of its obligations under this Lease if any of the following events occurs (an "Event of Tenant's Default"):

A. Tenant fails to pay Rent when due, and the failure continues after Landlord gives Tenant five (5) business days written notice specifying the default; or

B. Tenant fails to perform any term, covenant, or condition of this Lease except those requiring the payment of Rent, and Tenant fails to cure such breach within (1) in the case of failures which are defined herein as a breach and have a specified amount of time to cure, within the time specified; or (b) in all other cases, within thirty (30) days after written notice from Landlord specifying the nature of such breach (except that such time shall be extended a reasonable period of time if the default is such that more than thirty days are reasonably required to effectuate a cure.

C. Tenant fails to deliver documents required of it pursuant to **Section 15.4** or **Section 15.6** within the time periods specified therein.

D. Tenant becomes bankrupt, insolvent or files any debtor proceeding, takes or has taken against Tenant any petition of bankruptcy; takes action or has taken action against Tenant for the appointment of a receiver for all or a portion of Tenant's assets; files a petition for a corporate reorganization; makes an assignment for the benefit of creditors, or if in any other manner Tenant's interest hereunder shall pass to another by operation of law.

Landlord's Remedies: If an Event of Tenant's Default occurs, Landlord shall have the following remedies, in addition to all other rights and remedies provided by any Law or otherwise provided in this Lease, to which Landlord may resort cumulatively or in the alternative:

E. Landlord may keep this Lease in effect and enforce by an action at law or in equity all of its rights and remedies under this Lease, including (i) the right to recover the rent and other sums as they become due by appropriate legal action; (ii) the right to make payments required of Tenant or perform Tenant's obligations and be reimbursed by Tenant for the cost thereof with interest at the Agreed Interest Rate from the date the sum is paid by Landlord until Landlord is reimbursed by Tenant; and (iii) the remedies of injunctive relief and specific performance to compel Tenant to perform its obligations under this Lease. Notwithstanding anything contained in this Lease, in the event of a breach of an obligation by Tenant which results in a condition which poses an imminent danger to safety of persons or damage to property, an unsightly condition visible from the exterior of the Building, or a threat to insurance coverage, then if Tenant does not cure such breach within 3 days after delivery to it of written notice from Landlord identifying the breach, Landlord may cure the breach of Tenant and be reimbursed by Tenant for the cost thereof with interest at the Agreed Interest Rate from the date the sum is paid by Landlord until Landlord is reimbursed by Tenant.

F. Landlord may enter the Premises and release them to third parties for Tenant's account for any period, whether shorter or longer than the remaining Lease Term. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in releasing the Premises, including brokers' commissions, expenses of altering and preparing the Premises required by the releasing. Tenant shall pay to Landlord the rent and other sums due under this Lease on the date the rent is due, less the rent and other sums Landlord received from any releasing. No act by Landlord allowed by this subparagraph shall terminate this Lease unless Landlord notifies Tenant in writing that Landlord elects to terminate this Lease. Notwithstanding any releasing without termination, Landlord may later elect to terminate this Lease because of the default by Tenant.

G. Landlord may terminate this Lease by giving Tenant written notice of termination, in which event this Lease shall terminate on the date set forth for termination in such notice. Any termination under this **Section 13.2C** shall not relieve Tenant from its obligation to pay sums then due Landlord or from any claim against Tenant for damages or rent previously accrued or then accruing. In no event shall any one or more of the following actions by Landlord, in the absence of a written election by Landlord to terminate this Lease, constitute a termination of this Lease: (i) appointment of a receiver or keeper in order to protect Landlord's interest hereunder; (ii) consent to any subletting of the Premises or assignment of this Lease by Tenant, whether pursuant to the provisions hereof or otherwise; or (iii) any other action by Landlord or Landlord's Agents intended to mitigate the adverse effects of any breach of this Lease by Tenant, including without limitation any action taken to maintain and preserve the Premises or any action taken to relet the Premises or any portions thereof to the extent such actions do not affect a termination of Tenant's right to possession of the Premises.

H. In the event Tenant breaches this Lease and abandons the Premises, this Lease shall not terminate unless Landlord gives Tenant written notice of its election to so terminate this Lease. No act by or on behalf of Landlord intended to mitigate the adverse effect of such breach, including those described by **Section 13.2C**, shall constitute a termination of Tenant's right to possession unless Landlord gives Tenant written notice of termination. Should Landlord not

terminate this Lease by giving Tenant written notice, Landlord may enforce all its rights and remedies under this Lease, including the right to recover the rent as it becomes due under the Lease as provided in California Civil Code Section 1951.4.

I. In the event Landlord terminates this Lease, Landlord shall be entitled, at Landlord's election, to damages in an amount as set forth in California Civil Code Section 1951.2 as in effect on the Initial Lease Effective Date. For purposes of computing damages pursuant to California Civil Code Section 1951.2, (i) an interest rate equal to the Agreed Interest Rate shall be used where permitted, and (ii) the term "rent" includes the Base Rent, the Monthly Expense Payment and Additional Rent. Such damages shall include:

(1) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided, computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%); and

(2) Any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom, including the following: (i) expenses for cleaning, repairing or restoring the Premises; (ii) expenses for altering, remodeling or otherwise improving the Premises for the purpose of reletting, including installation of leasehold improvements (whether such installation be funded by a reduction of rent, direct payment or allowance to a new tenant, or otherwise); (iii) broker's fees, advertising costs and other expenses of reletting the Premises; (iv) costs of carrying the Premises, such as taxes, insurance premiums, utilities and security precautions; (v) expenses in retaking possession of the Premises; and (vi) reasonable attorneys' fees and court costs incurred by Landlord in retaking possession of the Premises and in releasing the Premises or otherwise incurred as a result of Tenant's default.

J. Nothing in this **Section 13.2** shall limit Landlord's right to indemnification from Tenant as provided herein. Any notice given by Landlord in order to satisfy the requirements of §13.1 A, B, C, or D above shall also, provided it meets with the requirements for such a notice, be sufficient to give the notice required under California Code of Civil Procedure Section 1161 regarding unlawful detainer proceedings, such that under no circumstances shall Landlord be required to give more than a single notice.

Bankruptcy Provisions. In the event of any bankruptcy, the following shall apply:

K. If Landlord shall not be permitted to terminate this Lease as hereinabove provided because of the provisions of Title 11 of the United States Code relating to Bankruptcy, as amended ("Bankruptcy Code"), then Tenant as a debtor in possession or any trustee for Tenant agrees promptly, within no more than thirty (30) days upon request by Landlord to the Bankruptcy Court, to assume or reject this Lease and Tenant on behalf of itself, and any trustee agrees not to seek or request any extension or adjournment of any application to assume or reject this Lease by Landlord with such court. In such event, Tenant or any trustee for Tenant may only assume this Lease if (a) it cures or provides adequate assurances that the trustees will promptly cure any default hereunder, (b) compensates or provides adequate assurance that Tenant will promptly compensate Landlord for any actual pecuniary loss to Landlord resulting from Tenant's default, and (c) provides adequate assurance of performance during the fully stated term hereof of all of the terms, covenants, and provisions of this Lease to be performed by Tenant. In no event after the assumption of this Lease shall any then existing default remain uncured for a period in excess of the earlier of ten (10) days or the time period set forth herein. Adequate assurance of performance of this Lease, as set forth hereinabove, shall include, without limitation, adequate

assurance (1) of the source of rent reserved hereunder, and (2) the assumption of this Lease will not breach any provision hereunder.

L. If Tenant assumes this Lease and proposes to assign the same pursuant to the provisions of the Bankruptcy Code to any person or entity who shall have made a bona fide offer to accept an assignment of this Lease on terms acceptable to Tenant, then notice of such proposed assignment, setting forth (i) the name and address of such person, (ii) all of the terms and conditions of such offer, and (iii) the adequate assurance to be provided Landlord to assure such person's future performance under the Lease, including, without limitation, the assurance referred to in section 365(b)(3) of the Bankruptcy Code, shall be given to Landlord by the Tenant no later than twenty (20) days after receipt by the Tenant but in any event no later than ten (10) days prior to the date that the Tenant shall make application to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and Landlord shall thereupon have the prior right and option, to be exercised by notice to the Tenant given at any time prior to the effective date of such proposed assignment, to accept an assignment of this Lease upon the same terms and conditions and for the same consideration, if any, as the bona fide offer made by such person, less any brokerage commissions which may be payable out of the consideration to be paid by such person for the assignment of this Lease.

M. If this Lease is assigned to any person or entity pursuant to the provisions of the Bankruptcy Code any and all monies or other considerations payable or otherwise to be delivered to Landlord, shall be and remain the exclusive property of Landlord and shall not constitute property of Tenant or of the estate of the Tenant within the meaning of the Bankruptcy Code. Any and all monies or other considerations constituting the Landlord's property under the preceding sentence not paid or delivered to the Landlord shall be held in trust for the benefit of Landlord and shall be promptly paid to the Landlord.

N. Any person or entity to which this Lease is assigned pursuant to the provisions of the Bankruptcy Code shall be deemed without further act or deed to have assumed all of the obligations arising under this Lease on and after the date of such assignment. Any such assignee shall upon demand execute and deliver to Landlord an instrument confirming such assumption. Nothing contained in this section shall, in any way, constitute a waiver of the provisions of this Lease relating to assignment. Tenant shall not, by virtue of this section, have any further rights relating to assignment other than those granted in the Bankruptcy Code. Notwithstanding anything in this Lease to the contrary, all amounts payable by Tenant to or on behalf of Landlord under this Lease, whether or not expressly denominated as rent, shall constitute rent for the purpose of Section 502(b)(6) of the Bankruptcy Code. In the event of a filing of a petition under the Bankruptcy Code, Landlord shall have no obligation to provide Tenant with any services or utilities as herein required, unless Tenant shall have paid and be current in all payments of Operating Expenses, utilities or other charges therefor.

Waiver: One party's consent to or approval of any act by the other party requiring the first party's consent or approval shall not be deemed to waive or render unnecessary the first party's consent to or approval of any subsequent similar act by the other party. The receipt by Landlord of any rent or payment with or without knowledge of the breach of any other provision hereof shall not be deemed a waiver of any such breach unless such waiver is in writing and signed by Landlord. No delay or omission in the exercise of any right or remedy accruing to either party upon any breach by the other party under this Lease shall impair such right or remedy or be construed as a waiver of any such breach theretofore or thereafter occurring. The waiver by either party of any breach of any provision of this Lease shall not be deemed to be a waiver of any subsequent breach of the same or of any other provisions herein contained.

Limitation On Exercise of Rights: At any time that an Event of Tenant's Default has occurred and remains uncured, (i) it shall not be unreasonable for Landlord to deny or withhold any consent or approval requested of it by Tenant which Landlord would otherwise be obligated to give, and (ii) Tenant may not

exercise any option to extend, right to terminate this Lease, or other right granted to it by this Lease which would otherwise be available to it.

13.2. Waiver by Tenant of Certain Remedies: Tenant waives the provisions of §§ 1932(1), 1941 and 1942 of the California Civil Code and any similar or successor law regarding Tenant's right to terminate this Lease or to make repairs and deduct the expenses of such repairs from the rent due under this Lease. Tenant hereby waives any right of redemption or relief from forfeiture under the laws of the State of California, or under any other present or future law, including the provisions of §§1174 and 1179 of the California Code of Civil Procedure.

14.

ASSIGNMENT AND SUBLETTING

Transfer By Tenant: The following provisions shall apply to any assignment, subletting or other transfer by Tenant or any subtenant or assignee or other successor in interest of the original Tenant (collectively referred to in this **Section 14.1** as "Tenant"):

A. Tenant shall not do any of the following (collectively referred to herein as a "Transfer"), whether voluntarily, involuntarily or by operation of law, without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed: (i) sublet all or any part of the Premises or allow it to be sublet, occupied or used by any person or entity other than Tenant; (ii) assign its interest in this Lease; (iii) mortgage or encumber the Lease (or otherwise use the Lease as a security device) in any manner; or (iv) materially amend or modify an assignment, sublease or other transfer that has been previously approved by Landlord. Tenant acknowledges that (a) Landlord's consent to any sublease or assignment may be reasonably conditioned upon Landlord obtaining approval from its Lender, which approval may be granted or denied in the Lender's sole discretion (which consent shall be sought as provided in Section 3.06 of the Master Indenture, and that the failure to obtain such consent shall constitute a reasonable ground for the Landlord to withhold consent to any sublease or assignment); and (b) if any request for a sublease or assignment requires a change in the Permitted Use hereunder, Landlord may deny such permission in its sole discretion and such denial shall constitute a reasonable ground for withholding consent. Tenant shall reimburse Landlord for all reasonable costs and attorneys' fees incurred by Landlord in connection with the evaluation, processing, and/ or documentation of any requested Transfer, whether or not Landlord's consent is granted. Landlord's reasonable costs shall include the cost of any review or investigation performed by Landlord or consultant acting on Landlord's behalf of (i) Hazardous Materials (as defined in **Section 7.2E** of this Lease) used, stored, released, or disposed of by the potential Subtenant or Assignee, and/or (ii) violations of Hazardous Materials Law (as defined in **Section 7.2E** of this lease) by the Tenant or the proposed Subtenant or Assignee. Any Transfer so approved by Landlord shall not be effective until Tenant has delivered to Landlord an executed counterpart of the document evidencing the Transfer which (i) is in a form reasonably approved by Landlord; (ii) contains the same terms and conditions as stated in Tenant's notice given to Landlord pursuant to **Section 14.1B**; and (iii) in the case of an assignment of the Lease, contains the agreement of the proposed transferee to assume all obligations of Tenant under this Lease arising after the effective date of such Transfer and to remain jointly and severally liable therefore with Tenant. Any attempted Transfer without Landlord's consent shall constitute an Event of Tenant's Default and shall be voidable at Landlord's option. Landlord's consent to any one Transfer shall not constitute a waiver of the provisions of this **Section 14.1** as to any subsequent Transfer or a consent to any subsequent Transfer. No Transfer, even with the consent of Landlord, shall relieve Tenant of its personal and primary obligation to pay the rent and to perform all of the other obligations to be performed by Tenant hereunder. The acceptance of rent by Landlord from any person shall not be deemed to be a waiver by Landlord of any provision of this Lease nor to be a consent to any Transfer.

B. Prior to the effective date of a proposed Transfer, Tenant shall give Landlord written notice of the proposed terms of such Transfer and request Landlord's approval, which notice shall include the following: (i) the name and legal composition of the proposed transferee; (ii) a current financial statement of the transferee, financial statements of the transferee covering the preceding three years if and to the extent that they exist, and (if available) an audited financial statement of the transferee for a period ending not more than one year prior to the proposed effective date of the Transfer, all of which statements are prepared in accordance with generally accepted accounting principles; (iii) the nature of the proposed transferee's business; (iv) all consideration to be paid for the Transfer; and (v) a current financial statement of Tenant. Tenant shall provide such other information as may be reasonably requested by Landlord within seven (7) days after Landlord's receipt of notice from Tenant. Landlord shall respond in writing to Tenant's request for Landlord's consent to a Transfer within the later of (i) ten (10) days of receipt of such request together with the required accompanying documentation, or (ii) seven (7) days after Landlord's receipt of all information which Landlord reasonably requests within seven (7) days after it receives Tenant's first notice regarding the Transfer in question. If Landlord fails to respond in writing within said period, Landlord will be deemed to have withheld consent to such Transfer. Tenant shall immediately notify Landlord of any material modification to the proposed terms of such Transfer.

C. If Tenant is a corporation, the following shall be deemed a voluntary assignment of Tenant's interest in this Lease: (i) any dissolution, merger, consolidation, or other reorganization of or affecting Tenant, whether or not Tenant is the surviving corporation; and (ii) if the capital stock of Tenant is not publicly traded, the sale or transfer to one person or entity (or to any group of related persons or entities) stock possessing more than 50% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding and entitled to vote for the election of directors. If Tenant is a partnership, any withdrawal or substitution (whether voluntary, involuntary or by operation of law, and whether occurring at one time or over a period of time) of any partner owning 25% or more (cumulatively) of any interest in the capital or profits of the partnership, or the dissolution of the partnership, shall be deemed a voluntary assignment of Tenant's interest in this Lease.

D. [Notwithstanding anything contained in this Section, so long as Tenant otherwise complies with the provisions herein and without Landlord's prior written consent, Tenant may enter into any transfer to any Lender or any designee, affiliate or assignee thereof or any other person or entity that through or on behalf of Lender acquires the mortgage or any interest therein (each a "Permitted Transfer"); provided that so long as any obligations of Landlord remain outstanding with respect to the Loan Documents, with respect to such a Permitted Transfer, Tenant shall have caused Landlord to have obtained an opinion of its counsel for the benefit of the bondholders and such other parties as are necessary pursuant to the terms of the Loan Documents that such a transfer will not effect the exclusion from gross income of interest on the tax-exempt bonds for federal income tax purposes which have been issued pursuant to the Loan Documents and complied with any other requirements of the Loan Documents in connection therewith.]

Transfer By Landlord: So long as Landlord has any obligation pursuant to the terms of the Loan Documents, subject to any limitations set forth in such Loan Documents, Landlord and its successors in interest shall have the right to transfer their interest in this Lease and the Premises at any time and to any person or entity. In the event of any such transfer, the Landlord originally named herein (and, in the case of any subsequent transfer, the transferor) from the date of such transfer, shall be automatically relieved, without any further act by any person or entity, of all liability for the performance of the obligations of the Landlord hereunder which may accrue after the date of such transfer. After the date of any such transfer, the term "Landlord" as used herein shall mean the transferee of such interest in the Premises.

15.

GENERAL PROVISIONS

Landlord's Right to Enter: Landlord and its agents may enter the Premises at any reasonable time after giving at least 24 hours' prior notice (and immediately in the case of emergency) to inspect, post notices, supply services, access in wall, floor or ceiling utility runs, or show the Premises. Landlord shall have the right to use any and all means Landlord may deem necessary and proper to enter the Premises in an emergency. Any entry into the Premises obtained by Landlord in accordance with this Section shall not be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction, actual or constructive, of Tenant from the Premises.

Surrender of the Premises: Upon the expiration or sooner termination of this Lease, Tenant shall vacate and surrender the Premises to Landlord in the same condition as existed at the Effective Date (or such earlier date that Tenant occupied the Premises whether pursuant to this Lease or another agreement), except for (i) reasonable wear and tear which could not be avoided by the application of "best practices" for maintenance and preservation, (ii) damage caused by any peril or condemnation, and (iii) contamination by Hazardous Materials. Prior to the expiration or sooner termination of the Lease, Tenant shall (i) remove any Tenant's Alterations which Tenant is required to remove pursuant to the terms of this Lease and repair all damage caused by such removal, and (ii) return the Premises or any part thereof to its original configuration existing as of the time the Premises were delivered to Tenant, except for Tenant Improvements installed by Landlord.

Holding Over: This Lease shall terminate without further notice at the expiration of the Lease Term. Any holding over by Tenant after expiration of the Lease Term shall not constitute a renewal or extension of the Lease or give Tenant any rights in or to the Premises except as expressly provided in this Lease. Any holding over after such expiration with the written consent of Landlord shall be construed to be a tenancy from month to month on the same terms and conditions herein specified insofar as applicable except that the Base Rent shall be increased to an amount equal to 150% of the Base Rent payable during the last full calendar month of the Lease Term.

Subordination: The following provisions shall govern the relationship of this Lease to any Security Instrument:

A. The Lease is subject and subordinate to all Security Instruments existing as of the Effective Date. However, if any Lender so requires, this Lease shall become prior and superior to any such Security Instrument.

B. At Landlord's election, this Lease shall become subject and subordinate to any Security Instrument created after the Effective Date. Notwithstanding such subordination, Tenant's right to quiet possession of the Premises shall not be disturbed so long as Tenant is not in default and performs all of its obligations under this Lease, unless this Lease is otherwise terminated pursuant to its terms.

C. Tenant shall upon request execute any document or instrument reasonably required by any Lender to make this Lease either prior and superior or subordinate to a Security Instrument, which may include such other matters as the Lender customarily and reasonably requires in connection with such agreements.

Mortgagee Protection and Attornment: In the event of any default on the part of the Landlord, Tenant will give notice by registered mail to any Lender whose name has been provided to Tenant and shall offer such Lender a reasonable opportunity to cure the default, including time to obtain possession of the Premises by power of sale or judicial foreclosure or other appropriate legal proceedings, if such should prove necessary to effect a cure. Tenant shall attorn to any purchaser of the Premises at any foreclosure sale or private sale conducted pursuant to any Security Instrument encumbering the Premises, or to any grantee

or transferee designated in any deed given in lieu of foreclosure. If any Lender or proposed Lender on the Premises shall require that this Lease be amended or supplemented in any manner, other than description of the Premises, Term, purpose, use, or Rent, and so long as the change is not materially adverse to the interests of Tenant, as determined by Landlord in its good faith and reasonable discretion, Tenant shall execute such Lease Amendment or Supplement as Landlord shall reasonably propose to set forth such modification or supplementation, within ten (10) days of notice, and failure to do so timely shall be an Event of Tenant's Default hereunder without further notice.

Estoppel Certificates and Financial Statements: Each party agrees, following any request by the other party, to execute and deliver to the requesting party within fifteen (15) days an estoppel certificate: (i) certifying that this Lease is unmodified and in full force and effect or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect, (ii) stating the date to which the rent and other charges are paid in advance, if any, (iii) acknowledging that there are not, to the certifying party's knowledge, any uncured defaults on the part of any party hereunder or, if there are uncured defaults, specifying the nature of such defaults, and (iv) certifying such other information about the Lease as may be reasonably required by the requesting party. Failure to timely deliver a certificate shall be a conclusive admission that, as of the date of the request (i) this Lease is unmodified except as may be represented by the requesting party in said request and is in full force and effect, (ii) there are no uncured defaults in the requesting party's performance, and (iii) no rent has been paid more than 30 days in advance. At any time during the Lease Term Tenant shall, upon 15 days' prior written notice from Landlord, provide Tenant's most recent financial statement and financial statements covering the 24 month period prior to the date of such most recent financial statement to any existing Lender or to any potential Lender or buyer of the Premises.

Reasonable Consent: Whenever any party's approval or consent is required by this Lease before an action may be taken by the other party, such approval or consent shall not be unreasonably withheld, conditioned, or delayed, except as otherwise specified herein.

Notices: Any notice required or desired to be given regarding this Lease shall be in writing and may be given by personal delivery, by facsimile telecopy, by courier service, or by mail. A notice shall be deemed to have been given (i) on the third business day after mailing if such notice was deposited in the United States mail, certified or registered, postage prepaid, addressed to the party to be served at its Address for Notices specified in the Summary, (ii) when delivered if given by personal delivery, and (iii) in all other cases when actually received at the party's Address for Notices. Either party may change its address by giving notice of the same in accordance with this Section.

Attorneys' Fees: In the event either Landlord or Tenant shall bring any action or legal proceeding for an alleged breach of any provision of this Lease, to recover rent, to terminate this Lease or otherwise to enforce, protect or establish any term or covenant of this Lease, the prevailing party shall be entitled to recover as a part of such action or proceeding, or in a separate action brought for that purpose, reasonable attorneys' fees, court costs, and experts' fees as may be fixed by the court.

Miscellaneous: Should any provision of this Lease prove to be invalid or illegal, such invalidity or illegality shall in no way affect, impair or invalidate any other provision hereof, and such remaining provisions shall remain in full force and effect. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor. This Lease shall, subject to the provisions regarding assignment, apply to and bind the respective heirs, successors, executors, administrators and assigns of Landlord and Tenant. This Lease shall be construed and enforced in accordance with the laws of the California. The language in all parts of this Lease shall in all cases be construed as a whole according to its fair meaning, and not strictly for or against either Landlord or Tenant. Tenant agree that it has had an opportunity to determine the actual area of the Premises, and all measurements of area contained in this Lease are conclusively agreed to be correct and binding upon the parties, even if a subsequent measurement of any one of these areas determines that it is more or less than

the amount of area reflected in this Lease, and no subsequent remeasurement shall result in a change in any of the computations of rent, improvement allowances, or other matters described in this Lease.

Brokerage Commissions: Each party hereto (i) represents and warrants to the other that it has not had any dealings with any real estate brokers, leasing agents or salesmen, or incurred any obligations for the payment of real estate brokerage commissions or finder's fees which would be earned or due and payable by reason of the execution of this Lease, and (ii) agrees to indemnify, defend, and hold harmless the other party from any claim for any such commission or fees which result from the actions of the indemnifying party.

Force Majeure: Any prevention, delay or stoppage due to strikes, lock outs, inclement weather, labor disputes, inability to obtain labor, materials, fuels or reasonable substitutes therefore, governmental restrictions, regulations, controls, action or inaction, civil commotion, fire or other acts of God, and other causes beyond the reasonable control of the party obligated to perform (except financial inability) shall excuse the performance, for a period equal to the period of any said prevention, delay or stoppage, of any obligation hereunder except the obligation of Tenant to pay rent or any other sums due hereunder.

Entire Agreement and Amendment of this Lease: This Lease constitutes the entire agreement between the parties, and there are no binding agreements or representations between the parties except as expressed herein. Tenant acknowledges that neither Landlord nor Landlord's Agents has made any legally binding representation or warranty as to any matter except those expressly set forth herein. There are no oral agreements between Landlord and Tenant affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between Landlord and Tenant or displayed by Landlord to Tenant with respect to the subject matter of this Lease. No subsequent change or addition to this Lease shall be binding unless in writing and signed by Landlord and Tenant. So long as any bonds or loans remain outstanding, there shall be no amendment, modification or termination any of this Lease except in compliance with the terms of Section 3.06 of the Master Indenture.

Time of Essence. Time is of the essence of this Lease, and all provisions herein relating thereto shall be strictly construed.

Authority. The authorized signatory of Tenant executing this Lease on Tenant's behalf hereby make the following warranties and representations upon which Landlord is relying in agreeing to lease the Premises to Tenant in accordance with the terms of this Lease: (a) this Lease has been duly executed and delivered by Tenant and constitutes a legal, valid and binding obligation of Tenant enforceable in accordance with its terms; (b) the signatory of Tenant has been duly authorized by all necessary company action to execute the same, and that upon the execution hereof this Lease shall be the valid and binding obligation of Tenant; (c) no consent of any other party is required to be obtained by Tenant in connection with the execution, delivery or performance of this Lease; (d) the execution, delivery and performance of this Lease will not violate any provision of any agreement to which Tenant is a party or which purports to be binding upon Tenant; and (e) Tenant has been duly organized, is validly existing and is in good standing in the state of its formation. These representations and warranties shall survive the termination of this Lease. The authorized signatory of Landlord executing this Lease on Landlord's behalf hereby make the following warranties and representations upon which Tenant is relying in agreeing to lease the Premises from Landlord in accordance with the terms of this Lease: (i) this Lease has been duly executed and delivered by Landlord and constitutes a legal, valid and binding obligation of Landlord enforceable in accordance with its terms; (ii) the signatory of Landlord has been duly authorized by all necessary company action to execute the same, and that upon the execution hereof this Lease shall be the valid and binding obligation of Landlord; (iii) no consent of any other party is required to be obtained by Landlord in connection with the execution, delivery or performance of this Lease; (iv) the execution, delivery and performance of this Lease will not violate any provision of any agreement to which Landlord is a party or which purports to be binding upon Landlord; and (v) Landlord has been duly organized, is validly

existing and is in good standing in the state of its formation. These representations and warranties shall survive the termination of this Lease.

Counterparts. This Lease may be executed 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. The exchange of copies of this Lease and of signature pages by PDF e-mail shall constitute effective execution and delivery of this Lease as to the parties and may be used in lieu of the original Lease for all purposes. Signatures of the parties transmitted by PDF shall be deemed to be their original signatures for all purposes. No party hereto shall raise the use of PDF email to deliver a signature hereto or to any notice delivered hereunder, or the fact that any signature or agreement or instrument was transmitted or communicated through the use of PDF email, as a defense to the formation of a contract, and each such party forever waives any such defense.

JURY WAIVER. LANDLORD AND TENANT HEREBY IRREVOCABLY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THIS LEASE AND AGREE THAT ANY SUCH ACTION, SUIT, OR PROCEEDING SHALL BE TRIED BEFORE A COURT.

LIMITED LIABILITY OF TENANT. THE SOURCE OF PAYMENT FOR THE OBLIGATIONS OF THE TENANT UNDER THIS LEASE WILL BE LIMITED SOLELY AND EXCLUSIVELY TO ASSETS AND REVENUES DERIVED FROM OPERATIONS AT THE PREMISES PURSUANT TO THE SI SE PUEDE CHARTER, AND ANY OTHER CHARTER SCHOOL, OPERATED BY TENANT IN THE PREMISES. AS USED HEREIN, THE "SI SE PUEDE CHARTER" MEANS [_____], TOGETHER WITH ANY SUBSEQUENT RENEWAL, EXTENSION OR MODIFICATION THEREOF AND ANY ALTERNATIVE CHARTER SCHOOL AUTHORITY APPROVED WITH RESPECT THERETO, AS ASSIGNED BY THE CALIFORNIA DEPARTMENT OF EDUCATION. THE LANDLORD ACKNOWLEDGES AND AGREES THAT EXCEPT AS EXPRESSLY SET FORTH IN THIS LEASE, NO OTHER ASSETS OR REVENUES OF ROCKETSHIP EDUCATION SHALL BE AVAILABLE TO SATISFY THE TENANT'S OBLIGATIONS UNDER THIS LEASE.

IN ANY ACTION OR PROCEEDING BROUGHT BY THE LANDLORD, ANY CREDITOR OF THE LANDLORD OR THEIR ASSIGNEES TO ENFORCE RIGHTS UNDER THIS LEASE WITH RESPECT TO THE BONDS, THE LANDLORD DOCUMENTS OR OTHERWISE, THE LANDLORD, ANY CREDITOR OF LANDLORD OR THEIR RESPECTIVE ASSIGNEES EXPRESSLY WAIVE OR ARE DEEMED TO WAIVE ALL RIGHTS WHATSOEVER TO SEEK TO OBTAIN OR OBTAIN ANY DEFICIENCY JUDGMENT OR OTHER JUDICIAL OR INTERIM RELIEF OR REMEDIES, AT LAW OR IN EQUITY, AGAINST ROCKETSHIP EDUCATION OR ITS RESPECTIVE AFFILIATES EXCEPT AS SET FORTH IN THE PRECEDING PARAGRAPH.

[**SIGNATURES ARE ON THE FOLLOWING PAGE**]

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

LANDLORD:

Launchpad Development Two LLC

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

By: _____
Keysha Bailey, Board Chair

TENANT:

Rocketship Education

By:_____

EXHIBIT A
SITE PLAN/LEGAL DESCRIPTION

EXHIBIT B
ADDITIONAL TERMS AND PROVISIONS

1. **Term**: Unless otherwise extended as set forth below or terminated as provided in the Lease, the lease term shall continue through and including [_____] (the "Initial Lease Term"). In addition, Tenant has five (5) options (each a "Renewal Option") to extend the Initial Lease Term, for a period of five (5) years each (each a "Renewal Term") (collectively, the Initial Lease Term and each Renewal Term are referenced herein as the "Lease Term"). So long as Landlord has any obligations under the Loan Documents, Tenant hereby covenants to exercise each Renewal Option. If Tenant shall fail to give any such notice, Tenant's right to exercise its option shall nevertheless continue until thirty (30) days after Landlord or Master Trustee shall have given Tenant notice of such failure to exercise its option. It is the intention of the parties to avoid forfeiture of Tenant's rights to extend the Initial Lease Term or any Renewal Term under the option set forth hereunder through inadvertent failure to give notice. During any extension of the Lease Term, all of the provisions of this Lease will be effective, and references to the Lease Term will incorporate the extensions.

2. **Rent**. "Rent" or the "Facility Fee" under the Lease shall be comprised of the each of the categories of payments set forth below. All such Rent shall be paid at such time and to the Master Trustee as provided in **Article 3** of the Lease.

A. Base Rent shall mean the amount set forth on **Schedule 1** attached hereto and incorporated herein (referenced herein as "Base Rent").

B. A Monthly Expense Payment to be paid on the twentieth (20th) day of each month. [As used herein "Monthly Expense Payment" shall mean an estimated payment equal to one twelfth (1/12) of the annual Operating Expenses payable by Tenant, subject to reconciliation and adjustment to actual annual Operating Expenses as set forth in **Section 8.1**.]

C. The Extraordinary Monthly Rent, if any.

D. The Property Management Fee. As used herein "Property Management Fee" means a property management fee to be paid by Tenant to Landlord in an amount equal to the sum of the Base Rent multiplied by eight percent (8%) or as otherwise provided in **Schedule 1**. Notwithstanding anything herein to the contrary, the payment of the Property Management Fee shall be subordinated to the payment of the Base Rent, the Monthly Expense Payment and the Extraordinary Monthly Rent, if any.

E. [An Annual Adjusting Rent Payment, if any. As used herein "Annual Adjusting Rent Payment" shall mean the amount calculated by Landlord as provided in **Section 8.1** of the Lease.]

F. [Expenses.]

G. All other sums which are due hereunder, for late charges, interest, attorney's fees, or any other matters, as billed to Tenant from time to time, including the Landlord's share of any subrent received by Tenant upon certain assignments and sublettings and "Additional Payments" (as that term is defined in the Loan Agreement and includes include issuer fees, trustee fees, rebate fees, and the like) (collectively, all components of Rent other than Base Rent are referenced herein as "Additional Rent").

All such sums are included in the Rent payable by Tenant in return for the occupancy of the Premises and the other rights and privileges set forth herein.

(i) "Expenses" shall mean all costs and expenses of the ownership, operation, maintenance, repair, or replacement, and insurance of the Facility, as determined by standard accounting practices, including, by way of illustration only, and not by way of limitation, to the extent they apply to the Facility, the aggregate of the "Maintenance Expenses" and the "General Expenses" set forth below:

(ii) "Maintenance Expenses" means all costs of maintaining and repairing the Facility, the parking area, athletic fields and other portions of the Facility, deferred maintenance, installing or extending service systems and other built-in equipment, and improving the Facility, including without limitation all of the following:

a. All maintenance, replacement and repair costs of air conditioning, heating and ventilation equipment and systems, elevators (if any), landscaping, service areas, parking lots, athletic fields, building exteriors (including painting), signs and directories, repairing and replacing roofs, walls, structural compliments of the Facility, and cost of compliance with applicable laws(including any required upgrades or retrofitting).

b. Supplies, materials, labor, equipment, and utilities used in or related to the repair and maintenance of the Facility and such common areas.

c. Capital improvements made to the Facility (whether funded in full or amortized with reasonable financing charges) which may be required by any government authority or which will improve the operating efficiency of the Facility.

d. Amounts payable under a Ground Lease that are similar in nature to the foregoing.

(iii) "General Expenses" means all of the following, to the extent not included in Maintenance Expenses:

a. Gross receipts taxes, whether assessed against Lessor or assessed against Lessee and collected by Lessor.

b. Water, sewage, and waste or refuse removal charges.

c. Gas, electricity, telephone and other utilities.

d. The cost of monthly or annual contracts for systems or services such as alarm systems, security systems, internet services, janitorial services or landscaping services.

e. All janitorial, cleaning, landscaping, sweeping and repair services relating to the Facility.

f. The costs of signs and directories.

g. The cost of compliance with applicable laws.

h. Reasonable costs incurred by Lessor for operating expenses, including the day-to-day management (if any), the cost of management personnel (if any), together with any of Lessor's administrative expenses such as state filings, preparation of tax returns or notices, and all taxes, charges, or fees in connection therewith to the extent related to the Facility.

i. Real Property Taxes and personal property taxes, if any.

j. Amounts required to be paid as deductibles in connection with any insurance required under the Bond Documents.

k. Any other costs or expenses incurred by Lessor under this Lease.

l. Amounts payable under a Ground Lease that are the responsibility of the Lessor and not otherwise paid pursuant to any other provisions of this subsection.

3. **Lender Covenants**: Tenant acknowledges that the Premises secure Landlord's obligations under the Loan Documents. Accordingly:

A Tenant covenants and agrees that so long as any bonds or loans remain outstanding, Tenant shall maintain a charter school facility providing educational services to students within the territorial limits required, if any, pursuant to the Si Se Puede Charter.

B Tenant covenants and agrees to take all reasonable actions to maintain its charter relating to the Premises with a sponsoring entity and to take or cause to be taken any and all actions required to renew or extend the term of its charter with a sponsoring entity. As soon as practicable, Tenant shall provide Landlord with a copy of any notice received with regards to any sponsoring entity's intent to renew or extend the term of any such charter relating to the Premises or any notice of any issues which if not corrected or resolved could lead to termination or nonrenewal of any such charter with respect to such Premises. If such charter is terminated or not renewed, Tenant shall use commercially reasonable efforts, and shall cooperate with Landlord, to assign this Lease to an entity that maintains a charter with a sponsoring entity.

C The Tenant will permit the Landlord to discuss the affairs, finances and accounts of the Tenant or any information the Landlord may reasonably request with appropriate officers of the Tenant, and will grant the Landlord access to the facilities, books and records related to the Improvements or the Tenant on any business day upon reasonable prior notice.

D Tenant covenants and agrees that no Transfer of all or any part of the Premises will be valid or considered to have been approved unless and until the Master Trustee shall have consented in writing to the Transfer.

4. **Bondholder/Lender Protection**: At any time when there is a Security Instrument against the Premises, the following provisions shall apply:

A. Prior to exercising any right or remedy which would have the effect of terminating the Lease (or which would terminate the Lease if the Tenant does not satisfy conditions, such as payment of delinquent Rents), the Landlord must give the Master Trustee written notice of default and an opportunity to cure (a) monetary defaults within ten (10) days after notice; and (b) all other defaults within the time allowed by the Lease for Tenant to perform.

B. Before any termination remedy may be exercised against the Tenant, if any cure of a non-monetary default requires that the Master Trustee obtain possession of the Premises, then the time of Lender to cure shall be extended to ten (10) days after it has obtained possession, provided that Landlord has moved with all due diligence to exercise its remedies to obtain possession.

C. Before any termination remedy may be exercised against the Tenant, if an Event of Tenant's Default requires more time to cure than allowed above, then on demonstration that the

Lender has worked in good faith and with all due speed to cure the Default, the Lender may extend the time to perform by another thirty (30) days.

D. Notwithstanding any other provision hereof, no Lender shall have a liability or obligation to cure an Event of Tenant's Default.

E. Tenant shall not take any action, or omit to take any action required of it by the Lease, which will impair or diminish the security of the existing Security Instruments, including any acts/omissions which will have a negative effect on the tax status of the Security Instrument.

F. Except as expressly permitted by the Lease, Lessee covenants and agrees that it will not create, assume or suffer to exist any lien upon the Gross School Revenues in the Master Revenue Fund.

G. Tenant covenants and agrees that it will not create, assume or suffer to exist any lien or security interest upon the Gross School Revenues (as defined below) in the Master Revenue Fund account established pursuant to the Master Indenture other than as provided herein.

H. Subject to Section 15.18 of this Lease, Tenant shall take such action as may be necessary to include all payments of Rent due under this Lease in its annual budget for the school operated at the Premises, to make, as necessary, annual appropriations for all such payments and to take such action annually as will be required to provide funds in such year for such payments of Rent.

I. Tenant shall keep in force such liability insurance, property insurance, flood insurance, and rental interruption insurance, each to the extent, in the amounts, and as otherwise required, in the Master Indenture. The proceeds of any such insurance carried, or proceeds of any condemnation awards, with respect to the Premises, shall be payable and applied as set forth in the Master Indenture.

5. **Tenant's Financial Covenants**. All initially capitalized terms which are not otherwise defined herein shall have the meanings set forth in the Master Indenture, provided that any such definitions therein pertaining to the financial or operational performance of the Landlord (defined therein as a "Member") shall be construed when used herein to refer to the financial or operational performance of the Tenant. For clarity, the financial covenants set forth below shall be applied pursuant and subject to the provisions of D below. With respect to any retention of an Independent Consultant hereunder, Tenant hereby covenants that Tenant shall comply with and shall be bound by the selection procedures set forth in the Loan Documents.

A. Base Rent Coverage Ratio. Tenant covenants and agrees to calculate for each Fiscal Year, beginning with the Fiscal Year ending June 30, 2023, the Base Rent Coverage Ratio (as defined below) for the Lease based on its audited financial statements for such Fiscal Year, and to provide a copy of such calculation to the Landlord and the Master Trustee. Tenant covenants to maintain Net Operating School Revenue such that the Base Rent Coverage Ratio at the end of each Fiscal Year is at least 1.15 to 1.00. Except as provided below, Tenant's failure to achieve the required Base Rent Coverage Ratio will not constitute an Event of Tenant's Default under the Lease if Tenant promptly engages an Independent Consultant to prepare a report, to be delivered to Tenant, Landlord and Master Trustee within 45 days of engagement, with recommendations for meeting the required Base Rent Coverage Ratio or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest level attainable in such Fiscal Year. Tenant agrees to implement the recommendations of the Independent Consultant, to the fullest extent permitted by law. Tenant will not be obligated to retain an Independent Consultant more often than once during any 24 month period. Notwithstanding the foregoing,

Tenant's failure to achieve a Base Rent Coverage Ratio of 1.00 to 1.00 will constitute an Event of Tenant's Default under the Lease.

"Base Rent Coverage Ratio" means for any period of time the ratio determined by dividing (i) the Tenant's Net Operating School Revenue (as defined below), by (ii) the amount of scheduled Base Rent hereunder.

"Educational Management Fee" means any fee or charge, including any funds transfer recognized as an expenditure for accounting purposes, charged by Tenant or an affiliate thereof for management services provided in connection with the Premises, including pursuant to a Management Agreement, which fee shall be subordinate to the payment of Rent due under this Lease.

"Gross School Revenues" shall mean all revenue, income, receipts and money received by Lessee or on behalf of Lessee from all lawfully available sources attributable to its operation of the Obligated Group School and to any other charter school operated by Lessee in the Premises, including from any applicable district or county or from the applicable State (including payments from the State of California pursuant to the Charter School Law), from any general purpose entitlement, revenue limit, or State educational funding sources; but excluding gifts, grants, bequests, donations and contributions, to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for Rent payments or operating expenses.

"Net Operating School Revenue" means Tenant's Gross School Revenues minus its Operating Expenses; provided, that no determination thereof will take into account: (a) any gain or loss resulting from either the early extinguishment or refinancing of Obligated Group School Indebtedness (as defined in the Master Indenture) or the sale, exchange or other disposition of capital assets not made in the ordinary course of business; (b) gifts, grants, bequests, donations or contributions, and income therefrom, to the extent specifically permanently restricted by the donor or by law to a particular purpose inconsistent with their use for the payment of Operating Expenses; (c) the net proceeds of insurance (other than business interruption insurance) and condemnation awards; (d) adjustments to the value of assets or liabilities resulting from changes in generally accepted accounting principles; (e) unrealized gains or losses that do not result in the receipt or expenditure of cash; and (f) nonrecurring items which involve the receipt, expenditure or transfer of assets.

"Operating Expenses" means, except as provided below, all unrestricted expenses of Lessee, attributable to operations of the applicable Obligated Group School and to any other charter school operated by Lessee at the Premises, including maintenance, repair expenses, utility expenses, equipment lease and other rental expense (excluding the Base Rent and the Extraordinary Monthly Rent, if any, but including Expenses and Additional Rent), administrative and legal expenses, miscellaneous operating expenses, advertising and promotion costs, payroll expenses (including taxes), the cost of material and supplies used for current operations of Lessee, the cost of vehicles, equipment leases and service contracts, taxes upon the operations of Lessee not otherwise mentioned herein, charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with generally accepted accounting principles, all in such amounts as reasonably determined by the Lessors. "Operating Expenses" shall exclude, however, (i) all subordinated Educational Management Fees and subordinated Property Management Fees, (ii) depreciation and amortization, (iii) any expenses which are treated as extraordinary in accordance with generally accepted accounting principles, and (iv) scheduled payment requirements on any Long-Term Indebtedness (as defined in the Master Indenture) of the Lessee.

"Property Management Fees" means any fee or charge, including any funds transfer recognized as an expenditure for accounting purposes, paid by Lessee to Launchpad for property

management services provided to the Premises, including pursuant to a property management agreement, which fee shall be subordinate to the payment of Rent due under this Lease.

B. Liquidity Covenant. Lessee shall calculate Consolidated Days Cash on Hand for the Obligated Group Schools as of the last day of each Fiscal Year, commencing June 30, 2022, based upon its audited financial statements for such Fiscal Year, and file such reports with Master Trustee. For each calculation date, the Obligated Group Schools will maintain Consolidated Days Cash on Hand as of the last day of each Fiscal Year equal to or greater than (a) 30 days, for the Fiscal Year ending June 30, 2022, and (b) 45 days for each Fiscal Year thereafter (the "Liquidity Covenant").

"Average Daily Expenses for Obligated Group Schools" means (A) cash requirements during such Fiscal Year related to or payable from revenues attributable to the Obligated Group Schools (excluding from such calculation all depreciation and other non-cash items), and including within such calculation on behalf of the Obligated Group Schools in the aggregate (i) all Operating Expenses for such Fiscal Year for the Obligated Group Schools, (ii) subordinated Educational Management Fees, and (iii) the maximum annual sum of the Base Rent payable under the Leases for all Obligated Group Schools between Tenant and any member of the Obligated Group for that year or any other year, divided by (B) 365. No proceeds of any Short-Term Indebtedness will be considered unrestricted available cash for purposes of such calculation.

"Consolidated Days Cash on Hand" means (i) the sum of cash and cash equivalents of the Obligated Group Schools, as shown on Lessee's audited financial statements for each Fiscal Year, and any payments of the applicable State accrued to such Fiscal Year and scheduled to be received within two months following the end of such Fiscal Year ("Cash on Hand"); divided by (ii) the Average Daily Expenses for Obligated Group Schools (as calculated for the most recent Fiscal Year ending before such date). No proceeds of any Short-Term Indebtedness will be considered unrestricted available cash for purposes of such calculation.

Lessee shall provide a certificate to the Lessor and Master Trustee at the time of delivery of its annual audited financial statements for each Fiscal Year indicating whether Lessee, on behalf of the Obligated Group Schools, has Cash on Hand that satisfies the Liquidity Covenant. If the certificate indicates that such Consolidated Days Cash on Hand requirement has not been satisfied, Lessee covenants to retain an Independent Consultant within 45 days, at its sole expense, on behalf of the Obligated Group Schools, to make recommendations to increase such balances in the then-current Fiscal Year to the required level or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest level attainable in such Fiscal Year. Lessee will not be obligated to retain such an Independent Consultant more often than once during any 24 month period.

In the event the Obligated Group Schools fail to have satisfied the Liquidity Covenant, it will not be a default or Event of Tenant's Default under the Lease.

C. LIMITATION ON TENANT INDEBTEDNESS. Tenant covenants that it will not incur, assume or guarantee ("incur"), any Obligated Group School Indebtedness (as defined in the Master Indenture) (secured or unsecured) except Obligated Group School Indebtedness with respect to purposes specifically benefiting the Tenant, and except as provided below.

(i) Nonrecourse Indebtedness. To the extent permitted by applicable law and if no Event of Tenant's Default under this Lease, or an event that with the giving of notice or passage of time or both would constitute an Event of Tenant's Default hereunder, has occurred and is continuing, Tenant may incur or assume Nonrecourse Indebtedness (as defined below), but limited with Short-Term Indebtedness (as defined

below), and Interim Indebtedness (as defined below) to a total aggregate principal amount outstanding at any time that is not in excess of the greater of: (i) 20% of Gross School Revenues in any Fiscal Year, or (ii) the maximum amount of advance apportionment and principal apportionment due to the Obligated Group School in any fiscal year that is deferred at any time or subject to deferral pursuant to State law, or any subsequent legislation authorizing additional deferrals of such apportionments (the "Maximum Deferred Apportionment"). "Nonrecourse Indebtedness" means all Obligated Group School Indebtedness with respect to which the obligee is prevented by applicable law or contractual arrangement from exercising recourse, or any other right or remedy exercisable by a creditor, against all or any part of the Premises or the Improvements in order to pay, satisfy or discharge all or any part of the Obligated Group School Indebtedness.

(ii) Short-Term Indebtedness. Tenant may incur Short-Term Indebtedness (as defined below) for working capital purposes as in its judgment is deemed expedient, provided that in no event will the Tenant incur Short-Term Indebtedness, together with outstanding Nonrecourse Indebtedness and Interim Indebtedness (defined below) in excess of the greater of: (i) 20% of Gross School Revenues in any Fiscal Year, or (ii) the Maximum Deferred Apportionment. "Short-Term Indebtedness" means all Obligated Group School Indebtedness having an original maturity less than or equal to one year and not renewable at the option of the Tenant for a term greater than one year from the date of original incurrence or issuance, provided however, that any Short Term Indebtedness that has been issued as revenue anticipation notes ("RANS") will not be included or counted as Short Term Indebtedness to the extent that the RANS are secured by deferred state apportionment revenues expressly pledged and deposited in an intercept account to pay such RANS

(iii) Interim Indebtedness. Tenant may incur Interim Indebtedness (as defined below) to finance or refinance existing capital needs as in its judgment is deemed expedient, provided that in no event will the Tenant incur Interim Indebtedness, together with outstanding Nonrecourse Indebtedness and Short-Term Indebtedness, on a combined basis, is in excess of the greater of: (i) 20% of Gros School Revenues in any Fiscal Year, or (ii) the Maximum Deferred Apportionment. "Interim Indebtedness" means all Obligated Group School Indebtedness having an original maturity less than or equal to five (5) years and not renewable at the option of the Tenant for a term greater than five (5) years from the date of original incurrence or issuance.

D. LIMITATION OF LIABILITY.

ALL FINANCIAL COVENANTS CONTAINED HEREIN SHALL BE APPLIED TO ROCKETSHIP EDUCATION, AS TENANT HEREUNDER AS IF ITS OPERATIONS AT THE PREMISES PURSUANT TO THE SI SE PUEDE CHARTER (AND, IF APPLICABLE, ANY OTHER CHARTER SCHOOL OPERATED BY TENANT IN THE PREMISES) WERE ITS ONLY OPERATIONS (I.E., ANY OF THE ACTIVITIES, REVENUES FROM THE OPERATIONS OF ANY OTHER ROCKETSHIP EDUCATION CHARTER SCHOOL, ENTERPRISE OR REVENUE SOURCE WHATSOEVER SHALL NOT BE CONSIDERED RELATED TO THE SI SE PUEDE CHARTER, EITHER DIRECTLY OR INDIRECTLY, INCLUDING, WITHOUT LIMITATION, ALL OPERATING REVENUES, OPERATING EXPENSES, AVERAGE DAILY EXPENSES AND INDEBTEDNESS RELATED TO SUCH OTHER SCHOOLS AND OPERATIONS AND SHALL, FOR ALL PURPOSES, BE DISREGARDED FOR PURPOSES OF DETERMINING COMPLIANCE WITH THE FINANCIAL COVENANTS DESCRIBED HEREIN).

E. FINANCIAL REPORTING. Tenant agrees to provide Landlord, and upon written request of Landlord or the Master Trustee such information, applicable to Tenant, as Landlord is required to provide pursuant the Master Indenture and Tenant shall provide to Landlord, and upon written request of Landlord or Master Trustee, and, to the extent not otherwise included in periodic reports required to be completed pursuant to this Agreement, Tenant agrees to file to the Municipal Securities Rulemaking Board's EMMA website (http://emma.msrb.org), the following information:

(a) If Tenant is undertaking any construction or renovations at the Premises, not later than 60 days after the end of each quarter, a construction progress report with respect to any such construction until such construction is substantially complete.

(b) Quarterly unaudited financial information and operating data of the respective Obligated Group School not later than 60 days after the end of each quarter.

(c) Quarterly, not later than 60 days after the end of each quarter, a report of the respective Obligated Group School's quarterly enrollment data and waitlist data by grade for the previous fiscal quarter.

(d) Prior to the end of each fiscal year, a copy of the annual budget of the respective Obligated Group School for the subsequent Fiscal Year.

(e) Quarterly, not later than 60 days after the end of each quarter, a year to date comparison of the revenue and expenditures in the unaudited financial statements for such quarter to the annual budget for the applicable fiscal year for the Obligated Group School.

(f) Quarterly, not later than 60 days after the end of each quarter, a copy of any recommendations of any Independent Consultant received in accordance with the Master Indenture pursuant to the Liquidity Covenant and Base Rent Coverage Ratio covenant under this Lease.

(g) Annually, no later than seven (7) months after the close of each fiscal year, commencing with the Fiscal Year ended June 30, 2022, copies of the audited financial statements of Tenant and the respective Obligated Group School for the prior fiscal year prepared in accordance with generally accepted accounting principles applicable to nonprofit corporations from time to time, if available.

(h) Annually, no later than seven (7) months after the close of each fiscal year, commencing with the Fiscal Year ending June 30, 2022, the certifications and calculations of the Consolidated Days Cash on Hand and the Base Rent Coverage Ratio for the respective Obligated Group School, each as described in the Liquidity Covenant and Base Rent Coverage Ratio covenant under this Lease.

(i) Such other information as may be reasonably requested by the Landlord, the Issuer, the Bond Trustee or Master Trustee.

F. SUBORDINATION.

(i) If Tenant enters into a Management Agreement for the payment of Educational Management Fees to Tenant or any supporting organization of Tenant under Internal Revenue Code Section 509(a)(3), or any of their respective affiliates, with respect to the Obligated Group School, Tenant shall amend any such Management Agreement for the Obligated Group School such that, so long as the 2022 Bonds remain outstanding: (i) the obligation of Tenant to pay Educational Management Fees relating to the Obligated Group School shall be subordinated to its

payment of Operating Expenses of the Obligated Group School and rent payments to Landlord under the Lease; (ii) the obligation of Tenant to pay Educational Management Fees relating to the Obligated Group School shall be suspended during any period when payment of Educational Management Fees would cause Tenant to fail to satisfy the Liquidity Covenant or the covenant in respect of the Base Rent Coverage Ratio; and (iii) during any period of time when Educational Management Fees remain unpaid by reason of the effect of clauses (i) or (ii) of this paragraph, such fees shall accrue without interest. If Tenant has not engaged a separate manager with respect to the Obligated Group School, Tenant agrees that it shall not apply any Gross School Revenues to costs and expenses of management unless and until all Rent is fully paid and no payment default exists in respect of the applicable loan and any related Obligation.

(ii) If Tenant enters into a property management agreement for the payment of Property Management Fees to Launchpad with respect to the Obligated Group School, Tenant shall amend such property management for the Obligated Group School such that, so long as 2022 Bonds remain outstanding: (i) the obligation of Tenant to pay Property Management Fees relating to the Obligated Group School shall be subordinated to its payment of Operating Expenses of the Obligated Group School and rent payments to the Landlord under the Lease; (ii) the obligation of Tenant to pay Property Management Fees relating to the Obligated Group School shall be suspended during any period when payment of Property Management Fees would cause Tenant to fail to satisfy the Liquidity Covenant or the covenant in respect of the Base Rent Coverage Ratio; and (iii) during any period of time when Property Management Fees remain unpaid by reason of the effect of clauses (i) or (ii) of this paragraph, such fees shall accrue without interest. If Tenant has not engaged a separate property manager with respect to the Obligated Group School, Tenant agrees that it shall not apply any Gross School Revenues to costs and expenses of property management unless and until all rent is fully paid and no payment default exists in respect of the applicable loan and any related Obligation.

G. PLEDGE AND SECURITY INTEREST. To secure the payment and performance of its obligations under this Lease, Tenant expressly pledges and grants to the Landlord a security interest in Gross School Revenues with respect to the Obligated Group School subject of the Lease. From time to time, Tenant may own or hold funds or other assets subject to a statutory, regulatory, grantor-imposed or donor-imposed restriction on the use thereof that prohibits the application or pledge of such funds or assets to satisfy the obligations of Tenant under the Lease and/or prohibits the encumbrance of such funds or assets to secure such obligations. The foregoing pledge and grant of security interest shall not encumber, attach to, or transfer, and the holder of any claims of Landlord shall have no recourse under the Lease to, any funds or assets of Tenant to the extent that any transfer of such funds or assets to or for the benefit of such holder would violate any such restriction on the use of such funds or assets or violate any applicable law.

7. **Approval of Independent Consultants**.

(a) Whenever this Agreement provides for the retention or engagement of an Independent Consultant by Tenant, such Independent Consultant will be engaged in the manner as set forth in this Section 7 and as set forth in the Master Indenture. Upon the selection by Tenant of an Independent Consultant as required under the provisions of this Agreement, Landlord will notify Launchpad, who will notify the Master Trustee of such selection. Such notice from Landlord to the Obligated Group Representative shall (i) include the name of the Independent Consultant and a brief description of the Independent Consultant, (ii) state the reason that the Independent Consultant is being engaged including a description of the covenant(s) of this Lease that requires the Independent Consultant to be engaged.

(b) As provided in the Master Indenture, notice of the selection of an Independent Consultant from the Related Bond Trustee to holders of such Related Bonds shall be sent by generally

acceptable electronic means and shall state that the holder of the outstanding Related Bonds will be deemed to have consented to the selection of the Independent Consultant named in such notice unless such holder submits an objection in writing (in a manner acceptable to the Related Bond Trustee) to the Related Bond Trustee within 15 days of the date that the notice is sent to the holder. No later than two Business Days after the end of the 15-day objection period, each Related Bond Trustee shall notify the Master Trustee and the Obligated Group Representative of the number of objections. If holders of 66.6% or more in aggregate principal amount of the outstanding Related Bonds have been deemed to have consented to the selection of the Independent Consultant, then Tenant shall engage the Independent Consultant within three Business Days. If holders of more than 33.4% in aggregate principal amount of the outstanding Related Bonds have objected in writing to the Independent Consultant selected in the manner and within the time set forth above, Tenant shall select another Independent Consultant under the applicable Lease, and such selection shall be immediate and final.

(c) Landlord will cause a notice of selection of Independent Consultant by Tenant to be filed to the Municipal Securities Rulemaking Board's EMMA website (http://emma.msrb.org) upon request of the Trustee or Master Trustee.

8. Intercept.

(a) In connection with the operation of the Obligated Group School at the Premises, Tenant receives and expects to receive certain financial assistance, payments, benefits and awards from the State of California (the "State") and the Santa Clara County Office of Education ("SCCOE"), to fund, in part, the operating costs of the Obligated Group School at the Premises, including, without limitation, appropriations, allocations, grants, and funds of all kinds (including per pupil payments) that may be claimed with respect to any Obligated Group School at the Premises pursuant to applicable laws (including, without limitation, under the Charter School Law (as defined in the Master Indenture) by Tenant or by any other entity that is or may operate the Obligated Group Schools at the Premises pursuant to the applicable charters (collectively, the "Appropriations")

(b) Simultaneously with the execution and delivery of the 2022 Bonds, Tenant shall deliver or cause to be delivered an Intercept Notice, substantially in the form set forth in **Exhibit E** attached hereto (the "Intercept Notice"), to the Santa Clara County Office of Education, requiring the Appropriations to be deposited by SCCOE directly with the Master Trustee and distributed in accordance with the terms of the Master Indenture. Amounts specified in the Intercept Notice for transfer to the Master Trustee shall be limited to Appropriations. Tenant will cooperate with the Master Trustee in any manner the Master Trustee may request in connection with amending, supplementing or restating the Intercept Notice. If at any time the Intercept Notice is amended, supplemented or restated for any reason, Tenant shall promptly provide the Issuer, Landlord and the Master Trustee with a copy of such amended, supplemented or restated Intercept Notice. All deposits of moneys derived from the intercept hereunder shall be made at the corporate trust office of the Master Trustee set forth in the Intercept Notice. Tenant shall timely amend, supplement or restate the Intercept Notice to require transfers to such other location as shall be designated in writing by the Master Trustee to Tenant. If Tenant receives any Appropriations subject to the Intercept Notice, Tenant shall promptly deposit such amounts with Master Trustee. So long as any obligations remain outstanding under the Loan Agreement, Tenant shall not revoke, amend, supplement or otherwise modify such direction at any time without the prior written consent of each of the Issuer, the Bond Trustee and the Master Trustee.

9. **General Provisions**. In the event of a conflict between the terms of this **Exhibit B** and the Lease, the terms of this **Exhibit B** shall prevail and control.

EXHIBIT C
PROJECT DESCRIPTION

The acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of the land and education facilities known as Si Se Puede (the "School"). The School, located [_____], is designed to serve students in grades [_____] and is owned by Launchpad Development Two LLC. In addition, the payment of certain expenses incurred in connection with the issuance of the 2022 Bonds and the funding of all or a portion of a debt service reserve fund, capitalized interest and/or working capital related to the School (collectively, the "Project").

EXHIBIT D
MAINTENANCE SERVICES TO BE PROVIDED BY LANDLORD

Landlord shall maintain, repair, and operate the HVAC equipment; including regular inspection and servicing.

Landlord shall maintain and repair the roof; including regular inspections and servicing.

EXHIBIT E
FORM OF INTERCEPT NOTICE

Attached.

SCHEDULE 1
BASE RENT

ROCKETSHIP
PUBLIC SCHOOLS

Preliminary Term Sheet

California Enterprise Development Authority
Charter School Revenue Refunding Bonds
(Rocketship Public Schools – Obligated Group)
Series 2022A & Series 2022B (Taxable)

IMPORTANT INFORMATION, PLEASE READ:

This Preliminary Term Sheet is provided as of January 24, 2022 for a proposed offering by Rocketship Education, Inc. doing business as Rocketship Public Schools ("Rocketship") of its Charter School Revenue Refunding Bonds, Series 2021A & 2021B (Taxable) (the "Bonds"). All market prices, financial data and other information provided herein are not warranted as to completeness or accuracy and are subject to change without notice.

This Preliminary Term Sheet is provided for your information and convenience only. By viewing this Preliminary Term Sheet, you agree not to duplicate, copy, download, screen capture, electronically store or record this Preliminary Term Sheet, nor to produce, publish or distribute this Preliminary Term Sheet in any form whatsoever.

This Preliminary Term Sheet does not constitute a recommendation or an offer or solicitation for the purchase or sale of any security or other financial instrument, including the Bonds, or to adopt any investment strategy. In no event shall Stifel or Rocketship be liable for any use by any party of, for any decision made or action taken by any party in reliance upon, or for any inaccuracies or errors in, or omissions from, the information contained herein and such information may not be relied upon by you in evaluating the merits of participating in any transaction mentioned herein. Stifel makes no representations as to the legal, tax, credit or accounting treatment of any transactions mentioned herein, or any other effects such transactions may have on you and your affiliates or any other parties to such transactions and their respective affiliates. You should consult with your own advisors as to such matters and the consequences of the purchase and ownership of the Bonds. Nothing in these materials constitutes a commitment by Stifel or any of their affiliates to enter into any transaction. No assurance can be given that any transaction mentioned herein could in fact be executed. Past performance is not indicative of future returns, which will vary. Transactions involving the Bonds may not be suitable for all investors. You should consult with your own advisors as to the suitability of the Bonds for your particular circumstances.

This Preliminary Term Sheet may contain forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Preliminary Term Sheet, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward looking statements. These forward-looking statements speak only as of the date of this Preliminary Term Sheet. Rocketship disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statement contained herein to reflect any change in the Rocketship's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

ROCKETSHIP
PUBLIC SCHOOLS

Preliminary Term Sheet

California Enterprise Development Authority
Charter School Revenue Refunding Bonds
(Rocketship Public Schools – Obligated Group)
Series 2022A & Series 2022B (Taxable)

Basic Terms	
Borrower	**Launchpad Development Company ("Launchpad")**
Tenant	**Rocketship Public Schools ("Rocketship") operating Rocketship Si Se Puede ("RSSP"), Rocketship Brilliant Minds ("RBM"), and Rocketship Fuerza ("RFZ")** *(collectively "the Schools")*
Landlords & Obligated Group Members	**Launchpad Development Two, LLC ("LLC 2")** **Launchpad Development Eleven, LLC ("LLC 11")** **Launchpad Development Twelve, LLC ("LLC 12")**
Conduit Bond Issuer	**California Enterprise Development Authority ("CEDA")**
Lender	**Stifel** acting as Underwriter in a Limited Offering
Bond Amount	**$29,895,000*** (Series 2022A: $29,130,000*; Series 2022B: $765,000*) *Preliminary, subject to change.
Tax Status	**Series 2022A:** Tax-Exempt **Series 2022B:** Taxable
Minimum Denominations	**$250,000** and any integral multiple of $5,000 in excess thereof.
Trade Restrictions	Qualified Institutional Buyers ("QIBs") and Accredited Investors ("AIs")
Final Maturity	June 1, 2043* (21 years) *Preliminary, subject to change.
Bond Sale Type	Limited Offering
Method for Locking In Interest Rates	The indicative interest rate scale will be finalized by March 15, 2022*, ("pre-pricing date"). Interest rates (yields) will be locked in by execution of a bond purchase contract on March 16, 2022* ("pricing date" or "sale date") (based on a MMD scale as of March 15, 2022*). *Preliminary, subject to change.
Max. Loan to Value	None
Equity Contribution	None
Estimated Sale Date	March 16, 2022* (lock-in interest rates) *Preliminary, subject to change.

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Series 2022A & Series 2022B (Taxable)

Estimated Closing Date	March 30, 2020* *Preliminary, subject to change.
Interest Payment Dates	June 1 and December 1, commencing June 1, 2022
Principal Dates	June 1, commencing June 1, 2022
Redemption Provisions	*Optional Redemption*. Available at **9 years (June 1, 2031)*** with no penalty, or shorter, subject to negotiation with investors. A June 1, 2031 redemption will align with that of the 2021 Bonds. *Other Redemption Provisions.* Other standard or potentially special redemption provisions to be included depending on Rocketship's desire for additional prepayment flexibility (philanthropy, etc.). *Preliminary, subject to change.
Credit Structure	*Obligated Group*. The 2022 Schools included in the financing will join the California Obligated Group (California OG) created with the Series 2021 Bonds, which currently includes include LLC 4 and LLC 8 as initial California Obligated Group Members, and is separate and apart from the existing Rocketship National Obligated Group. LLC 2, LLC 11, and LLC 12 will be added to the California OG. Revenues from the California OG Schools will be pledged to repayment of the Bonds. All California OG Schools will be cross-collateralized. If Rocketship issues bonds for additional Schools, those Schools can be added to the California OG, but are not required to be added. Future financings can be stand-alone or create separate obligated groups. *No Parental Guarantee*. Rocketship Public Schools (as an entire CMO entity) will have no obligation to contribute to Bond debt service.
Security & Source of Payment	**Real Estate Security:** 1. First lien on fee simple title on the Si Se Puede campus 2. Leasehold interest on the Brilliant Minds and Fuerza campuses **Source of Payment:** 1. Bond payments are secured by a pledge of unrestricted revenues of the Obligated Group Members (i.e., LLC 4, LLC 8, LLC 2, LLC 11, and LLC 12), including all Rent collected from the Schools 2. Management Fees related to the Schools (i.e., ROMO, RSA, RSSP, RBM, and RFZ) paid to the Central office are **subordinate** to the payment of Rent **Collateral Agency Agreement & County Intercept:** 1. A Collateral Agency Agreement will receive State Revenues of the Schools from the Santa Clara County Office of Education (SCCOE) and transfer rent payments to the Bond Trustee prior to remitting remaining funds to Rocketship.

	Bond Reserve Fund: 1. None **Capital Maintenance & Operating Fund:** 1. $25,000 requirement funded per School, as transferred from existing CMOFs **Insurance Coverage:** 1. All insurance coverage will be held by the LLCs, but paid for from rents paid by the Obligated Group Schools 2. All-risk insurance to cover 100% of replacement cost or outstanding bonds; max. deductible of $100,000 3. Business interruption insurance equal to 1 year debt payment 4. General liability/worker's compensation insurance (Rocketship Education maintains and pays for its own policies) 5. Independent Consultant will review/recommend appropriate insurance coverage every five years
Flow of Funds	State Revenues, consisting primarily of Local Control Funding Formula (LCFF) payments, are made on a monthly basis and are paid through SCCOE for all Rocketship schools in Santa Clara County. Through a Collateral Agency Agreement, all State Revenues for RSSP, RBM, and RFZ will be sent to Wilmington Trust, as the Collateral Agent. Wilmington Trust will then transfer the required payment each month for the 2022 Bonds to the appropriate funds under the 2022 Bond Indenture. The remaining State Revenues for RSSP, RBM, and RFZ will then be sent to Rocketship's operating account. Wilmington Trust serves in all three capacities: Collateral Agent, 2022 Bond Trustee, and Master Trustee, with the same individual performing all three functions. Wilmington Trust also serves in these same capacities for the 2021 Bonds.

ROCKETSHIP PUBLIC SCHOOLS

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California Enterprise Development Authority
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(Rocketship Public Schools – Obligated Group)
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	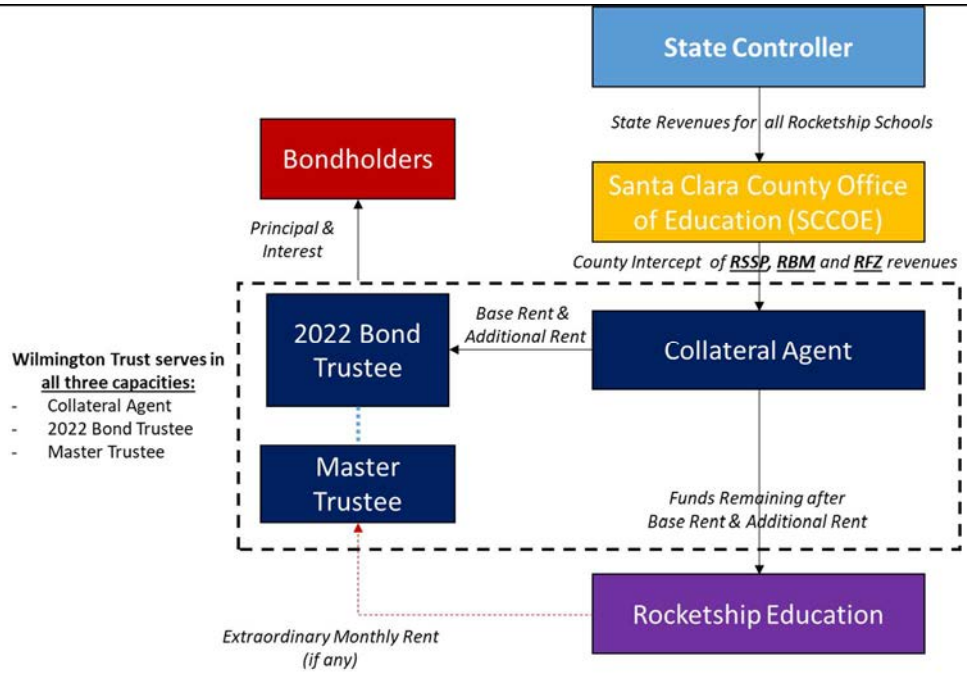
Appraisals	Rocketship will be required to secure MAI appraisals of the RSSP, RBM, and RFZ facilities.
Financial & Operating Covenants	
Annual Coverage Test	• **Base Rent Payment Coverage Ratio of Individual School** – Minimum of 1.15x (Net Operating School Revenues[1] divided by Base Rent); if below 1.15x but higher than 1.00x, then Independent Consultant hired, the selection of the Independent Consultant firm may be rejected by an affirmative vote of the majority of bondholders; if below 1.00x then constitutes an Event of Default.
Annual Liquidity Test	• **Liquidity Covenant of Obligated Group Schools (Consolidated)** – 30 Days Cash on Hand [2]. If below 30 days then Independent Consultant hired (not considered an Event of Default).
Additional Debt Test	• **Any Long-Term Debt on Parity with Bonds (2-prong test):** (1) Consolidated Base Rent Coverage[3] in the most recent year of at least 1.15x and (2) Consolidated Base Rent Coverage[3] in the next 3 fiscal years of at least 1.25x; both shown by an Independent Consultant's Report • **Subordinate Debt:** Allowed without test. • **Short-Term Debt for Individual School:** Pursuant to the Lease Agreement, restricted to the maximum State revenue deferral.
Parental Guarantee	None

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Academic Covenant	None
Enrollment Ramp-Up /Maintenance Covenant	None
Rating Solicitation Covenant	Rocketship will be required to assess annually whether they expect that the Bonds could secure an investment grade rating from either Moody's or S&P. If Rocketship believes that the Bonds are likely to qualify for an investment grade rating, they will be required solicit such rating from Moody's or S&P.
Footnotes	(1) "Net Operating School Revenues" equal to Gross School Revenues deducting School Operating Expenses, deducting the Annual Base Rent Payment (i.e. the Annual Debt Payment plus Annual Ground Lease Payment, if any) and adding back Depreciation/Amortization and Subordinated CMO Management Fees. (2) "Days Cash on Hand" is calculated as the most recent School Operating Expenses, deducting the Annual Base Rent Payment, deducting Depreciation/Amortization, adding back the Maximum Annual Base Rent Payment. Take that sum and divide by 365 days. Divide unrestricted available cash by this figure to arrive at "Days Cash on Hand." (3) "Consolidated Base Rent Coverage" is the Consolidated Net Operating School Revenue divided by Consolidated Base Rent from all existing and proposed School Tenants. "Consolidated Base Rent" is the Annual Debt Service + any applicable Ground Rent for All School Tenants. For new School Tenants being added to the Obligated Group, the existing operational results of that school can be counted toward meeting the historical debt coverage test.
Financial Reporting	• **Annual Reports** – due within 180 days of fiscal year end, commencing with the Fiscal Year ending **June 30, 2022** • **Quarterly Reports** – due within 60 days of each fiscal quarter end, commencing with the fiscal quarter ending **June 30, 2022** • **Annual Conference Call** – following the end of Fiscal Year 2021-22 and each year thereafter • **Reporting of Listed Events** – specific material events enumerated under securities law
Other Requirements	Aside from the "Credit Structure", "Security & Source of Payment" and "Financial & Operating Covenants" sections discussed above, other standard bond provisions Rocketship is accustomed to and found in its existing Obligated Group transactions (and similar charter school bond transactions with Obligated Group structures) will be included.
About the Borrower, Tenant, and the Schools	
Launchpad Development Company (the Borrower)	Launchpad Development Company ("Launchpad", or the "Borrower") is a California nonprofit public benefit corporation recognized under sections 501(c)(3) and 509(a)(3) of the Internal Revenue Code (IRC). Launchpad was formed in 2009 as a supporting organization to Rocketship Education.

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Rocketship Education (the Tenant)

Rocketship Education is a California nonprofit public benefit corporation described under section 501(c)(3) of the Internal Revenue Code. Rocketship was founded in 2007 and operates a network of twenty (20) charter schools in California, Wisconsin, Tennessee and Washington, D.C. Rocketship was also recently authorized to open two schools in Fort Worth, Texas.

Region	Number of Authorized Charters	Number of Active Charters
Bay Area	14	13
Milwaukee	2	2
Tennessee	3	2
Washington, D.C.	4	3
Texas	2	0
TOTAL	**25**	**20**

As of the 2021-22 school year, Rocketship Education serves approximately 10,000 students. See the below summary chart of the Rocketship network:

Region	School	Grades Served	School Year Established	2021-22 Enrollment
Bay Area	Rocketship - Mateo Sheedy Elem.	K - 5	2007	477
Bay Area	Rocketship - Sí Se Puede*	K - 5	2009	328
Bay Area	Rocketship - Los Sueños	K - 5	2010	400
Bay Area	Rocketship - Discovery Prep	TK - 5	2011	462
Bay Area	Rocketship - Mosaic Elem.*	K - 5	2011	562
Bay Area	Rocketship - Brilliant Minds*	TK - 5	2012	527
Bay Area	Rocketship - Alma Academy*	TK - 5	2012	517
Bay Area	Rocketship - Spark Academy	K - 5	2013	567
Bay Area	Rocketship - Fuerza Comm Prep*	TK - 5	2014	587
Bay Area	Rocketship - Redwood City Prep	TK - 5	2015	309
Bay Area	Rocketship - Futuro Academy	K - 5	2016	653
Bay Area	Rocketship - Rising Stars	TK - 5	2016	608
Bay Area	Rocketship - Delta Prep	K - 5	2018	583
Milwaukee	Rocketship - Southside Community Prep	K4 - 5	2013	473
Milwaukee	Rocketship - Transformation Prep	K - 5	2018	265
Tennessee	Rocketship - Nashville Northeast	K - 4	2014	445
Tennessee	Rocketship - United Academy	K - 4	2015	557
Washington, D.C.	Rocketship - Rise Academy	P3, P4 and K-5	2016	666
Washington, D.C.	Rocketship - Legacy Prep	P3, P4 and K-5	2017	671
Washington, D.C.	Rocketship - Infinity Community Prep	P3, P4 and K-5	2019	238
4 Regions	**20 Schools**			**9,895**

*Designates the OG Schools

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The 2022 Schools

Rocketship Si Se Puede is a K-5 elementary school established in 2009 and is authorized by the Santa Clara County Office of Education. Since its establishment, the school has received two charter renewals in 2012 and 2017. The current charter expires on June 30, 2022.

Rocketship Brilliant Minds is a TK-5 elementary school established in 2012 and is authorized by the Santa Clara County Office of Education. Since its establishment, the school has received a charter renewal in 2018. The current charter expires on June 30, 2023.

Rocketship Fuerza Community Prep is a TK-5 elementary school established in 2014 and is authorized by the Santa Clara County Office of Education. Since its establishment, the school has received a charter renewal in 2019. The current charter expires on June 30, 2024.

School	Grades Served	School Year Established	2021-22 Enrollment	Charter Renewals	Charter Expiration	Charter Authorizer
Rocketship - Sí Se Puede	K-5	2009	328	2012,2017	6/30/2022	Santa Clara County Office of Education
Rocketship - Brilliant Minds	TK-5	2012	527	2018	6/30/2023	Santa Clara County Office of Education
Rocketship - Fuerza Comm Prep	TK-5	2014	587	2019	6/30/2024	Santa Clara County Office of Education
3 Schools			**1,442**	**4 Renewals**		**1 Authorizer**

Other OG Schools	Grades Served	School Year Established	2021-22 Enrollment	Charter Renewals	Charter Expiration	Charter Authorizer
Rocketship - Mosaic Elementary	K-5	2011	630	2016, 2020	6/30/2026	Franklin-McKinley School District
Rocketship - Alma Academy	TK-5	2012	313	2017	6/30/2022	Santa Clara County Office of Education
2 Schools			**943**	**3 Renewals**		**2 Authorizers**
Total Obligated Group			**2,385**	**7 Renewals**		**2 Authorizers**

Historical Enrollment

Rocketship – Si Se Puede	2017-18	2018-19	2019-20	2020-21	2021-22
TK/K	78	79	88	74	74
1st	85	88	49	59	47
2nd	85	85	75	51	54

3rd	77	79	82	77	51
4th	95	74	78	82	69
5th	19	25	28	36	35
Total	**439**	**430**	**400**	**379**	**306**

	Rocketship – Brilliant Minds				
	2017-18	**2018-19**	**2019-20**	**2020-21**	**2021-22**
TK/K	116	146	128	113	111
1st	102	104	118	101	81
2nd	97	94	110	114	83
3rd	100	99	105	105	100
4th	96	92	107	103	92
5th	58	51	67	70	56
Total	**569**	**586**	**635**	**606**	**516**

	Rocketship – Fuerza				
	2017-18	**2018-19**	**2019-20**	**2020-21**	**2021-22**
TK/K	148	153	147	126	115
1st	119	115	115	121	98
2nd	111	111	115	115	107
3rd	97	114	104	115	104
4th	99	89	109	105	112
5th	40	46	33	49	42
Total	**614**	**628**	**623**	**631**	**571**

Projected Enrollment

	Rocketship - Si Se Puede				
	2021-22	**2022-23**	**2023-24**	**2024-25**	**2025-26**
K	75	86	86	86	86
1st	47	61	61	61	61
2nd	53	60	60	60	60

3rd	49	55	55	55	55
4th	69	77	77	77	77
5th	35	27	27	27	27
Total	328	365	365	365	365

Rocketship - Brilliant Minds					
	2021-22	**2022-23**	**2023-24**	**2024-25**	**2025-26**
TK/K	110	154	154	154	154
1st	82	96	96	96	96
2nd	84	84	84	84	84
3rd	101	84	84	84	84
4th	93	92	92	92	92
5th	56	58	58	58	58
Total	526	568	568	568	568

Rocketship – Fuerza					
	2021-22	**2022-23**	**2023-24**	**2024-25**	**2025-26**
TK/K	115	141	141	141	141
1st	100	100	100	100	100
2nd	109	100	100	100	100
3rd	107	104	104	104	104
4th	112	96	96	96	96
5th	43	56	56	56	56
Total	585	597	597	597	597

Waitlist (as of January 18, 2022)

Waitlist (as of January 18, 2022)			
Grade	**Si Se Puede**	**Brilliant Minds**	**Fuerza**
TK/K	5	5	3
1st	1	0	4
2nd	2	1	2

3rd	2	2	1
4th	0	2	7
5th	1	2	7
Total	**11**	**12**	**28**

Student Demographics (2020-21)

Demographics (the Schools)	Total Students	% Eligible for Free/Reduced Meals	ESL & ELL %
Rocketship – Si Se Puede	306	90.2%	74.2%
Rocketship – Brilliant Minds	516	77.7%	58.7%
Rocketship – Fuerza	571	74.3%	65.7%

Student Retention

Student Retention (the Schools)	2015-16	2016-17	2017-18	2018-19	2019-20
Rocketship – Si Se Puede	80%	88%	76%	78%	83%
Rocketship – Brilliant Minds	83%	91%	81%	82%	89%
Rocketship – Fuerza	84%	90%	80%	83%	83%

Teacher Retention

Teacher Retention (the Schools)	2015-16	2016-17	2017-18	2018-19	2019-20
Rocketship – Si Se Puede	68%	72%	60%	69%	92%
Rocketship – Brilliant Minds	67%	75%	59%	57%	82%
Rocketship – Fuerza	60%	75%	80%	81%	79%

Academic Performance & Competing Schools

	Distance to School (Miles)	Enrollment	2019-20 EL	FRPM	SBAC ELA Met/Exceeded* 2016-17	2017-18	2018-19	SBAC Math Met/Exceeded* 2016-17	2017-18	2018-19
Rocketship - Mosaic Elementary	*--*	*584*	*57.1%*	*73.2%*	*48.6%*	*59.2%*	*59.9%*	*59.7%*	*67.9%*	*70.3%*
The Robert F. Kennedy Elementary School	0.4	388	50.8%	75.0%	35.4%	31.7%	36.2%	33.3%	25.5%	26.3%
Santee Elementary School	0.5	413	71.2%	94.2%	26.6%	26.7%	28.7%	24.2%	24.1%	21.9%
McKinley Elementary School	0.67	272	66.5%	86.0%	21.5%	20.8%	30.9%	18.2%	16.0%	22.2%
Franklin-McKinley Elementary School District	--	9,775	43.3%	74.6%	40.2%	37.9%	39.5%	35.2%	31.6%	31.4%
State of California	--	6,163,001	18.6%	60.7%	35.5%	37.7%	39.2%	24.6%	26.2%	27.5%
Rocketship - Alma Academy	*--*	*509*	*56.1%*	*83.3%*	*38.0%*	*45.5%*	*61.4%*	*49.1%*	*43.1%*	*63.2%*
Washington Elementary School	0.7	439	72.7%	94.1%	33.0%	34.1%	38.7%	29.7%	29.6%	36.7%
Gardner Elementary School	1.5	376	51.9%	68.9%	11.9%	29.4%	25.8%	13.9%	17.2%	17.9%
San Jose Unified School District	--	30,172	23.3%	45.1%	32.0%	34.1%	33.6%	20.1%	21.3%	20.7%
State of California	--	6,163,001	18.6%	60.7%	35.5%	37.7%	39.2%	24.6%	26.2%	27.5%

**Represents % of economically disadvantaged students who met or exceeded standards.*

Legal Matter Disclosure

On March 18, 2021, Rocketship filed a Verified Petition for Writ of Mandate and Complaint for Injunctive and Declaratory Relief against San Jose Unified School District ("SJUSD"). Rocketship was joined in this action by four other California charter schools: University Prep Academy, Perseverance Prep Academy, Summit Public Schools, and KIPP Bay Area Schools. The complaint alleges that SJUSD violated California Education Code by refusing to transfer the charter schools in-lieu property tax that is owed for the 2019-20 school year and requests that the Court order SJUSD to pay the contested amount. The suit was filed in Santa Clara County Superior Court and has not yet been issued a case number, due to COVID-19 related court delays.

Together, all five charter schools claim that SJUSD owes a collective total of approximately $2.9 million dollars. Of that, Rocketship's portion comprises approximately $1.5 million. The breakdown by school is as follows: Rocketship Alma is owed approximately $483K, Rocketship Discovery Prep is owed approximately $739K and Rocketship Los Suenos is owed approximately $252K and Rocketship Brilliant Minds is owed approximately $60K.

Due to COVID-19 related delays, the Parties have not received a case number or judicial assignment, which will allow the Parties to proceed with service and filing further motions. Nor have any hearing dates have been set. The parties anticipate that SJUSD will respond to the Complaint in a timely manner. The parties attempted to resolve this matter directly with SJUSD prior to filing the Complaint and SJUSD did not respond accordingly. Therefore, it is unclear whether settlement is a viable option.

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Appendix A: Estimated Sources & Uses

	Series 20212 (Tax-Exempt)	Series 2022B (Taxable)	Total
Bond Amount	$ 29,130,000	$ 765,000	**$ 29,895,000**
Premium	-	-	**-**
2014 Debt Service Reserve	2,738,900	-	**2,738,900**
Total Sources	**$ 31,868,900**	**$ 765,000**	**$ 32,633,900**

	Series 20212 (Tax-Exempt)	Series 2022B (Taxable)	Total
2014 Bonds Refunding	$ 31,484,600	$ -	**$ 31,484,600**
Debt Service Reserve Fund	-	-	**-**
Cost of Issuance	384,300	765,000	**1,149,300**
Total Uses	**$ 31,868,900**	**$ 765,000**	**$ 32,633,900**

Appendix B: Estimated Debt Service & Savings

Date	Series 2014 Debt Service	Refunding Debt Service	Savings
2022	$ 1,675,100	$ 1,325,938	$ 349,163
2023	2,738,300	2,116,950	621,350
2024	2,734,000	2,114,600	619,400
2025	2,735,700	2,116,000	619,700
2026	2,738,900	2,115,800	623,100
2027	2,738,250	2,114,000	624,250
2028	2,738,750	2,115,600	623,150
2029	2,735,050	2,115,400	619,650
2030	2,737,150	2,113,400	623,750
2031	2,734,350	2,114,600	619,750
2032	2,736,650	2,113,800	622,850
2033	2,738,350	2,116,000	622,350
2034	2,734,100	2,116,000	618,100
2035	2,733,900	2,113,800	620,100
2036	2,738,413	2,114,400	624,013
2037	2,734,950	2,112,600	622,350
2038	2,733,513	2,113,400	620,113
2039	2,738,375	2,116,600	621,775
2040	2,738,450	2,112,000	626,450
2041	2,738,375	2,114,800	623,575
2042	2,737,425	2,114,600	622,825
2043	2,734,875	2,116,400	618,475
Total	**$ 59,142,925**	**$ 45,736,688**	**$ 13,406,238**
Avg. Annual Savings			609,374

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Appendix C: Estimated Sinking Fund Payments

Maturity	Series 2022A	Series 2022B
6/1/2022	$ -	$230,000
6/1/2023	390,000	535,000
6/1/2024	965,000	-
6/1/2025	1,005,000	-
6/1/2026	1,045,000	-
6/1/2027	1,085,000	-
6/1/2028	1,130,000	-
6/1/2029	1,175,000	-
6/1/2030	1,220,000	-
6/1/2031	1,270,000	-
6/1/2032	1,320,000	-
6/1/2033	1,375,000	-
6/1/2034	1,430,000	-
6/1/2035	1,485,000	-
6/1/2036	1,545,000	-
6/1/2037	1,605,000	-
6/1/2038	1,670,000	-
6/1/2039	1,740,000	-
6/1/2040	1,805,000	-
6/1/2041	1,880,000	-
6/1/2042	1,955,000	-
6/1/2043	2,035,000	-
Total	**$29,130,000**	**$765,000**

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Appendix D: Financial Projections

	Forecast 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Enrollment					
Grades Served	TK-5	TK-5	TK-5	TK-5	TK-5
Enrollment	**2,518**	**2,654**	**2,654**	**2,654**	**2,654**
Revenue					
LCFF Revenue	$ 27,766,498	$ 29,795,698	$ 30,704,998	$ 30,705,035	$ 30,705,035
Federal Income	5,250,461	8,028,105	6,829,497	3,401,939	3,401,939
Other State Revenues	8,584,061	6,406,996	6,072,327	6,055,410	6,055,410
Internal Transfers	175,000	225,000	150,000	75,000	75,000
Other Local Revenues	45,927	50,409	50,409	50,409	50,409
Grants and Fundraising	37,200	-	-	-	-
Total Revenue	**$ 41,859,147**	**$ 44,506,207**	**$ 43,807,231**	**$ 40,287,793**	**$ 40,287,793**
Expenses					
Compensation	$ 21,768,696	$ 19,162,729	$ 19,603,754	$ 19,605,952	$ 19,612,809
Non-Compensation	8,117,658	13,238,279	11,700,884	8,202,686	8,202,686
Rent	3,598,391	2,543,103	2,547,403	2,545,703	2,542,503
Management Fee	5,851,579	6,241,965	6,148,369	5,631,703	5,631,703
2022 Bonds Debt Service	530,863	2,116,950	2,114,600	2,116,000	2,115,800
Total Expenses	**$ 39,867,186**	**$ 43,303,026**	**$ 42,115,009**	**$ 38,102,044**	**$ 38,105,501**
Net Income	**$ 1,991,961**	**$ 1,203,181**	**$ 1,692,222**	**$ 2,185,749**	**$ 2,182,292**
Add Back: Base Rent	4,129,254	4,660,053	4,662,003	4,661,703	4,658,303
Net Operating School Revenue	**$ 6,121,215**	**$ 5,863,234**	**$ 6,354,225**	**$ 6,847,452**	**$ 6,840,595**
Base Rent Coverage Ratio	**1.48x**	**1.26x**	**1.36x**	**1.47x**	**1.47x**
Add Back: Management Fee	5,851,579	6,241,965	6,148,369	5,631,703	5,631,703
Net Operating Revenue Sub. Mgmt. Fee	**$ 11,972,793**	**$ 12,105,200**	**$ 12,502,593**	**$ 12,479,155**	**$ 12,472,298**
Base Rent Coverage Ratio	**2.90x**	**2.60x**	**2.68x**	**2.68x**	**2.68x**
	2021-22	**2022-23**	**2023-24**	**2024-25**	**2025-26**
Beginning Cash Balance	$ 15,196,063	$ 17,188,024	$ 18,391,206	$ 20,083,428	$ 22,269,177
Plus: Net Income	1,991,961	1,203,181	1,692,222	2,185,749	2,182,292
Ending Cash Balance	**17,188,024**	**$ 18,391,206**	**$ 20,083,428**	**$ 22,269,177**	**$ 24,451,469**
Total Expenses	**$ 39,867,186**	**$ 43,303,026**	**$ 42,115,009**	**$ 38,102,044**	**$ 38,105,501**
Less: (Base Rent)	(4,129,254)	(4,660,053)	(4,662,003)	(4,661,703)	(4,658,303)
Add: Maximum Annual Base Rent	4,664,353	4,664,353	4,664,353	4,664,353	4,664,353
Operating Expenses	**$ 40,402,285**	**$ 43,307,326**	**$ 42,117,359**	**$ 38,104,694**	**$ 38,111,551**
Days Cash on Hand	**155 days**	**155 days**	**174 days**	**213 days**	**234 days**

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IMPORTANT INFORMATION, PLEASE READ:

This Preliminary Term Sheet is provided as of January 24, 2022 for a proposed offering by Rocketship Education, Inc. doing business as Rocketship Public Schools ("Rocketship") of its Charter School Revenue Refunding Bonds, Series 2021A & 2021B (Taxable) (the "Bonds"). All market prices, financial data and other information provided herein are not warranted as to completeness or accuracy and are subject to change without notice.

This Preliminary Term Sheet is provided for your information and convenience only. By viewing this Preliminary Term Sheet, you agree not to duplicate, copy, download, screen capture, electronically store or record this Preliminary Term Sheet, nor to produce, publish or distribute this Preliminary Term Sheet in any form whatsoever.

This Preliminary Term Sheet does not constitute a recommendation or an offer or solicitation for the purchase or sale of any security or other financial instrument, including the Bonds, or to adopt any investment strategy. In no event shall Stifel or Rocketship be liable for any use by any party of, for any decision made or action taken by any party in reliance upon, or for any inaccuracies or errors in, or omissions from, the information contained herein and such information may not be relied upon by you in evaluating the merits of participating in any transaction mentioned herein. Stifel makes no representations as to the legal, tax, credit or accounting treatment of any transactions mentioned herein, or any other effects such transactions may have on you and your affiliates or any other parties to such transactions and their respective affiliates. You should consult with your own advisors as to such matters and the consequences of the purchase and ownership of the Bonds. Nothing in these materials constitutes a commitment by Stifel or any of their affiliates to enter into any transaction. No assurance can be given that any transaction mentioned herein could in fact be executed. Past performance is not indicative of future returns, which will vary. Transactions involving the Bonds may not be suitable for all investors. You should consult with your own advisors as to the suitability of the Bonds for your particular circumstances.

This Preliminary Term Sheet may contain forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Preliminary Term Sheet, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward looking statements. These forward-looking statements speak only as of the date of this Preliminary Term Sheet. Rocketship disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statement contained herein to reflect any change in the Rocketship's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

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Basic Terms	
Borrower	**Launchpad Development Company ("Launchpad")**
Tenant	**Rocketship Public Schools ("Rocketship") operating Rocketship Si Se Puede ("RSSP"), Rocketship Brilliant Minds ("RBM"), and Rocketship Fuerza ("RFZ")** *(collectively "the Schools")*
Landlords & Obligated Group Members	**Launchpad Development Two, LLC ("LLC 2")** **Launchpad Development Eleven, LLC ("LLC 11")** **Launchpad Development Twelve, LLC ("LLC 12")**
Conduit Bond Issuer	**California Enterprise Development Authority ("CEDA")**
Lender	**Stifel** acting as Underwriter in a Limited Offering
Bond Amount	**$29,895,000*** (Series 2022A: $29,130,000*; Series 2022B: $765,000*) *Preliminary, subject to change.
Tax Status	**Series 2022A:** Tax-Exempt **Series 2022B:** Taxable
Minimum Denominations	**$250,000** and any integral multiple of $5,000 in excess thereof.
Trade Restrictions	Qualified Institutional Buyers ("QIBs") and Accredited Investors ("AIs")
Final Maturity	June 1, 2043* (21 years) *Preliminary, subject to change.
Bond Sale Type	Limited Offering
Method for Locking In Interest Rates	The indicative interest rate scale will be finalized by March 15, 2022*, ("pre-pricing date"). Interest rates (yields) will be locked in by execution of a bond purchase contract on March 16, 2022* ("pricing date" or "sale date") (based on a MMD scale as of March 15, 2022*). *Preliminary, subject to change.
Max. Loan to Value	None
Equity Contribution	None
Estimated Sale Date	March 16, 2022* (lock-in interest rates) *Preliminary, subject to change.

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Estimated Closing Date	March 30, 2020* *Preliminary, subject to change.
Interest Payment Dates	June 1 and December 1, commencing June 1, 2022
Principal Dates	June 1, commencing June 1, 2022
Redemption Provisions	*Optional Redemption*. Available at **9 years (June 1, 2031)*** with no penalty, or shorter, subject to negotiation with investors. A June 1, 2031 redemption will align with that of the 2021 Bonds. *Other Redemption Provisions.* Other standard or potentially special redemption provisions to be included depending on Rocketship's desire for additional prepayment flexibility (philanthropy, etc.). *Preliminary, subject to change.
Credit Structure	*Obligated Group*. The 2022 Schools included in the financing will join the California Obligated Group (California OG) created with the Series 2021 Bonds, which currently includes include LLC 4 and LLC 8 as initial California Obligated Group Members, and is separate and apart from the existing Rocketship National Obligated Group. LLC 2, LLC 11, and LLC 12 will be added to the California OG. Revenues from the California OG Schools will be pledged to repayment of the Bonds. All California OG Schools will be cross-collateralized. If Rocketship issues bonds for additional Schools, those Schools can be added to the California OG, but are not required to be added. Future financings can be stand-alone or create separate obligated groups. *No Parental Guarantee*. Rocketship Public Schools (as an entire CMO entity) will have no obligation to contribute to Bond debt service.
Security & Source of Payment	**Real Estate Security:** 1. First lien on fee simple title on the Si Se Puede campus 2. Leasehold interest on the Brilliant Minds and Fuerza campuses **Source of Payment:** 1. Bond payments are secured by a pledge of unrestricted revenues of the Obligated Group Members (i.e., LLC 4, LLC 8, LLC 2, LLC 11, and LLC 12), including all Rent collected from the Schools 2. Management Fees related to the Schools (i.e., ROMO, RSA, RSSP, RBM, and RFZ) paid to the Central office are **subordinate** to the payment of Rent **Collateral Agency Agreement & County Intercept:** 1. A Collateral Agency Agreement will receive State Revenues of the Schools from the Santa Clara County Office of Education (SCCOE) and transfer rent payments to the Bond Trustee prior to remitting remaining funds to Rocketship.

	Bond Reserve Fund: 1. None **Capital Maintenance & Operating Fund:** 1. $25,000 requirement funded per School, as transferred from existing CMOFs **Insurance Coverage:** 1. All insurance coverage will be held by the LLCs, but paid for from rents paid by the Obligated Group Schools 2. All-risk insurance to cover 100% of replacement cost or outstanding bonds; max. deductible of $100,000 3. Business interruption insurance equal to 1 year debt payment 4. General liability/worker's compensation insurance (Rocketship Education maintains and pays for its own policies) 5. Independent Consultant will review/recommend appropriate insurance coverage every five years
Flow of Funds	State Revenues, consisting primarily of Local Control Funding Formula (LCFF) payments, are made on a monthly basis and are paid through SCCOE for all Rocketship schools in Santa Clara County. Through a Collateral Agency Agreement, all State Revenues for RSSP, RBM, and RFZ will be sent to Wilmington Trust, as the Collateral Agent. Wilmington Trust will then transfer the required payment each month for the 2022 Bonds to the appropriate funds under the 2022 Bond Indenture. The remaining State Revenues for RSSP, RBM, and RFZ will then be sent to Rocketship's operating account. Wilmington Trust serves in all three capacities: Collateral Agent, 2022 Bond Trustee, and Master Trustee, with the same individual performing all three functions. Wilmington Trust also serves in these same capacities for the 2021 Bonds.

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	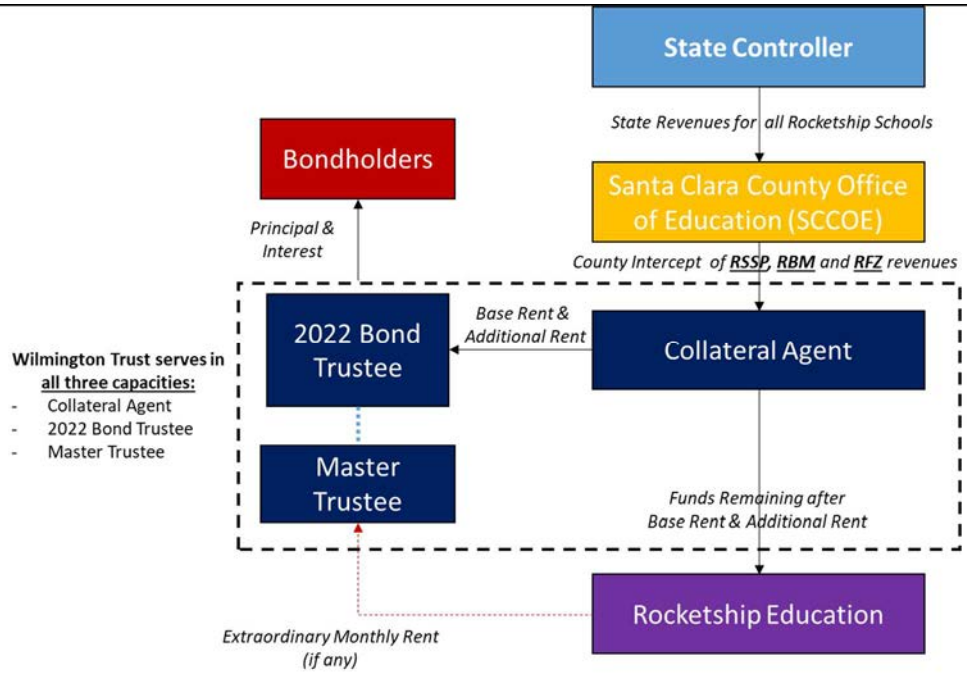
Appraisals	Rocketship will be required to secure MAI appraisals of the RSSP, RBM, and RFZ facilities.
Financial & Operating Covenants	
Annual Coverage Test	• **Base Rent Payment Coverage Ratio of Individual School** – Minimum of 1.15x (Net Operating School Revenues[1] divided by Base Rent); if below 1.15x but higher than 1.00x, then Independent Consultant hired, the selection of the Independent Consultant firm may be rejected by an affirmative vote of the majority of bondholders; if below 1.00x then constitutes an Event of Default.
Annual Liquidity Test	• **Liquidity Covenant of Obligated Group Schools (Consolidated)** – 30 Days Cash on Hand [2]. If below 30 days then Independent Consultant hired (not considered an Event of Default).
Additional Debt Test	• **Any Long-Term Debt on Parity with Bonds (2-prong test):** (1) Consolidated Base Rent Coverage[3] in the most recent year of at least 1.15x and (2) Consolidated Base Rent Coverage[3] in the next 3 fiscal years of at least 1.25x; both shown by an Independent Consultant's Report • **Subordinate Debt:** Allowed without test. • **Short-Term Debt for Individual School:** Pursuant to the Lease Agreement, restricted to the maximum State revenue deferral.
Parental Guarantee	None

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Academic Covenant	None
Enrollment Ramp-Up /Maintenance Covenant	None
Rating Solicitation Covenant	Rocketship will be required to assess annually whether they expect that the Bonds could secure an investment grade rating from either Moody's or S&P. If Rocketship believes that the Bonds are likely to qualify for an investment grade rating, they will be required solicit such rating from Moody's or S&P.
Footnotes	(1) "Net Operating School Revenues" equal to Gross School Revenues deducting School Operating Expenses, deducting the Annual Base Rent Payment (i.e. the Annual Debt Payment plus Annual Ground Lease Payment, if any) and adding back Depreciation/Amortization and Subordinated CMO Management Fees. (2) "Days Cash on Hand" is calculated as the most recent School Operating Expenses, deducting the Annual Base Rent Payment, deducting Depreciation/Amortization, adding back the Maximum Annual Base Rent Payment. Take that sum and divide by 365 days. Divide unrestricted available cash by this figure to arrive at "Days Cash on Hand." (3) "Consolidated Base Rent Coverage" is the Consolidated Net Operating School Revenue divided by Consolidated Base Rent from all existing and proposed School Tenants. "Consolidated Base Rent" is the Annual Debt Service + any applicable Ground Rent for All School Tenants. For new School Tenants being added to the Obligated Group, the existing operational results of that school can be counted toward meeting the historical debt coverage test.
Financial Reporting	• **Annual Reports** – due within 180 days of fiscal year end, commencing with the Fiscal Year ending **June 30, 2022** • **Quarterly Reports** – due within 60 days of each fiscal quarter end, commencing with the fiscal quarter ending **June 30, 2022** • **Annual Conference Call** – following the end of Fiscal Year 2021-22 and each year thereafter • **Reporting of Listed Events** – specific material events enumerated under securities law
Other Requirements	Aside from the "Credit Structure", "Security & Source of Payment" and "Financial & Operating Covenants" sections discussed above, other standard bond provisions Rocketship is accustomed to and found in its existing Obligated Group transactions (and similar charter school bond transactions with Obligated Group structures) will be included.
About the Borrower, Tenant, and the Schools	
Launchpad Development Company (the Borrower)	Launchpad Development Company ("Launchpad", or the "Borrower") is a California nonprofit public benefit corporation recognized under sections 501(c)(3) and 509(a)(3) of the Internal Revenue Code (IRC). Launchpad was formed in 2009 as a supporting organization to Rocketship Education.

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Rocketship Education (the Tenant)

Rocketship Education is a California nonprofit public benefit corporation described under section 501(c)(3) of the Internal Revenue Code. Rocketship was founded in 2007 and operates a network of twenty (20) charter schools in California, Wisconsin, Tennessee and Washington, D.C. Rocketship was also recently authorized to open two schools in Fort Worth, Texas.

Region	Number of Authorized Charters	Number of Active Charters
Bay Area	14	13
Milwaukee	2	2
Tennessee	3	2
Washington, D.C.	4	3
Texas	2	0
TOTAL	**25**	**20**

As of the 2021-22 school year, Rocketship Education serves approximately 10,000 students. See the below summary chart of the Rocketship network:

Region	School	Grades Served	School Year Established	2021-22 Enrollment
Bay Area	Rocketship - Mateo Sheedy Elem.	K - 5	2007	477
Bay Area	Rocketship - Sí Se Puede*	K - 5	2009	328
Bay Area	Rocketship - Los Sueños	K - 5	2010	400
Bay Area	Rocketship - Discovery Prep	TK - 5	2011	462
Bay Area	Rocketship - Mosaic Elem.*	K - 5	2011	562
Bay Area	Rocketship - Brilliant Minds*	TK - 5	2012	527
Bay Area	Rocketship - Alma Academy*	TK - 5	2012	517
Bay Area	Rocketship - Spark Academy	K - 5	2013	567
Bay Area	Rocketship - Fuerza Comm Prep*	TK - 5	2014	587
Bay Area	Rocketship - Redwood City Prep	TK - 5	2015	309
Bay Area	Rocketship - Futuro Academy	K - 5	2016	653
Bay Area	Rocketship - Rising Stars	TK - 5	2016	608
Bay Area	Rocketship - Delta Prep	K - 5	2018	583
Milwaukee	Rocketship - Southside Community Prep	K4 - 5	2013	473
Milwaukee	Rocketship - Transformation Prep	K - 5	2018	265
Tennessee	Rocketship - Nashville Northeast	K - 4	2014	445
Tennessee	Rocketship - United Academy	K - 4	2015	557
Washington, D.C.	Rocketship - Rise Academy	P3, P4 and K-5	2016	666
Washington, D.C.	Rocketship - Legacy Prep	P3, P4 and K-5	2017	671
Washington, D.C.	Rocketship - Infinity Community Prep	P3, P4 and K-5	2019	238
4 Regions	**20 Schools**			**9,895**

*Designates the OG Schools

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The 2022 Schools

Rocketship Si Se Puede is a K-5 elementary school established in 2009 and is authorized by the Santa Clara County Office of Education. Since its establishment, the school has received two charter renewals in 2012 and 2017. The current charter expires on June 30, 2022.

Rocketship Brilliant Minds is a TK-5 elementary school established in 2012 and is authorized by the Santa Clara County Office of Education. Since its establishment, the school has received a charter renewal in 2018. The current charter expires on June 30, 2023.

Rocketship Fuerza Community Prep is a TK-5 elementary school established in 2014 and is authorized by the Santa Clara County Office of Education. Since its establishment, the school has received a charter renewal in 2019. The current charter expires on June 30, 2024.

School	Grades Served	School Year Established	2021-22 Enrollment	Charter Renewals	Charter Expiration	Charter Authorizer
Rocketship - Sí Se Puede	K-5	2009	328	2012,2017	6/30/2022	Santa Clara County Office of Education
Rocketship - Brilliant Minds	TK-5	2012	527	2018	6/30/2023	Santa Clara County Office of Education
Rocketship - Fuerza Comm Prep	TK-5	2014	587	2019	6/30/2024	Santa Clara County Office of Education
3 Schools			**1,442**	**4 Renewals**		**1 Authorizer**

Other OG Schools	Grades Served	School Year Established	2021-22 Enrollment	Charter Renewals	Charter Expiration	Charter Authorizer
Rocketship - Mosaic Elementary	K-5	2011	630	2016, 2020	6/30/2026	Franklin-McKinley School District
Rocketship - Alma Academy	TK-5	2012	313	2017	6/30/2022	Santa Clara County Office of Education
2 Schools			**943**	**3 Renewals**		**2 Authorizers**
Total Obligated Group			**2,385**	**7 Renewals**		**2 Authorizers**

Historical Enrollment

Rocketship – Si Se Puede	2017-18	2018-19	2019-20	2020-21	2021-22
TK/K	78	79	88	74	74
1st	85	88	49	59	47
2nd	85	85	75	51	54

3rd	77	79	82	77	51
4th	95	74	78	82	69
5th	19	25	28	36	35
Total	**439**	**430**	**400**	**379**	**306**

	Rocketship – Brilliant Minds				
	2017-18	**2018-19**	**2019-20**	**2020-21**	**2021-22**
TK/K	116	146	128	113	111
1st	102	104	118	101	81
2nd	97	94	110	114	83
3rd	100	99	105	105	100
4th	96	92	107	103	92
5th	58	51	67	70	56
Total	**569**	**586**	**635**	**606**	**516**

	Rocketship – Fuerza				
	2017-18	**2018-19**	**2019-20**	**2020-21**	**2021-22**
TK/K	148	153	147	126	115
1st	119	115	115	121	98
2nd	111	111	115	115	107
3rd	97	114	104	115	104
4th	99	89	109	105	112
5th	40	46	33	49	42
Total	**614**	**628**	**623**	**631**	**571**

Projected Enrollment

	Rocketship - Si Se Puede				
	2021-22	**2022-23**	**2023-24**	**2024-25**	**2025-26**
K	75	86	86	86	86
1st	47	61	61	61	61
2nd	53	60	60	60	60

3rd	49	55	55	55	55
4th	69	77	77	77	77
5th	35	27	27	27	27
Total	328	365	365	365	365

Rocketship - Brilliant Minds					
	2021-22	**2022-23**	**2023-24**	**2024-25**	**2025-26**
TK/K	110	154	154	154	154
1st	82	96	96	96	96
2nd	84	84	84	84	84
3rd	101	84	84	84	84
4th	93	92	92	92	92
5th	56	58	58	58	58
Total	526	568	568	568	568

Rocketship – Fuerza					
	2021-22	**2022-23**	**2023-24**	**2024-25**	**2025-26**
TK/K	115	141	141	141	141
1st	100	100	100	100	100
2nd	109	100	100	100	100
3rd	107	104	104	104	104
4th	112	96	96	96	96
5th	43	56	56	56	56
Total	585	597	597	597	597

Waitlist (as of January 18, 2022)

Waitlist (as of January 18, 2022)			
Grade	**Si Se Puede**	**Brilliant Minds**	**Fuerza**
TK/K	5	5	3
1st	1	0	4
2nd	2	1	2

3rd	2	2	1
4th	0	2	7
5th	1	2	7
Total	**11**	**12**	**28**

Student Demographics (2020-21)

Demographics (the Schools)	Total Students	% Eligible for Free/Reduced Meals	ESL & ELL %
Rocketship – Si Se Puede	306	90.2%	74.2%
Rocketship – Brilliant Minds	516	77.7%	58.7%
Rocketship – Fuerza	571	74.3%	65.7%

Student Retention

Student Retention (the Schools)	2015-16	2016-17	2017-18	2018-19	2019-20
Rocketship – Si Se Puede	80%	88%	76%	78%	83%
Rocketship – Brilliant Minds	83%	91%	81%	82%	89%
Rocketship – Fuerza	84%	90%	80%	83%	83%

Teacher Retention

Teacher Retention (the Schools)	2015-16	2016-17	2017-18	2018-19	2019-20
Rocketship – Si Se Puede	68%	72%	60%	69%	92%
Rocketship – Brilliant Minds	67%	75%	59%	57%	82%
Rocketship – Fuerza	60%	75%	80%	81%	79%

Academic Performance & Competing Schools

	Distance to School (Miles)	Enrollment	2019-20 EL	FRPM	SBAC ELA Met/Exceeded* 2016-17	2017-18	2018-19	SBAC Math Met/Exceeded* 2016-17	2017-18	2018-19
Rocketship - Mosaic Elementary	*--*	*584*	*57.1%*	*73.2%*	*48.6%*	*59.2%*	*59.9%*	*59.7%*	*67.9%*	*70.3%*
The Robert F. Kennedy Elementary School	0.4	388	50.8%	75.0%	35.4%	31.7%	36.2%	33.3%	25.5%	26.3%
Santee Elementary School	0.5	413	71.2%	94.2%	26.6%	26.7%	28.7%	24.2%	24.1%	21.9%
McKinley Elementary School	0.67	272	66.5%	86.0%	21.5%	20.8%	30.9%	18.2%	16.0%	22.2%
Franklin-McKinley Elementary School District	--	9,775	43.3%	74.6%	40.2%	37.9%	39.5%	35.2%	31.6%	31.4%
State of California	--	6,163,001	18.6%	60.7%	35.5%	37.7%	39.2%	24.6%	26.2%	27.5%
Rocketship - Alma Academy	*--*	*509*	*56.1%*	*83.3%*	*38.0%*	*45.5%*	*61.4%*	*49.1%*	*43.1%*	*63.2%*
Washington Elementary School	0.7	439	72.7%	94.1%	33.0%	34.1%	38.7%	29.7%	29.6%	36.7%
Gardner Elementary School	1.5	376	51.9%	68.9%	11.9%	29.4%	25.8%	13.9%	17.2%	17.9%
San Jose Unified School District	--	30,172	23.3%	45.1%	32.0%	34.1%	33.6%	20.1%	21.3%	20.7%
State of California	--	6,163,001	18.6%	60.7%	35.5%	37.7%	39.2%	24.6%	26.2%	27.5%

**Represents % of economically disadvantaged students who met or exceeded standards.*

Legal Matter Disclosure

On March 18, 2021, Rocketship filed a Verified Petition for Writ of Mandate and Complaint for Injunctive and Declaratory Relief against San Jose Unified School District ("SJUSD"). Rocketship was joined in this action by four other California charter schools: University Prep Academy, Perseverance Prep Academy, Summit Public Schools, and KIPP Bay Area Schools. The complaint alleges that SJUSD violated California Education Code by refusing to transfer the charter schools in-lieu property tax that is owed for the 2019-20 school year and requests that the Court order SJUSD to pay the contested amount. The suit was filed in Santa Clara County Superior Court and has not yet been issued a case number, due to COVID-19 related court delays.

Together, all five charter schools claim that SJUSD owes a collective total of approximately $2.9 million dollars. Of that, Rocketship's portion comprises approximately $1.5 million. The breakdown by school is as follows: Rocketship Alma is owed approximately $483K, Rocketship Discovery Prep is owed approximately $739K and Rocketship Los Suenos is owed approximately $252K and Rocketship Brilliant Minds is owed approximately $60K.

Due to COVID-19 related delays, the Parties have not received a case number or judicial assignment, which will allow the Parties to proceed with service and filing further motions. Nor have any hearing dates have been set. The parties anticipate that SJUSD will respond to the Complaint in a timely manner. The parties attempted to resolve this matter directly with SJUSD prior to filing the Complaint and SJUSD did not respond accordingly. Therefore, it is unclear whether settlement is a viable option.

ROCKETSHIP
PUBLIC SCHOOLS

Preliminary Term Sheet

California Enterprise Development Authority
Charter School Revenue Refunding Bonds
(Rocketship Public Schools – Obligated Group)
Series 2022A & Series 2022B (Taxable)

Appendix A: Estimated Sources & Uses

	Series 20212 (Tax-Exempt)	Series 2022B (Taxable)	Total
Bond Amount	$ 29,130,000	$ 765,000	**$ 29,895,000**
Premium	-	-	**-**
2014 Debt Service Reserve	2,738,900	-	**2,738,900**
Total Sources	**$ 31,868,900**	**$ 765,000**	**$ 32,633,900**

	Series 20212 (Tax-Exempt)	Series 2022B (Taxable)	Total
2014 Bonds Refunding	$ 31,484,600	$ -	**$ 31,484,600**
Debt Service Reserve Fund	-	-	**-**
Cost of Issuance	384,300	765,000	**1,149,300**
Total Uses	**$ 31,868,900**	**$ 765,000**	**$ 32,633,900**

Appendix B: Estimated Debt Service & Savings

Date	Series 2014 Debt Service	Refunding Debt Service	Savings
2022	$ 1,675,100	$ 1,325,938	$ 349,163
2023	2,738,300	2,116,950	621,350
2024	2,734,000	2,114,600	619,400
2025	2,735,700	2,116,000	619,700
2026	2,738,900	2,115,800	623,100
2027	2,738,250	2,114,000	624,250
2028	2,738,750	2,115,600	623,150
2029	2,735,050	2,115,400	619,650
2030	2,737,150	2,113,400	623,750
2031	2,734,350	2,114,600	619,750
2032	2,736,650	2,113,800	622,850
2033	2,738,350	2,116,000	622,350
2034	2,734,100	2,116,000	618,100
2035	2,733,900	2,113,800	620,100
2036	2,738,413	2,114,400	624,013
2037	2,734,950	2,112,600	622,350
2038	2,733,513	2,113,400	620,113
2039	2,738,375	2,116,600	621,775
2040	2,738,450	2,112,000	626,450
2041	2,738,375	2,114,800	623,575
2042	2,737,425	2,114,600	622,825
2043	2,734,875	2,116,400	618,475
Total	**$ 59,142,925**	**$ 45,736,688**	**$ 13,406,238**
Avg. Annual Savings			609,374

ROCKETSHIP
PUBLIC SCHOOLS

Preliminary Term Sheet

California Enterprise Development Authority
Charter School Revenue Refunding Bonds
(Rocketship Public Schools – Obligated Group)
Series 2022A & Series 2022B (Taxable)

Appendix C: Estimated Sinking Fund Payments

Maturity	Series 2022A	Series 2022B
6/1/2022	$ -	$230,000
6/1/2023	390,000	535,000
6/1/2024	965,000	-
6/1/2025	1,005,000	-
6/1/2026	1,045,000	-
6/1/2027	1,085,000	-
6/1/2028	1,130,000	-
6/1/2029	1,175,000	-
6/1/2030	1,220,000	-
6/1/2031	1,270,000	-
6/1/2032	1,320,000	-
6/1/2033	1,375,000	-
6/1/2034	1,430,000	-
6/1/2035	1,485,000	-
6/1/2036	1,545,000	-
6/1/2037	1,605,000	-
6/1/2038	1,670,000	-
6/1/2039	1,740,000	-
6/1/2040	1,805,000	-
6/1/2041	1,880,000	-
6/1/2042	1,955,000	-
6/1/2043	2,035,000	-
Total	**$29,130,000**	**$765,000**

ROCKETSHIP
PUBLIC SCHOOLS

Preliminary Term Sheet

California Enterprise Development Authority
Charter School Revenue Refunding Bonds
(Rocketship Public Schools – Obligated Group)
Series 2022A & Series 2022B (Taxable)

Appendix D: Financial Projections

	Forecast 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Enrollment					
Grades Served	TK-5	TK-5	TK-5	TK-5	TK-5
Enrollment	**2,518**	**2,654**	**2,654**	**2,654**	**2,654**
Revenue					
LCFF Revenue	$ 27,766,498	$ 29,795,698	$ 30,704,998	$ 30,705,035	$ 30,705,035
Federal Income	5,250,461	8,028,105	6,829,497	3,401,939	3,401,939
Other State Revenues	8,584,061	6,406,996	6,072,327	6,055,410	6,055,410
Internal Transfers	175,000	225,000	150,000	75,000	75,000
Other Local Revenues	45,927	50,409	50,409	50,409	50,409
Grants and Fundraising	37,200	-	-	-	-
Total Revenue	**$ 41,859,147**	**$ 44,506,207**	**$ 43,807,231**	**$ 40,287,793**	**$ 40,287,793**
Expenses					
Compensation	$ 21,768,696	$ 19,162,729	$ 19,603,754	$ 19,605,952	$ 19,612,809
Non-Compensation	8,117,658	13,238,279	11,700,884	8,202,686	8,202,686
Rent	3,598,391	2,543,103	2,547,403	2,545,703	2,542,503
Management Fee	5,851,579	6,241,965	6,148,369	5,631,703	5,631,703
2022 Bonds Debt Service	530,863	2,116,950	2,114,600	2,116,000	2,115,800
Total Expenses	**$ 39,867,186**	**$ 43,303,026**	**$ 42,115,009**	**$ 38,102,044**	**$ 38,105,501**
Net Income	**$ 1,991,961**	**$ 1,203,181**	**$ 1,692,222**	**$ 2,185,749**	**$ 2,182,292**
Add Back: Base Rent	4,129,254	4,660,053	4,662,003	4,661,703	4,658,303
Net Operating School Revenue	**$ 6,121,215**	**$ 5,863,234**	**$ 6,354,225**	**$ 6,847,452**	**$ 6,840,595**
Base Rent Coverage Ratio	**1.48x**	**1.26x**	**1.36x**	**1.47x**	**1.47x**
Add Back: Management Fee	5,851,579	6,241,965	6,148,369	5,631,703	5,631,703
Net Operating Revenue Sub. Mgmt. Fee	**$ 11,972,793**	**$ 12,105,200**	**$ 12,502,593**	**$ 12,479,155**	**$ 12,472,298**
Base Rent Coverage Ratio	**2.90x**	**2.60x**	**2.68x**	**2.68x**	**2.68x**
	2021-22	**2022-23**	**2023-24**	**2024-25**	**2025-26**
Beginning Cash Balance	$ 15,196,063	$ 17,188,024	$ 18,391,206	$ 20,083,428	$ 22,269,177
Plus: Net Income	1,991,961	1,203,181	1,692,222	2,185,749	2,182,292
Ending Cash Balance	**17,188,024**	**$ 18,391,206**	**$ 20,083,428**	**$ 22,269,177**	**$ 24,451,469**
Total Expenses	**$ 39,867,186**	**$ 43,303,026**	**$ 42,115,009**	**$ 38,102,044**	**$ 38,105,501**
Less: (Base Rent)	(4,129,254)	(4,660,053)	(4,662,003)	(4,661,703)	(4,658,303)
Add: Maximum Annual Base Rent	4,664,353	4,664,353	4,664,353	4,664,353	4,664,353
Operating Expenses	**$ 40,402,285**	**$ 43,307,326**	**$ 42,117,359**	**$ 38,104,694**	**$ 38,111,551**
Days Cash on Hand	**155 days**	**155 days**	**174 days**	**213 days**	**234 days**