



Wednesday, May 31, 2023
Rocketship Public Schools Business Committee (2022-23 Q4)

Meeting Time: 12:00pm

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. You will be recognized once the public comment time begins, and be permitted to make comment for a duration of up to 3 minutes.

Meeting Location: 2001 Gateway Place, Suite 230E San Jose, CA 95110

Teleconference locations:

950 Owsley Ave, San Jose, CA 95122

1700 Cavallo Rd, Antioch, CA 94509

2351 Olivera Rd, Concord, CA 94520

909 Roosevelt Ave, Redwood City, CA 94061

311 Plus Park Blvd Suite 130, Nashville, TN 37217

175 Fox Hollow Rd, Woodside, CA 94062

1877 Camino A Los Cerros, Menlo Park, CA 94025

1080 North 7th Street, San Jose, CA 95112

2625 West Alameda Ave #116 Burbank CA, 91505

1198 Crestmont Drive, Lafayette CA 94549

5 S Somerset Ave, Ventnor City NJ 08406

1. Opening Items

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

2. Consent Items

- A. Approve minutes from February 27, 2023 Business Committee meeting

3. Information Items

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

4. Agenda Items

- A. Q3 Development Update and Q4 Next Steps
- B. Q3 Financial Review and Business Operations Update
- C. Review and recommend approval of the 2023-24 Annual Plan and Budget to the Rocketship Board of Directors
- D. Rocketship Transformation Prep Update
- E. Review and recommend approval of IFF Loan Subordination Agreement to the Rocketship Board of Directors
- F. Review and recommend approval of Resolution #2023-02 to approve a Payment Guaranty by Rocketship Education for the benefit of the Charter School Growth Fund to the Rocketship Board of Directors

5. Adjourn

THE ORDER OF BUSINESS AND TIMINGS MAY BE CHANGED WITHOUT NOTICE: Notice is hereby given that the order of consideration of matters on this agenda may be changed without prior notice, provided that the Board takes action to effectuate such change.

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

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

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

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

Rocketship Public Schools Business Committee (2022-23 Q3) (Monday, February 27, 2023)

Generated by Cristina Vasquez on Monday, February 27, 2023

1. Opening Items

A. Call to order

At 3:02pm, Mr. Terman took roll call. With a quorum of committee members present, Mr. Terman called the meeting to order. Present: Charmaine Detweiler, Greg Stanger, Dan Sanchez, Alex Terman, *Louis Jordan (advisor), Rob Elliott (advisor)*
Absent: -- Mike Fox, Ray Raven, *Ken Kumer (advisor)*

B. Public comment on off-agenda items

At 3:03pm, Mr. Terman called for public comment on off-agenda items. No members of the public were present, and no comment was made.

2. Consent Items

A. Approve minutes from November 15, 2022 Business Committee meeting

At 3:04pm, Ms. Detweiler made a motion to approve the consent items. This motion was seconded by Mr. Stanger, and carried unanimously by roll call vote.

Y: Charmaine Detweiler, Greg Stanger, Dan Sanchez, Alex Terman

No: --

Abstain: --

3. Information Items

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

At 3:05pm, the committee reviewed agenda item 3(A). No action was taken.

4. Agenda Items

A. Fundraising and Development Update

At 3:05pm, the committee discussed agenda item 4(A). No action was taken.

B. Recommend to the Rocketship Board of Directors approval of investments in HCM Systems

At 3:14pm, the committee discussed agenda item 4(B).

At 3:56pm, Ms. Detweiler made a motion to recommend to the Rocketship Board of Directors to approve the total expenditure for the implementation of HCM Systems not to exceed \$1,325,000 and approve a five year HCM licensing agreement with an average annual cost not to exceed \$360K based on existing staffing levels and an estimated additional cost of \$250 per each additional employee per year. This motion was seconded by Mr. Sanchez, and carried unanimously by roll call vote.

Y: Charmaine Detweiler, Greg Stanger, Dan Sanchez, Alex Terman

No: --

Abstain: --

C. Q2 Financial Review and Business Operations Update

At 3:57pm, the committee discussed agenda item 4(C). No action was taken.

5. Closed Session

A. Conference with Legal Counsel — Anticipated Litigation: Potential litigation pursuant to California Government Code § 54956.9. Number of cases: 1

At 4:37pm, Mr. Stanger made a motion to move to Closed Session. This motion was seconded by Ms. Detweiler, and carried unanimously by roll call vote.

Y: Charmaine Detweiler, Greg Stanger, Dan Sanchez, Alex Terman

No: --

Abstain: --

6. Agenda Items (Contd.)

A. Public report on actions taken in closed session

At 5:04pm, Mr. Terman took roll call. With a quorum of committee members present, Mr. Terman called the open session meeting back to order.

Present: Charmaine Detweiler, Greg Stanger, Dan Sanchez, Alex Terman

At 5:04pm, Mr. Terman reported that no actions were taken on item 5(A) during the closed session.

7. Adjourn

At 5:05pm, Ms. Detweiler made a motion to adjourn the meeting. This motion was seconded by Mr. Stanger, and carried unanimously by roll call vote.

Y: Charmaine Detweiler, Greg Stanger, Dan Sanchez, Alex Terman

No: --

Abstain: --

Rocketship Education				
Checks signed in excess of \$100,000				
Jan 2023 - Mar 2023				
Check Date	Check #	Vendor and Invoice #	Invoice Amount	Amount of check
Reoccurring Monthly Budgeted Expenditures (Policy #138 August 2014)				
Subtotal by category				
Group health insurance				
1/24/23	48608	Cigna 3115301		186,472.17
2/28/23	48976	Cigna 3129967		442,264.07
3/21/23	49519	Cigna 3145384		435,264.07
1/23/23	EFT	Kaiser Foundation Health Plan 813721243321		304,274.64
2/22/23	EFT	Kaiser Foundation Health Plan 813724626058		302,662.10
3/21/23	EFT	Kaiser Foundation Health Plan 813728605295		306,259.24
				\$ 1,977,196.29
After School Program				
1/13/23	ACH	Boys & Girls Club of Silicon Valley 202112168		315,713.80
2/17/23	ACH	Boys & Girls Club of Silicon Valley 202112265		315,713.80
3/10/23	ACH	Boys & Girls Club of Silicon Valley 202112334		315,713.80
				\$ 947,141.40
Program Fees				
1/30/23	EFT	Together Education RSEDTX_001	98,000.00	
		Together Education RSEDTX_002	100,000.00	
		Together Education RSEDTX_003	100,000.00	298,000.00
3/24/2023	ACH	Sage SINV-127852	133,411.50	
		Sage SINV-129375	80,703.90	214,115.40
				\$ 512,115.40
School food service				
1/27/23	ACH	Revolution Foods, Inc. 460430	243,971.56	
		Revolution Foods, Inc. FTIC-002245	-1032	
		Revolution Foods, Inc. FTIC-002024	-268.32	242,671.24
3/17/23	ACH	Revolution Foods, Inc. 460686		268,116.79
				\$ 510,788.03
Student Transportation				
1/13/2023	ACH	RLCL Acquisition_54599		116,248.00
2/3/2023	ACH	RLCL Acquisition_55119	116,248.00	
		RLCL Acquisition_54818	2,400.00	118,648.00
3/10/2023	ACH	RLCL Acquisition_55397		116,248.00
3/24/2023	ACH	RLCL Acquisition_55767		116,248.00
				\$ 467,392.00
CIP- Soft Costs				
3/31/23	ACH	Workday WD-285278	298,604.00	
		Workday WD-285283	41,245.00	339,849.00
				\$ 339,849.00
Assessment Software				
1/13/23	ACH	Uchicago ST4988		168,712.00
				\$ 168,712.00
Transportation and Lodging				
2/14/2023	48813	San Jose Marriott M-OT8VADQ		129,887.16
				\$ 129,887.16
Legal Fees				
2/10/2023	ACH	Ironclad Inc INV3036		124,725.00
				\$ 124,725.00
Tutoring				
1/27/2023	ACH	BookNook 1830		123,480.00
				\$ 123,480.00
SPED Consultants				
3/7/2023	49034	Cooperative Educational Service Agency 230518		105,660.45
				\$ 105,660.45
Example				
	Jumpstart	School startup online programs or furnitures.		
Total - All checks signed in excess of \$100,000				\$ 5,406,946.73

SUBORDINATION OF SERVICES AGREEMENT FEE

THIS SUBORDINATION OF SERVICES AGREEMENT FEE (this “**Agreement**”) is executed as of May [], 2023 (the “**Effective Date**”) by and among ROCKETSHIP EDUCATION, INC., a California nonprofit public benefit corporation (“**Provider**”), LAUNCHPAD DEVELOPMENT MILWAUKEE TWO LLC, a Wisconsin limited liability company (“**Borrower**”), ROCKETSHIP EDUCATION WISCONSIN, INC., a Wisconsin nonprofit public benefit corporation (“**Tenant**”), and IFF, an Illinois not for profit corporation (“**Lender**”). Each of Provider, Tenant, Borrower and Lender shall be referred to for purposes of this Agreement as a “**Party**,” and all collectively shall be referred to for purposes of this Agreement as the “**Parties**.”

RECITALS

A. Lender has agreed to make a secured loan (the “**Loan**”), evidenced by that certain Promissory Note, dated March 30, 2023 (the “**Note**”), to Borrower for the purpose of refinancing and developing certain real property (the “**Property**”) more particularly described in that certain Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of March 30, 2023 (the “**Mortgage**”), which Property comprises the real property described on the attached Exhibit A. Lender has provided a full, executed copy of the Note to Borrower and Provider, both of which acknowledge having received the same on or before the Effective Date.

B. Borrower, as landlord, and Tenant, as tenant are party to that certain Lease Agreement – Rocketship Transformation Prep, dated as of June 1, 2019 (as amended by (i) that certain First Amendment to Lease Agreement – Rocketship Transformation Prep. dated as of June 26, 2020, (ii) that certain Second Amendment to Lease Agreement – Rocketship Transformation Prep, dated as of June 1, 2021, and (iii) that certain Third Amendment to Lease Agreement – Rocketship Transformation Prep, dated as of March 30, 2023, and as it may be further modified from time to time, the “**Lease Agreement**”), pursuant to which Tenants leases from Borrower certain property and structures located on the Property.

C. Tenant operates a charter school commonly known as Rocketship Transformation Prep on the Property and more particularly described in the Services Agreement (defined below) (the “**Charter School**”). The Charter School is authorized pursuant to that certain Charter Contract dated May 3, 2013, which was entered into between Tenant and the City of Milwaukee (as amended, modified, replaced, renewed and extended from time to time, the “**Charter School Contract**”).

D. Tenant and Provider executed a Network Services Agreement, dated as of June 11, 2013 and set forth as Exhibit B attached to and made a part of this Agreement (the “**Services Agreement**”), pursuant to which Provider shall provide comprehensive network services to Tenant.

D. Tenant will operate the Charter School (with Provider’s assistance) on the Property and Provider will materially benefit from Lender’s having made the Loan to Borrower.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Subordination of Services Agreement Payments. Provider hereby subordinates its right to receive payment of the Services Fee (as defined in the Services Agreement) under the Services Agreement to the rights of Borrower under the Lease Agreement to receive payments of Rent (as defined in the Lease Agreement) and all other sums due or owing under the Lease Agreement. Accordingly, the Services Agreement shall be, and is, subject, subordinate and inferior to the Lease Agreement and to all renewals, extensions, modifications or amendments of the Lease Agreement. The terms of the Lease Agreement and this Agreement shall govern the rights of Borrower under the Lease Agreement, notwithstanding any contrary provision of the Services Agreement; and no Services Fee due or owing under the Services Agreement may be paid by Tenant to Provider until any and all amounts then due or owing to Borrower under the Lease Agreement shall have been paid to Borrower.

2. No Demand. From and after Provider's receipt of notice from Lender that a default under the Note has occurred, Provider will not demand, receive or accept and Borrower will not make any payment of the Services Fee with respect to the Services Agreement. Notwithstanding the foregoing, Lender's failure to give, or delay in giving any such notice shall not affect the subordination of the Services Agreement hereunder.

3. Modification of Services Agreement. Provider and Tenant shall not modify the Services Agreement in any way that could materially affect Tenant's performance under the Lease Agreement unless Tenant shall otherwise have first observed all of the terms and conditions hereof with respect to such modification.

4. Cure Rights. The Services Agreement is in full force and effect and has not been amended or modified from the document set forth on the attached Exhibit B. As of the Effective Date, there are no defaults under the Services Agreement, nor does there exist any failure or condition the condition of which, with the passage of time, would constitute a default under the Services Agreement. Provider shall deliver to Borrower written notice of any default by Tenant under the Services Agreement and Borrower and Tenant each shall have the right, though not the obligation, for thirty (30) days after delivery of such notice to cure, in full or in part, any such default before Provider may exercise any of its rights under the Services Agreement.

5. Borrower Not Obligated Under Services Agreement. Borrower shall have no liability or obligation whatsoever in connection with the Services Agreement. Neither shall Borrower be obliged to perform any term, covenant, duty or condition of Tenant under the Services Agreement. Provider acknowledges that the obligations of Tenant under the Services Agreement are personal obligations of Tenant.

6. Employee Status. Notwithstanding anything in the Services Agreement to the contrary, in no event shall Borrower (including its successors and assigns) be or be deemed the "Employer" of any person or entity working on the Property. All employees of Provider working on the Property shall be and remain the employees of Provider alone.

7. Borrower's Right to Modify the Lease Agreement. Borrower and Tenant may renew, extend, modify or amend the Lease Agreement without notice to Provider and without prejudice to the rights of Borrower hereunder.

8. Notices. Any notices under this Agreement must be in writing and must be sent by (i) personal delivery, (ii) United States registered or certified mail (postage prepaid), (iii) electronic mail (with a copy sent the same day by one of the other prescribed methods of delivery unless by a reply electronic mail transmission the recipient confirms receipt of the notice and waives the additional delivery requirement) or (iv) an independent overnight courier service, addressed to the addresses specified below or at such other place as a Party may designate to the other Parties by written notice given in accordance with this Section. Notices given by registered or certified mail are deemed effective three (3) Business Days after the Party sending the notice deposits the notice with the United States Post Office. Notices given by electronic mail are deemed effective on the Business Day transmitted (or, if transmitted on a day that is not a Business Day, then on the next occurring Business Day). Notices delivered by overnight courier are deemed effective on the next Business Day after the day the Party delivering the notice timely deposits the notice with the courier for overnight (next day) delivery.

If to Lender:

IFF
333 South Wabash Avenue, Suite 2800
Chicago, Illinois 60604
Attn.: Chief Credit Officer
Email: general@iff.org

If to Borrower:

Launchpad Development Milwaukee Two LLC
350 Twin Dolphin Drive, Suite 109
Redwood City, California 94065
Attention: Benjamin Carson
Email: bcarson@rsed.org

If to Tenant:

Rocketship Education Wisconsin, Inc.
c/o Rocketship Education
350 Twin Dolphin Drive, Suite 109
Redwood City, CA 94065
Attention: Maria Heredia
Email: mheredia@rsed.org

If to Provider:

Rocketship Education
350 Twin Dolphin Drive, Suite 109
Redwood City, CA 94065
Attention: Maria Heredia
Email: mheredia@rsed.org

Any notice by either Party, whether required or permissible hereunder, may be given by such Party's then-current attorney, which notice, when given by such attorney, shall be deemed equally as effective as if given by such Party directly.

9. [Reserved].

10. Modifications. The Parties by mutual consent in writing may amend, modify, supplement and waiver any right under this Agreement. No oral modifications are permitted.

11. Partial Invalidity. If any provision of this Agreement, or the application of this Agreement to any person or circumstance, shall be invalid or unenforceable for any reason or to any extent, then the remainder of this Agreement and the application of that provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the extent permitted by law.

12. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of Wisconsin.

13. Successors and Assigns. This Agreement shall be binding upon the successors and assigns of the Parties and shall inure to the benefit of the successors and assigns of Borrower and Lender.

14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same Agreement.

15. Continuing Force and Effect. This Agreement shall continue in full force and effect until all of the Borrower's obligations owing to Lender under the Note shall have been indefeasibly paid in cash in full (other than contingent obligations for which no written claim has been made), it being contemplated that this Agreement be of a continuing nature and at which time, this Agreement shall automatically terminate and be of no further force and effect.

[Signatures begin on next page.]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the Effective Date.

PROVIDER:

Rocketship Education, Inc.,
a California nonprofit public benefit corporation

By: _____

Name: Preston Smith

Its: Chief Executive Officer

LENDER:

IFF,
an Illinois not for profit corporation

By: _____

Print Name:

Title:

TENANT:

Rocketship Education Wisconsin, Inc.,
a Wisconsin non-stock corporation

By: _____

Name:

Its:

BORROWER:

Launchpad Development Milwaukee Two LLC,
a Wisconsin limited liability company

By: Launchpad Development Company,
a California non-profit, its sole member

By: _____

Name: Benjamin Carson

Its: Executive Director

EXHIBIT A
Legal Description of the Property

Lot 1 of Certified Survey Map No. 9121, recorded March 14, 2019 as Document No. 10854932, all lying within and being a part of the Northeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 34, Town 8 North, Range 21 East, City of Milwaukee, Milwaukee County, Wisconsin.

EXHIBIT B
Network Services Agreement

[to be attached]

**RESOLUTION OF
THE BOARD OF DIRECTORS OF
ROCKETSHIP EDUCATION**

Dated as of March 22, 2023

Pursuant to (i) the Fifth Amended and Restated Bylaws of Rocketship Education (d/b/a Rocketship Public Schools), a California nonprofit public benefit corporation (the “Organization”), and (ii) the applicable provisions of the California Nonprofit Public Benefit Corporation Law, Cal Corp. Code Section 5110 (2001), the undersigned, being members of the Board of Directors of the Organization (the “Board”), hereby take the following actions and adopt the following resolutions:

AUTHORIZATION OF CSGF LOAN GUARANTY

WHEREAS, the CSGF Facility Fund III LLC, a Delaware limited liability Organization (“CSGF”), has agreed to extend a term loan with a maximum principal amount of \$1,000,000 (the “CSGF Loan”) to Launchpad Development Organization, a California not-for-profit corporation (“Launchpad”), pursuant to that certain Loan Agreement by between Launchpad and CSGF (the “CSGF Loan Agreement”);

WHEREAS, as a condition to providing the CSGF Loan and entering into the CSGF Loan Agreement, CSGF will require that the Organization enter into that certain Payment Guaranty (the “CSGF Guaranty”) in favor of CSGF, pursuant to which the Organization will guaranty and be liable for certain obligations and liabilities associated with the CSGF Loan;

WHEREAS, as an affiliate of Launchpad, the Organization will derive, directly or indirectly, a material financial benefit from CSGF’s making of the CSGF Loan to Launchpad; and

WHEREAS, the undersigned have determined that it is in the best interest of the Organization that the Organization enter into the CSGF Guaranty.

NOW, THEREFORE, BE IT RESOLVED, that the CSGF Guaranty, in substantially the form reviewed by the undersigned, be and hereby is approved and adopted; and

FURTHER RESOLVED, that the Organization be, and hereby is, authorized to (i) enter into and deliver the CSGF Guaranty and (ii) take all actions contemplated thereby.

GENERAL

FURTHER RESOLVED, the Board hereby authorizes any President, Chief Executive Officer, Vice President, Treasurer, Secretary, Assistant Secretary, any other officer of the Organization (collectively, the “Authorized Signatories”, and individually, an “Authorized Signatory”), to execute and deliver in the name and on behalf of the Organization, the CSGF Guaranty; and

FURTHER RESOLVED, that any Authorized Signatory and any other person or persons for or on behalf of the Organization designated by such Authorized Signatory is hereby authorized in the name and on behalf of the Organization to execute and deliver any such agreements, instruments, certificates, letters, amendments or other documents and to do and perform any acts whatsoever which such Authorized Signatory may deem necessary, appropriate or desirable in order to effectuate the foregoing

and the Board does hereby ratify, confirm and approve and adopt in all respects all acts heretofore done or performed by any such person in connection with the transactions approved by these resolutions.

IN WITNESS WHEREOF, the undersigned have duly executed this written consent as of the date first set forth above.

THE BOARD OF DIRECTORS:

Louis Jordan
Chair of the Board of Directors
Rocketship Education

Greg Stanger
Secretary of the Board of Directors
Rocketship Education

PAYMENT GUARANTY

This **PAYMENT GUARANTY** (this “**Guaranty**”) is entered into as of the 29th day of March, 2023, by ROCKETSHIP EDUCATION, INC., a California nonprofit public benefit corporation, with offices at 350 Twin Dolphin Drive, Suite 109, Redwood City, CA 94065 (whether more than one “**Guarantor**”), for the benefit of CSGF FACILITY FUND III LLC, a Delaware limited liability company, with offices at 10901 W. 120th Ave, Suite 450, Broomfield, Colorado 80021, as well as its successors and assigns (the “**Lender**”).

RECITALS:

A. Pursuant to that certain Loan Agreement dated as of the date hereof (“**Loan Agreement**”) by and between Lender and LAUNCHPAD DEVELOPMENT COMPANY, a California nonprofit public benefit corporation, with offices at 350 Twin Dolphin Drive, Suite 109, Redwood City, CA 94065 (the “**Borrower**”), Borrower has requested that Lender make a Loan (as defined in the Loan Agreement) for the purposes set forth in the Loan Agreement. The Loan is evidenced by a promissory note (the “**Note**”), dated as of the date hereof, executed by Borrower in favor of Lender.

B. Guarantor will directly or indirectly derive a material financial benefit from the making of the Loan.

C. As a condition to the making of the Loan, Lender requires that Guarantor execute this Guaranty.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, and in order to induce Lenders to make the Loan to the Borrower, Guarantor hereby acknowledges, agrees and confirms that all of the above recitals are true, correct and complete and hereby covenants and agrees with Lenders as follows:

1. **Defined Terms** Capitalized terms used but not defined in this Guaranty shall have the meanings assigned to them in the Loan Agreement.

2. **Scope of Guaranty**. Guarantor absolutely and unconditionally guarantees to Lender the prompt and unconditional payment of the Indebtedness (collectively, the “**Guaranteed Obligations**”). As used in this Guaranty “**Indebtedness**” means all principal, interest, additional interest (including, without limitation, all interest accruing from and after the commencement of any case, proceeding or action under any existing or future laws relating to bankruptcy, insolvency or similar matters with respect to the Borrower), and all other sums of any nature whatsoever, which may or shall become due and payable pursuant to the provisions of either the Note, this Guaranty, or any other document or instrument evidencing, securing, or guaranteeing payment of the indebtedness evidenced by the Note (in whole or in part) or any other amount payable under any other document now or hereafter executed and delivered in connection with such Indebtedness or the Note (the Note, the Loan Agreement and each such other document and instrument, being collectively called the “**Loan Documents**”).

3. **Guaranty of Payment and Performance.** Guarantor's obligations under this Guaranty constitute an unconditional and continuing guaranty of payment and performance and not merely a guaranty of collection. Guarantor hereby irrevocably and unconditionally covenants and agrees that Guarantor is liable for the Guaranteed Obligations as a primary obligor.

4. **Unconditional Guaranty.** The obligations of Guarantor under this Guaranty shall be performed upon demand by Lender and shall be unconditional irrespective of the genuineness, validity, regularity or enforceability, in whole or in part, of the Guaranteed Obligations, the Note or any other Loan Document, and without regard to any other circumstance which might otherwise constitute a legal or equitable discharge of a surety, a guarantor or a borrower under applicable law. Guarantor's obligations under this Guaranty shall not be affected by: (i) modification of the Indebtedness or any Loan Document in any bankruptcy or insolvency proceeding or (ii) the fact that Lender may not have an allowed claim for the Indebtedness or the other obligations under the Loan Documents, against the Borrower, as a result of any bankruptcy or insolvency proceeding or otherwise.

5. **Modification of Loan Documents.** At any time or from time to time and any number of times, without notice to Guarantor and without affecting the liability or obligations of Guarantor, (a) the time for payment of the principal of or interest on the Indebtedness may be extended or the Indebtedness may be renewed in whole or in part; (b) the time for Borrower's performance of or compliance with any covenant or agreement contained in the Note or any other Loan Document, whether presently existing or hereinafter entered into, may be extended or such performance or compliance may be waived; (c) the maturity of the Indebtedness may be accelerated as provided in the Note or any other Loan Document; and (d) the Note or any other Loan Document may be modified or amended by Lender and Borrower in any respect.

6. **Joint and Several Liability.** If more than one person executes this Guaranty, the obligations of those persons under this Guaranty and any Other Guarantor shall be joint and several. Lender, in its sole and absolute discretion, may deal with any Guarantor in any manner, and no such action shall impair the rights of Lender to collect from any other Guarantor any amount guaranteed by Guarantor under this Guaranty.

7. **Reinstatement.** If at any time any payment of any amounts due under the Loan Documents by Borrower, Guarantor or any other Person is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of Borrower or Guarantor or otherwise, Guarantor's obligations hereunder with respect to such payment shall be reinstated as though such payment has been due but not made at such time.

14. **Incorporation.** Article VIII of the Loan Agreement are hereby incorporated by reference as if fully set forth herein.

8. **Successors and Assigns.** This Guaranty shall be binding upon Guarantor and its heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate, and shall inure to the benefit of Lender and its successors, successors-in-interest and assigns.

Guarantor may not assign or delegate its rights, interests or obligations under this Guaranty without first obtaining the Lender's prior written consent.

9. **Remedies Cumulative.** In the event of Guarantor's default under this Guaranty, Lender may exercise all or any one or more of its rights and remedies available under this Guaranty, at law or in equity. Such rights and remedies shall be cumulative and concurrent, and may be enforced separately, successively or together, and the exercise of any particular right or remedy shall not in any way prevent Lender from exercising any other right or remedy available to Lender. Lender may exercise any such remedies from time to time as often as may be deemed necessary by Lender.

10. **No Agency or Partnership.** Nothing contained in this Guaranty shall constitute Lender as a joint venturer, partner or agent of Guarantor, or render Lender liable for any debts, obligations, acts, omissions, representations or contracts of Guarantor.

11. **Further Assurances.** Guarantor shall at any time and from time to time, promptly execute and deliver all further instruments and documents, and take all further action that may be reasonably necessary or desirable, or that Lender may reasonably request, in order to protect any right or interest granted by this Guaranty or to enable Lender to exercise and enforce its rights and remedies under this Guaranty.

12. **Notices; Change of Guarantor's Address.** All notices given under this Guaranty shall be in writing and shall be sent in the manner set forth in the Loan Agreement, provided that notices to Guarantor shall be sent to the address below.

350 Twin Dolphin Drive, Suite 109, Redwood City, CA 94065

Guarantor agrees to notify Lender (in the manner for giving notices provided in the Loan Agreement) of any change in Guarantor's address within ten (10) Business Days after such change of address occurs.

13. **Waiver of Trial by Jury.** TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF GUARANTOR AND THE LENDER (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS GUARANTY OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

14. **Time of the Essence.** Time is of the essence with respect to this Guaranty.

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IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Guaranty or caused this Guaranty to be duly executed and delivered by its authorized representative as of the date first set forth above. Where required by applicable law, the undersigned intends that this instrument shall be deemed to be signed and delivered as a sealed instrument.

GUARANTOR:

ROCKETSHIP EDUCATION, INC., a California
nonprofit public benefit corporation

By: _____
Name: Preston Smith
Title: CEO

Q4 Rocketship
Business Committee Meeting

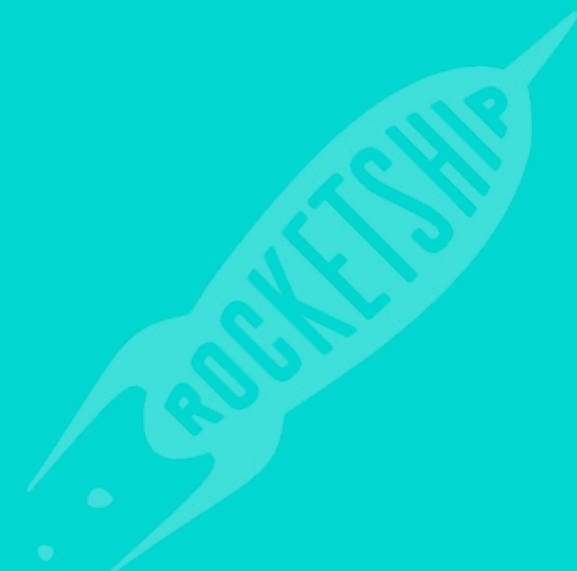
May 31, 2023



Agenda

- I. Administrative
- II. List of Checks in Excess of \$100k
- III. Q3 Development Update & Q4 Next Steps
- IV. Q3 Financial Review and Business Operations Update
- V. Review and Recommend Approval of the 2023-24 Annual Plan and Budget
- VI. Rocketship Transformation Prep Update
- VII. Review and Recommend Approval of the IFF Loan Subordination Agreement
- VIII. Review and Recommend approval of Resolution #2023-02 (Payment Guaranty)
- IX. Adjourn

Q3 Development Update & Q4 Next Steps



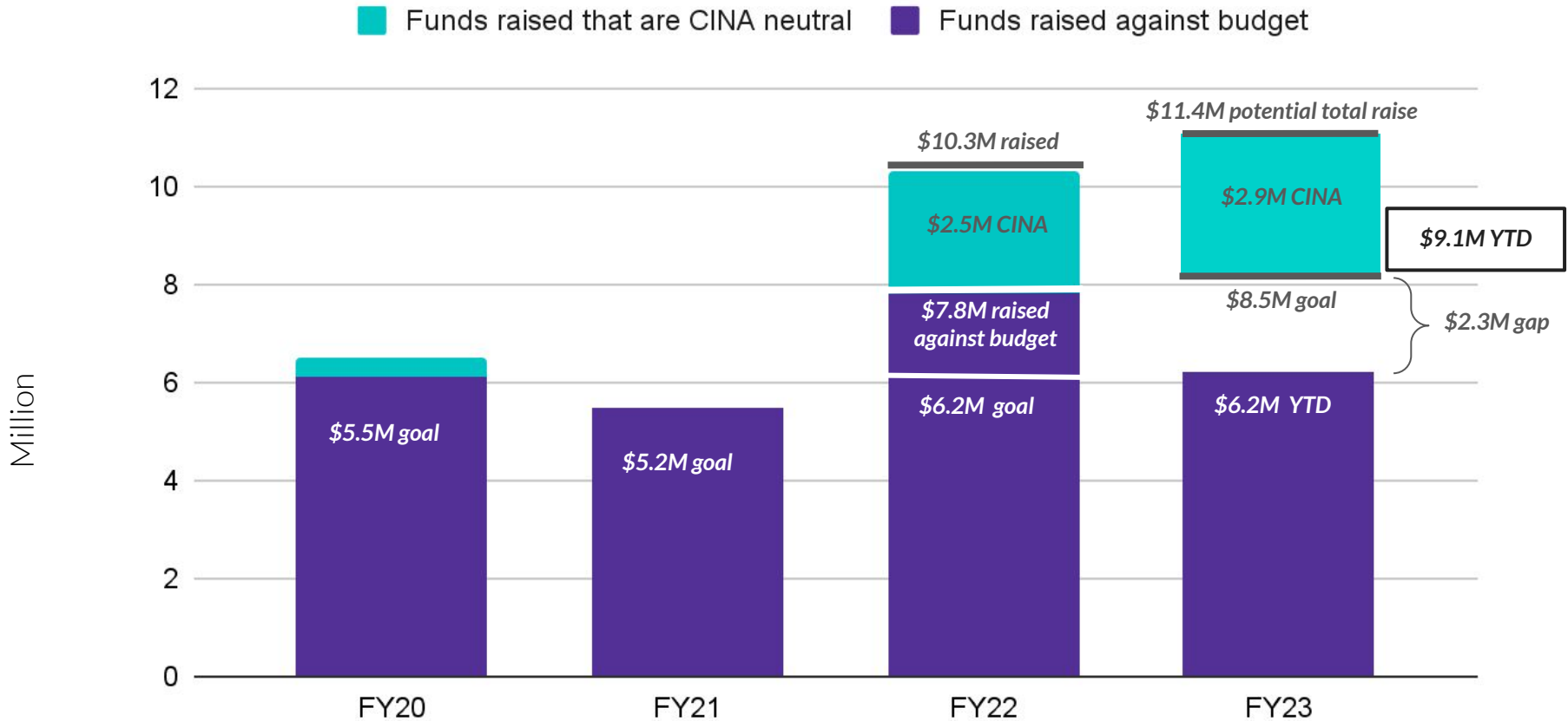
We have raised 73% of our total \$8.5M fundraising goal for FY23.

<i>Region</i>	<u>FY22</u> <i>Fundraising Goal</i>	<u>FY22</u> <i>Actual</i>	<u>FY23</u> <i>Fundraising Goal</i>	<u>FY23</u> <i>Fundraising YTD Actual</i>	<u>FY23</u> <i>Gap to Goal</i>
National	\$3.7M	\$4.9M	\$3.2M	\$2.8M	\$400K
Bay Area	-	-	\$100K	\$141K	-
Tennessee	\$400K	\$672K	\$400K	\$410K	-
Wisconsin	\$400K	\$399K	\$750K	\$424K	\$326K
DC	\$500K	\$591K	\$500K	\$500K	-
Texas	\$1.2M	\$1.3M	\$3.5M	\$1.9M	\$1.6M
TOTAL	\$6.2M	\$7.8M	\$8.5M	\$6.2M	\$2.3M



We have raised a total of \$9.1M YTD

Total Funds Raised to Date



*Funds raised that are CINA neutral include \$2.9M for the California Community Schools Partnership Program (CCSPP)



Pipeline Health Report (May)

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

P = Pipeline B = Benchmark

Region	Q1 Actual	Q2 Actual	Q3 Benchmark	Q4 Benchmark	Summary
National	C&C: \$1.7m Q1 B: \$1.7m	C&C: \$827k Q2 B: \$900k	C&C: \$108k Q3 B: \$100k	C&C: \$86k P: \$650k Q4 B: \$500k	C&C YTD: \$2.8M YE Goal: \$3.2M Gap to Goal: \$400K
Bay Area	C&C: \$90k Q1 B: \$0	C&C: \$50k Q2 B: \$50k	C&C: \$1k Q3 B: \$25k	C&C: \$0m P: \$140k Q4 B: \$25k	C&C YTD: \$141K YE Goal: \$100K Gap to Goal: \$0
Nashville	C&C: \$41k Q1 B: \$40k	C&C: \$336k Q2 B: \$100k	C&C: \$33k Q3 B: \$50k	C&C: \$0 P: \$300k Q4 B: \$210k	C&C YTD: \$410k YE Goal: \$400k Gap to Goal: \$0
Milwaukee	C&C: \$52 Q1 B: \$50k	C&C: \$50k Q2 B: \$100k	C&C: \$322k Q3 B: \$300k	C&C: \$51k P: \$1.5m Q4 B: \$300k	C&C YTD: \$424k YE Goal: \$750k Gap to Goal: \$326k
DC	C&C: \$0k Q1 B: \$100k	C&C: \$100k Q2 B: \$50k	C&C: \$100k Q3 B: \$100k	C&C: \$300k P: \$1.4m Q4 B: \$250k	C&C YTD: \$500k YE Goal: \$500k Gap to Goal: \$0
Texas	C&C: \$0 Q1 B: \$0	C&C: \$1.7m Q2 B: \$1.5m	C&C: \$156k Q3 B: \$2m	C&C: \$25k P: \$2.6m Q4 B: \$0	C&C YTD: \$1.9m YE Goal: \$3.5m* Gap to Goal: \$1.6m

*This number reflects the beginning of school year approved fundraising goal. In December 2022, with an updated financial model, the fundraising goal increased to \$4.9M. While we are fundraising toward the updated fundraising goal, we are continuing to report against the initial goal for consistent benchmark reporting.



FY24 Fundraising Target is \$12.4M, a \$3.95M increase from FY23

000s

	FY23	FY24	FY24
Region	Fundraising Goal	Fundraising Goal	Difference
National	3,200	3,200	-
Bay Area	100	(pending)	100
TX	3,500	6,700	+ 3,200
NSH	400	400	-
MKE	750	1,000	+ 250
DC	500	1,000	+ 500
TOTAL	8,450	12,400	+ 3,950

Largest increases are in TX, MKE, and DC, where National Dev team is planning to allocate more time, ensuring they reach those goals



Texas FY24 Fundraising goal of \$6.7M

How do we get there?

FY24
Committed \$

\$2.7M

FY24 Current
Pipeline +
Stewardship \$

\$1.0M

FY24
New \$

\$3.0M

Foundations, including Family
Foundations (75%)

Public Grant Programs (15%)

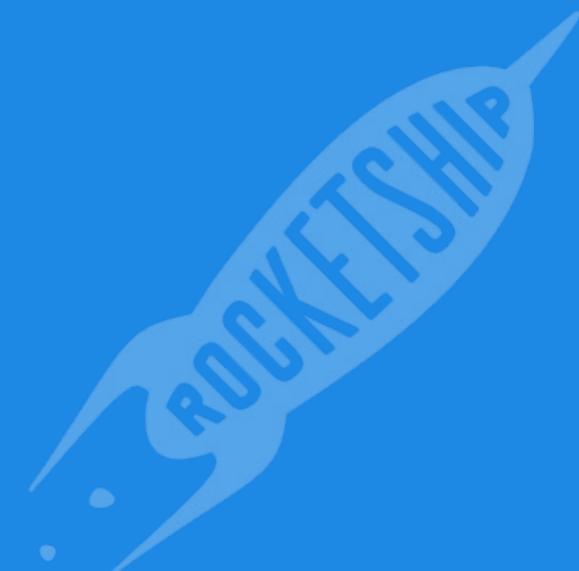
Corporations (8%)

Individuals (2%)

\$6.7M



Q3 Financial Review and Business Operations Update



RPS Financial Scorecard

We are introducing a quarterly financial scorecard which is intended to provide a snapshot of RPS's financial health, fiscal management, and financial stewardship.

Financial Health

We are measuring financial health through a set of balance sheet metrics which are commonly used throughout our sector.

We analyze liquidity through:

- Cash position
- Days Cash on Hand
- Current Ratio

Together, these three metrics provide us with a clear understanding of RPS's ability to meet near term obligations and weather any near-term shocks.

We analyze our long-term health and stability through the Net Asset Margin and the Liabilities as a Percentage of Asset metrics. These provide insight into the overall strength of the RPS balance sheet.



RPS Financial Scorecard

Fiscal Management

A comparison of the projected year-end CINA to the budgeted CINA allows us to quickly understand how we are managing to our budgets.

In addition to the absolute numbers, we also look at the variance as a percent of budgeted revenue. This provides a standardized approach to the analysis as it takes the size of the total regional/national budget into account.

Financial Stewardship

This section of the scorecard is updated annually to indicate our performance against our bond covenants and the outcomes of our financial audits.

FY23 Q3 Scorecard

Rocketship Financial Scorecard as of March 31, 2023

Financial Health

	RPS March 23	Red	Yellow	Green	Formula
Cash Position	49,941,628				
DCOH	91.81	<30	30 <= x < 60	> 60	= unrestricted cash / (operating expenses / 365)
Current Ratio	2.88	<1	1 <= x < 1.2	> 1.2	= current assets / current liabilities
Liabilities as a % of Assets	42%	> 0.90	0.80 <= x < 0.90	0.80 <	= liabilities / assets
Net Asset Margin	28%	< 10%	10% <= x < 20%	> 20%	= net assets / operating expenses

The Q3 Financial Scorecard shows that RPS is in a very strong financial position.

We have excellent liquidity with 92DCOH and a current ratio close to 3.0.

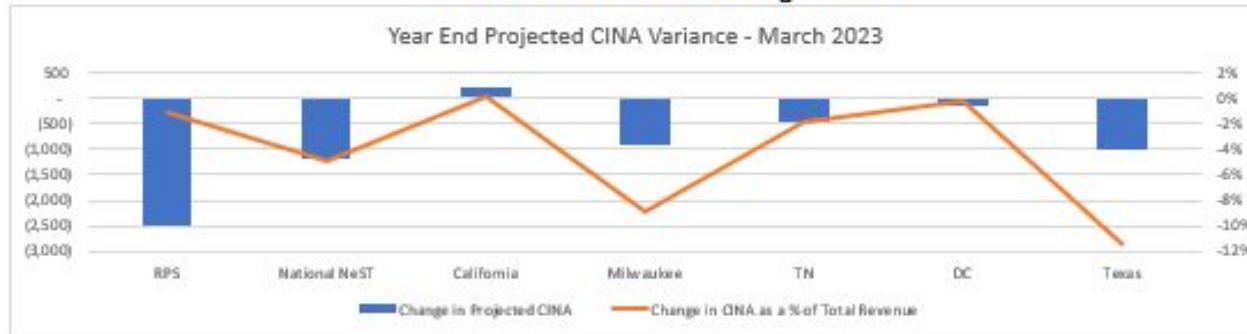
Our net asset metrics demonstrate our long-term financial health.

The CINA Forecast and Fiscal Management tables show that our year-end CINA projections are lower than budgeted for most of our regions.

The Annual Measures show that we met our bond covenants and had clean audits with no findings for FY22. This section will next be updated in December 2023.

CINA Forecast and Fiscal Management

Year End Projected CINA Variance - March 2023



	Budgeted CINA	Year-End Reforecast	Change in Projected CINA
RPS	15,752	13,271	(2,481)
National NeST	2,343	1,179	(1,164)
California	12,501	12,702	201
Milwaukee	45	(853)	(898)
TN	1,640	1,194	(446)
DC	(829)	(954)	(125)
Texas	863	(145)	(1,008)

Annual Measures FY22

Bond Covenants	Met/Not Met	Met
Audit Rocketship	Opinion: Unqualified/Qualified Findings: No/Yes	Unqualified None
Audits Regions	Opinion: Unqualified/Qualified Findings: No/Yes	Unqualified None



FY23 Q3 Balance Sheet and Year-end Projection

Q3 Balance Sheet

- Rocketship ended Q3 in a strong financial position.
- Our March 31, 2023 balance sheet shows cash of \$50M and net assets of \$56M.
- Our YTD CINA is \$5M

Balance Sheet Year-end Projection

- We are projecting to end FY23 with cash of \$49M or 91 DCOH.
- The cash position represents an increase of \$7.8M from June 2022.
- Our strong cash position provides Rocketship with reserves that will allow us to weather a downturn in revenue, a delay in cash receipts, or a significant increase in expenditures.
- We are projecting net assets of \$65M, an \$8M increase in net assets from March 31 to June 30.



FY23 Balance Sheet - Q3 and Projected Year-end

Rocketship's Q3 balance sheet and projected year-end balance sheet are both strong with \$50M and \$49M in cash respectively and net assets of \$56M and \$65M respectively. We are well positioned to weather a downturn in revenue, a delay in cash receipts, or a significant increase in expenditures.

Rocketship Public Schools Balance Sheet

	FY23 Q3 Actual			FY23 Year-end Projection		
	31-Mar-23 Actual	30-Jun-22 Actual	Change	30-Jun-23 Forecast	30-Jun-22 Actual	Change
Assets						
Cash and cash equivalents	49,941,628	41,447,840	8,493,789	49,295,022	41,447,840	7,847,182
Accounts Receivable	29,135,815	25,110,450	4,025,365	30,939,518	25,110,450	5,829,067
Prepaid expenses and deposits	6,493,694	6,283,914	209,780	6,704,128	6,283,914	420,214
Security Deposits	459,297	453,297	6,000	459,297	453,297	6,000
Property, plant & equipment	8,260,837	7,612,440	648,397	8,260,837	7,612,440	648,397
Less: Accumulated depreciation	(2,922,747)	(2,723,192)	(199,555)	(2,922,747)	(2,723,192)	(199,555)
Intercompany Due To/Due From	5,115,396	1,327,785	3,787,611	1,116,800	1,327,785	(210,985)
Total Assets	96,483,920	79,512,533	16,971,387	93,852,854	79,512,533	14,340,320
Liabilities			-			
Accounts payable	2,010,086	5,632,210	(3,622,124)	5,983,531	5,632,210	351,322
Accrued liabilities	9,295,710	6,964,135	2,331,575	6,688,837	6,964,135	(275,299)
Deferred Revenue	18,180,023	5,669,362	12,510,661	5,817,608	5,669,362	148,245
Current portion of loans payable	200,000	367,408	(167,408)	-	367,408	(367,408)
Total Current Liabilities	29,685,819	18,633,115	11,052,704	18,489,976	18,633,115	(143,139)
Accrued lease payments L-T	9,548,692	8,315,097	1,233,595	9,816,178	8,315,097	1,501,080
Accrued Interest	213,465	206,341	7,125	210,169	206,341	3,828
Loans payable L-T	790,439	1,082,888	(292,449)	790,439	1,082,888	(292,449)
Total Long-Term Liabilities	10,552,596	9,604,326	948,270	10,816,786	9,604,326	1,212,460
Total Liabilities	40,238,415	28,237,441	12,000,974	29,306,761	28,237,441	1,069,320
Net Assets	56,245,505	51,275,092	4,970,412	64,546,092	51,275,092	13,271,000
Total Liabilities and Net Assets	96,483,920	79,512,533	16,971,387	93,552,854	79,512,533	14,040,320

FY23 Q3 Statement of Activities

Statement of Activities

- Through Q3, we have revenues of \$158M, expenses of \$153M and a CINA of \$5M.
- The Q3 statement of activities shows a negative CINAs for several of our regions. The negative CINAs will either shrink or turn positive before year-end.
- We projected a year-end CINA of \$13M, an increase of \$8M over Q3.

CINA Forecast

- Our year-end CINA is projected to be \$13.3M, \$2.5M lower than originally budgeted.
- We are projecting a positive CINA in CA, TN and National.
- The negative CINA in DC is a result of the lease adjustment. It is \$143K when corrected.
- We saw negative variance for each region with the exception of California. The reasons varied greatly by region. We are putting plans in place to ensure stronger budget management and better contingency planning for FY24.
- The FY23 projected CINAs played an important role in our FY24 budget process.



FY23 Q3 Statement of Activities

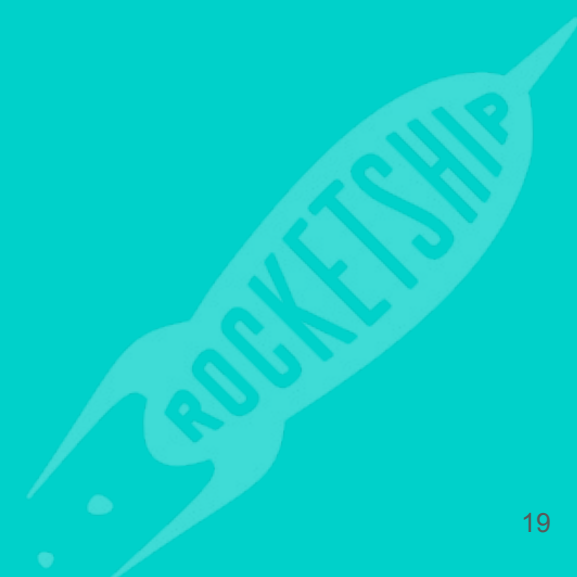
RPS Q3 CINA is \$5M and will improve across all regions/National by year-end.

Rocketship Public Schools	Q3 Statement of Activities						
(\$000)	CA	MKE	NSH	DC	NTL	Eliminations	Total
Federal Revenue	12,425	1,379	2,877	3,937			20,617
State	85,653	4,864	15,174	25,473			131,164
Other Local Revenues	(83)	18	60	789	295		1,079
Int Transfers/Network Support Fee	4,207	539	831	1,158	14,043	(20,267)	510
Grants and Fundraising	138	249	109	115	3,647		4,257
Total Revenues	102,339	7,048	19,050	31,471	17,985	(20,267)	157,627
Compensation	44,187	3,960	9,349	13,088	11,364		81,949
Non Compensation	29,820	3,409	7,093	17,028	7,247		64,597
Rent	3,478	308	868	1,139	317		6,111
Network Service Fee	13,435	866	2,493	3,473		(20,267)	
Total Expenses	90,920	8,543	19,803	34,728	18,928	(20,267)	152,657
CINA	11,419	(1,494)	(753)	(3,257)	(944)		4,970

Rocketship Public Schools	Q3 Forecast						
(\$000)	CA	MKE	NSH	DC	NTL	Eliminations	Total
Total Revenues	136,879	10,280	26,858	45,610	24,673	(29,084)	215,215
Total Expenses	124,177	11,133	25,664	46,561	23,494	(29,085)	201,945
CINA	12,702	(853)	1,194	(952)	1,179		13,271

Q3 Financial Review and Business Operations Update:

FY23 Year-end Forecasts as of March 31, 2023



FY23 Q3 Update - RPS

Year-end Forecast as of March 31, 2023

Projected CINA

- We are forecasting a year-end CINA of \$13.3M
- The forecast year-end CINA is \$2.5M lower than originally budgeted.

Presentation

- We are presenting the RPS roll-up projection in a slightly different format. The consolidating forecast shows the regions as schools only and all of the NeSTs together.
- This is how it is presented in our audited financial statements. While the Regional NeSTs are part of the regions, their finances are a component of the national organization.
- This presentation is intended to provide additional insight to the National Business Committee to support the Committee in meeting its fiduciary responsibility
- We have not changed the presentation for the regions, they include both the schools and the Regional NeSTs.



FY23 Q3 Update - RPS

Year-end Forecast as of March 31, 2023

Rocketship Public Schools	Q3 Forecast	FY23 August Board Approved Budget	
(\$000)	Total	Total	Variance
Federal Revenue	32,555	30,591	1,964
State	175,068	177,329	(2,261)
Other Local Revenues	1,506	705	800
Int Transfers/Network Support Fee	556	1	555
Grants and Fundraising	5,531	4,950	580
Total Revenues	215,215	213,576	1,639
Certificated Salaries	42,659	42,606	(53)
Classified Salaries	45,291	44,222	(1,069)
Employee Benefits	22,192	22,002	(190)
Books and Supplies	12,967	10,973	(1,995)
Food Services	6,738	7,088	350
Operating and Housekeeping	5,652	4,373	(1,280)
Professional Services	35,926	37,104	1,178
Other Operating Expenses	5,621	2,827	(2,795)
Facility Fee	20,197	20,350	153
Leases and Repairs	4,536	3,056	(1,481)
Network Support Fee			
Miscellaneous Expenses	165	3,958	3,793
Total Expenses	201,945	198,558	(3,387)
CINA	13,271	15,019	(1,748)

FY23 Q3 Update - RPS

Year-end Forecast as of March 31, 2023

- We are projecting a \$13.7M year-end CINA driven primarily by one-time revenue in CA.
- Schools are projected to have a \$12.3M CINA
- NeSTS are projected to have a \$948K CINA

Rocketship Public Schools (\$000)	Q3 Forecast												
	CA Schools	DC Schools	MKE Schools	TN Schools	Schools Total	CA NeST	DC NeST	MKE NeST	TN NeST	National	NeST Total	Elim	Total
Federal Revenue	17,036	8,015	2,598	4,907	32,555								32,555
State	113,826	34,432	6,485	20,325	175,068								175,068
Other Local Revenues	(140)	919	18	55	852		40			613	653		1,506
Int Transfers/Network Support Fee						6,020	1,704	418	1,138	20,360	29,640	(29,084)	556
Grants and Fundraising	135		302	348	786	2	500	459	84	3,699	4,745		5,531
Total Revenues	130,857	43,365	9,403	25,636	209,261	6,022	2,245	877	1,222	24,673	35,039	(29,084)	215,215
Certificated Salaries	28,282	6,823	2,319	4,854	42,279	192	173	6	9		380		42,659
Classified Salaries	16,136	5,739	1,609	4,111	27,596	2,509	998	444	630	13,115	17,696		45,291
Employee Benefits	12,148	3,238	915	2,419	18,720	668	312	97	226	2,169	3,472		22,192
Books and Supplies	6,230	1,923	919	1,996	11,068	244	216	28	111	1,301	1,899		12,967
Food Services	4,048	1,004	552	1,058	6,662	38	3	1	8	25	75		6,738
Operating and Housekeeping	2,814	1,642	368	811	5,634	10	2			6	18		5,652
Professional Services	16,282	10,101	1,146	2,556	30,084	655	435	218	222	4,312	5,842		35,926
Other Operating Expenses	1,638	472	299	282	2,691	384	222	78	169	2,077	2,930		5,621
Facility Fee	10,092	7,231	572	1,974	19,869	295			33		327		20,197
Leases and Repairs	2,300	792	238	593	3,922	80	116		52	367	615		4,536
Network Support Fee	18,060	5,110	1,254	3,529	27,953							(27,953)	
Miscellaneous Expenses	373	9	66	11	461	700		5	8	123	836	(1,132)	165
Total Expenses	118,402	44,086	10,256	24,194	196,939	5,775	2,476	877	1,469	23,494	34,091	(29,085)	201,945
CINA	12,455	(720)	(853)	1,441	12,322	248	(231)		(247)	1,179	948		13,271



Q3 Financial Review and Business Operations Update:

Regional FY23 Updated Year End Projections



National NeST Year-end Forecast as of Q3

National NeST is projected to end the year with a \$1.2M CINA. We are forecasting a negative expense variance of \$2.3M which is primarily driven by consulting expenses that are unique to FY23.

National NeST	Q3 Forecast	FY23 Approved Budget	
(\$000)	Total	Total	Variance
Other Local Revenues	613	72	541
Int Transfers/Network Support Fee	20,360	20,228	132
Grants and Fundraising	3,699	3,200	499
Total Revenues	24,673	23,500	1,173
Certificated Salaries		100	100
Classified Salaries	13,115	12,851	(265)
Employee Benefits	2,169	2,223	54
Books and Supplies	1,301	954	(346)
Operating and Housekeeping	6	6	(1)
Professional Services	4,312	2,580	(1,731)
Other Operating Expenses	2,077	1,024	(1,053)
Leases and Repairs	367	201	(166)
Miscellaneous Expenses	123	1,194	1,071
Total Expenses	23,494	21,157	(2,337)
CINA	1,179	2,343	(1,164)

CA Year-end Forecast as of Q3

- California is projected to operate with a \$12.7M CINA, \$201K better than budgeted.
- There are many changes in the California budget related to special revenue streams that are driving both the shifts in revenue and expense. Most notably, we received approximately \$15M in funding from the State this year. These funds are meant to be spent over the next five years. We had previously been advised to recognize all of the revenue in FY24 however, the auditors shifted their position on revenue recognition a few weeks ago. We will now recognize the funds as we incur the expenses. This is a preferred and better overall financial approach.

CA Schools (\$000)	Q3 Reforecast			FY23 August Board Approved Budget			Variance
	Schools Total	CA NeST	Total	Schools Total	CA NeST	Total	
Federal Revenue	17,036		17,036	17,292		17,292	(256)
State	113,826		113,826	117,206		117,206	(3,380)
Other Local Revenues	(140)		(140)	124		124	(265)
Int Transfers/Network Support Fee	()	6,020	6,020	500	6,510	7,010	(990)
Grants and Fundraising	135	2	138				138
Total Revenues	130,857	6,022	136,879	135,123	6,510	141,632	(4,753)
Certificated Salaries	28,282	192	28,475	28,416	259	28,676	201
Classified Salaries	16,136	2,509	18,645	15,716	2,095	17,811	(834)
Employee Benefits	12,148	668	12,816	12,582	679	13,261	445
Books and Supplies	6,230	244	6,474	5,501	113	5,614	(860)
Food Services	4,048	38	4,087	4,429	53	4,482	395
Operating and Housekeeping	2,814	10	2,824	2,301	12	2,313	(511)
Professional Services	16,282	655	16,937	21,194	231	21,425	4,488
Other Operating Expenses	1,638	384	2,022	1,050	110	1,160	(862)
Facility Fee	10,092	295	10,387	10,348		10,348	(38)
Leases and Repairs	2,300	80	2,379	1,538	331	1,869	(510)
Network Support Fee	18,060		18,060	19,022		19,022	963
Miscellaneous Expenses	373	700	1,073	1,588	1,450	3,150	2,077
Total Expenses	118,402	5,775	124,177	123,686	5,333	129,131	4,954
CINA	12,455	248	12,702	11,437	1,177	12,501	201

DC Year-end Forecast as of Q3

The DC reforecast shows a negative CINA of \$954K which is \$125K lower than budgeted. We believe that this will improve.

DC Schools (\$000)	Q3 Reforecast			FY23 Board Approved Budget			Variance
	Schools Total	DC NeST	Total	Schools Total	DC NeST	Total	
Federal Revenue	8,015		8,015	6,420		6,420	1,595
State	34,432		34,432	34,960		34,960	(528)
Other Local Revenues	919	40	959	508		508	451
Int Transfers/Network Support Fee		1,704	1,704		1,648	1,648	56
Grants and Fundraising		500	500		500	500	
Total Revenues	43,365	2,245	45,610	41,888	2,148	44,036	1,574
Certificated Salaries	6,823	173	6,996	6,799	4	6,803	(193)
Classified Salaries	5,739	998	6,737	6,048	1,446	7,494	757
Employee Benefits	3,238	312	3,550	2,619	214	2,834	(716)
Books and Supplies	1,923	216	2,139	2,308	128	2,436	297
Food Services	1,004	3	1,007	973	11	984	(22)
Operating and Housekeeping	1,642	2	1,644	1,323		1,323	(321)
Professional Services	10,101	435	10,536	9,670	217	9,887	(649)
Other Operating Expenses	472	222	694	274	66	340	(354)
Facility Fee	7,231		7,231	7,368		7,368	137
Leases and Repairs	792	116	908	411	21	432	(476)
Network Support Fee	5,110		5,110	4,942		4,942	(168)
Miscellaneous Expenses	9		11	15		20	9
Total Expenses	44,086	2,476	46,563	42,751	2,108	44,864	(1,699)
CINA	(720)	(231)	(954)	(864)	40	(829)	(125)
Lease Adjustment	1,097		1,097	1,097		1,097	
Lease Adjusted CINA	377	(231)	143	233	40	268	

TN Year-end Forecast as of Q3

Tennessee per pupil funding increased significantly leading to a higher revenue projection for the year.

The region opted to use a portion of its significant CINA to hire additional staff and invest in student books and materials as well as its facilities.

In addition, several of the expense categories were under budgeted for FY23. This has been rectified for FY24.

TN Schools (\$000)	Q3 Reforecast			FY23 Board Approved Budget			Variance
	Schools Total	TN NeST	Total	Schools Total	TN NeST	Total	
Federal Revenue	4,907		4,907	4,424		4,424	483
State	20,325		20,325	18,778		18,778	1,547
Other Local Revenues	55		55	1		1	54
Int Transfers/Network Support Fee		1,138	1,138		1,109	1,109	29
Grants and Fundraising	348	84	433		400	400	33
Total Revenues	25,636	1,222	26,858	23,203	1,509	24,712	2,146
Certificated Salaries	4,854	9	4,863	4,445		4,445	(418)
Classified Salaries	4,111	630	4,742	3,214	1,030	4,243	(498)
Employee Benefits	2,419	226	2,645	2,443	256	2,699	54
Books and Supplies	1,996	111	2,107	1,325	22	1,347	(760)
Food Services	1,058	8	1,066	984	15	999	(67)
Operating and Housekeeping	811		811	465		465	(345)
Professional Services	2,556	222	2,778	2,288	72	2,360	(418)
Other Operating Expenses	282	169	451	161	28	190	(262)
Facility Fee	1,974	33	2,007	1,989		1,989	(18)
Leases and Repairs	593	52	645	384	1	385	(260)
Network Support Fee	3,529		3,529	3,327		3,327	(202)
Miscellaneous Expenses	11	8	19	606	16	622	603
Total Expenses	24,194	1,469	25,664	21,631	1,441	23,072	(2,592)
CINA	1,441	(247)	1,194	1,572	68	1,640	(446)



MKE Year-end Forecast as of Q3

MKE Schools & Regional NeST ((\$000))	Q3 Reforecast			Approved Budget	Variance
	Total Schools	MKE NeST	Total		
Enrollment	703		703	709	-6
Federal Revenue	2,598		2,598	2,455	143
State	6,485		6,485	6,385	100
Other Local Revenues	18		18		18
Int Transfers/Network Support Fee		418	418	410	8
Grants and Fundraising	302	459	761	750	11
Total Revenues	9,403	877	10,280	9,999	280
Certificated Salaries	2,319	6	2,325	2,587	261
Classified Salaries	1,609	444	2,053	1,819	(234)
Employee Benefits	915	97	1,012	986	(26)
Books and Supplies	919	28	947	622	(325)
Food Services	552	1	553	598	45
Operating and Housekeeping	368		368	265	(102)
Professional Services	1,146	218	1,364	852	(512)
Other Operating Expenses	299	78	377	114	(263)
Facility Fee	572		572	643	71
Leases and Repairs	238		238	168	(69)
Network Support Fee	1,254		1,254	1,229	(25)
Miscellaneous Expenses	66	5	71	72	1
Total Expenses	10,256	877	11,133	9,954	1,178
CINA			(853)	45	(898)

Note:

The approved MKE budget showed \$733K in miscellaneous expenses. These reflected ESSER funds that were meant to offset expenses already in the budget but this use had not yet been approved by the state.

We have since obtained state approval and were able to remove the contingent expense.

For clarity, we removed the expense from the Approved Budget column on this slide to reflect the intent of the original budget and more clearly show CINA variances for FY24.

Milwaukee is projected to operate with a negative \$898K CINA variance. This is primarily due to:

- Unreimbursed special education expenses and a significant increase in ISE population in the region (~22%)
- Investment in new humanities curriculum (\$165K)
- Increased need for professional services in the classroom (\$120K)
- Investment in staff culture of (\$270K)



RPS-TX Year-end Forecast as of Q3

TX Region	Forecast as of 3/31/23	FY23 Board Approved Budget	
(\$000)	Total	Total	Variance
Enrollment	300	300	0
Federal Revenue	1,105	1,092	13
State	2,811	2,633	177
Other Local Revenues	1		1
Grants and Fundraising	4,923	4,923	
Total Revenues	8,839	8,649	191
Certificated Salaries	1,647	2,035	388
Classified Salaries	1,739	1,205	(534)
Employee Benefits	1,048	651	(397)
Books and Supplies	1,039	961	(78)
Food Services	300	207	(92)
Services and Other Operating Expenses	1,518	1,422	(96)
Travel and Conferences	209	55	(154)
Dues and Insurance	59	17	(42)
Rental, Leases and Repairs	261	85	(176)
Support Fee - National	281	263	(18)
Facility Fee	883	883	
Total Expenses	8,984	7,785	(1,199)
CINA	(145)	863	(1,008)

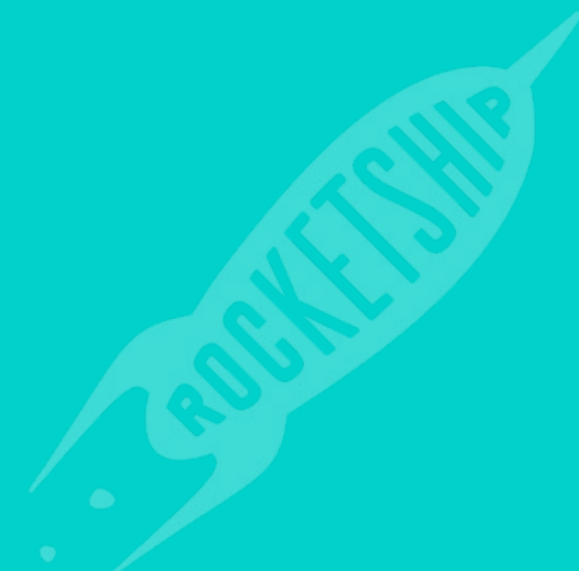
The TX budget is projected to operate with a \$(145K) CINA, There are two primary factors that lead to the CINA variance:

- Employee benefits were approximately \$400K higher than anticipated. RPS TX could not take part in the Rocketship health insurance benefits.
- RPS TX did not receive the \$900K start-up grant for TX2 that RDDE had received. This would have offset approximately \$300K in salaries.
- We have maintained the grants and fundraising forecast at the FY23 target however, we anticipate that philanthropy will be closer to \$4.5M.

RPS TX has a 45 DCOH loan covenant. Using the \$4.5M philanthropy assumption, the region will need between \$650K-700K in additional cash.

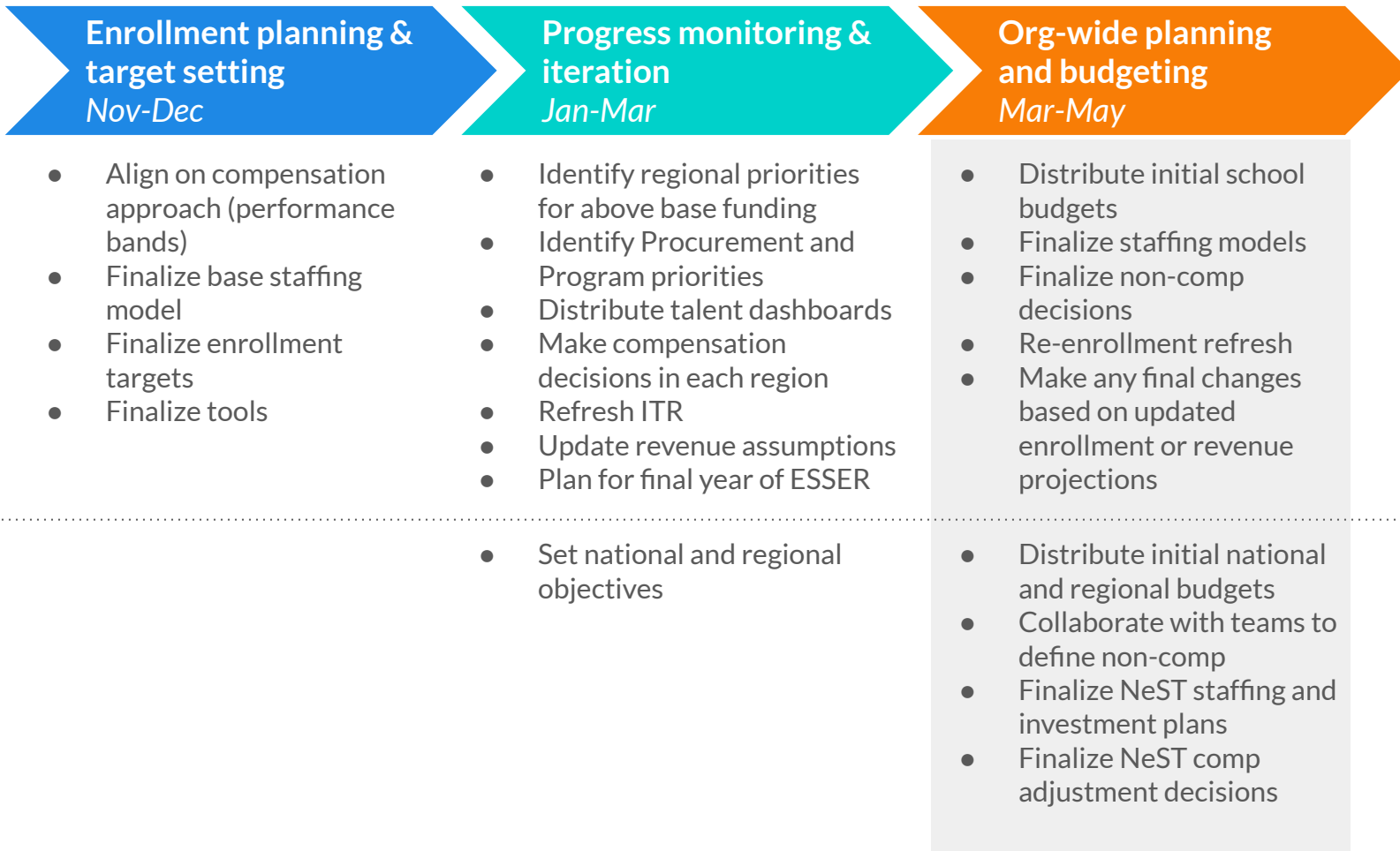


2023-24 Annual Plan and Budget: FY24 Annual Planning






Our annual planning process encompasses enrollment planning and budgeting for both schools and NeST



We have set budgeting decision rights based on how the funds are used

Decision owner	Budget decisions	
National 	Staffing	Non Comp
	Base model staffing (based on enrollment/size of school) Minimum needed to implement the Rocketship program (instructional and operational) at each school	Necessary non-comp (insurance, rent, etc.)
		Baseline fixed costs (programmatic costs, tech, facility repairs)
	Regional required staffing & grant funded (CA TK, CCSPP, Rocketboosters, etc.)	Regional required non-comp (ELOP, Appletree)
	Regional discretionary staffing consistent across all schools	Regional discretionary non-comp consistent across all schools
	School specific discretionary staffing	School specific discretionary non-staffing
Regional/ School		

We followed several key budgeting principles to build thoughtful budgets with stakeholders across the org

Global

- General conservatism, e.g., in CA and TN, there will likely be additional funding that is not included but not adding until we have more confidence

National

- Consistent base model staffing
- Ensure critical investments that support our priorities (e.g., new Humanities & STEM curriculum, consistent Rocketship cultural rituals across all regions)
- Budgeting for ESSER cliff by building sustainable staffing model that would extend into FY25 without ESSER funds

Regional

- Consistent school models but different class sizes (24 vs. 30)
- Regional regulations and funding streams dictated how we built budgets, e.g., CA has community school grant that requires CARE Corp Coordinator at each school; TN has a teacher residency program

School

- Set non-comp dollar target for each school and allowed schools to distribute funds across controllable accounts (e.g., books, field trips) according to their individual school priorities



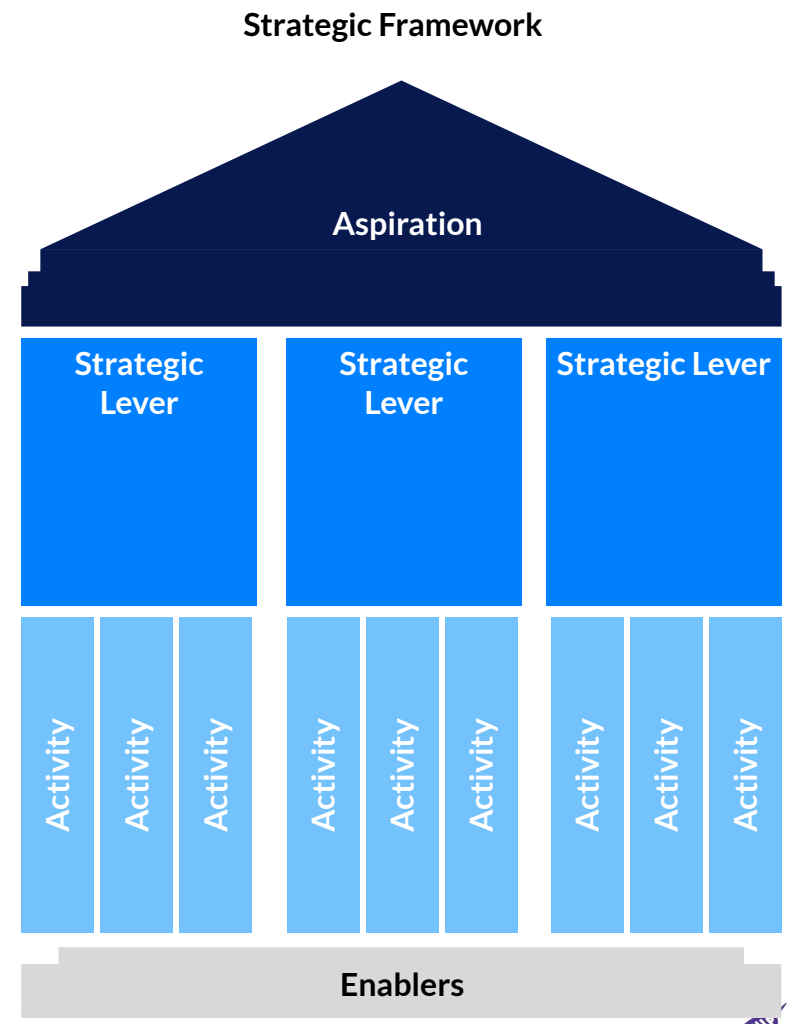
We are in the midst of a strategic planning effort and will guide annual planning with a few key priorities

As part of strategic planning, we will use the strategic “house” framework to build out a more robust view of the next five years.

To avoid duplication or misalignment of efforts, we are simplifying priority-setting this year and instead guiding annual planning with a few key priorities:

- Quality
- Culture
- Parent Engagement
- Systems

While we are not building our annual planning process around a strategic plan, these priorities will inform our decision-making.



National NeST investments align to our priorities, with our flagship investment in a new curriculum

Category	Investment	Cost	Recurring?
Quality	<ul style="list-style-type: none"> Initial investment in new curriculum across all school budgets 	<ul style="list-style-type: none"> \$2.5M 	<ul style="list-style-type: none"> No
Culture	<ul style="list-style-type: none"> Consulting support to improve employee engagement/comms More accurately accounting for travel and cultural rituals (national) 	<ul style="list-style-type: none"> \$70K \$300K (expense above what was in the FY23 budget) 	<ul style="list-style-type: none"> Yes Yes
Parent Engagement/ Leadership	<ul style="list-style-type: none"> Newly funded Parent Leadership programs and initiatives Regional investments 	<ul style="list-style-type: none"> \$100K Varied 	<ul style="list-style-type: none"> TBD Yes
Systems	<ul style="list-style-type: none"> Additional compliance/legal position Conversion of consultants to staff HCM and Ironclad implementation Compliance administration software Adaptive overhaul Launchpad facilities maintenance and repair oversight 	<ul style="list-style-type: none"> \$70K \$100K \$1.4M TBD Part of HCM implementation No additional cost 	<ul style="list-style-type: none"> Yes Yes No Yes No Yes



Regional NeST investments focus on adding staff to support programming and execution

CA

- Hiring a VP of schools to direct and manage schools and achievement (open role since last school year)
- Increased support for expanded learning programs
- Additional manager for regional multi-language learner support

WI

- Adding a Director of Development to the NeST staff to support in fundraising efforts
- Elevating the Education Organizer role to a Manager of Family Advocacy (Education Organizer + Care Corps).

TN

- Adding a Head of RTI to manage intervention and bolster literacy
- Focus on external marketing, communication and family recruitment
- Summer school “boost” funded by newly awarded external grant

DC

- Adding 3 managers of achievement to enhance ISE, MTSS and Science

TX

- Texas regional NeST is not making any significant modifications to its budget for FY24

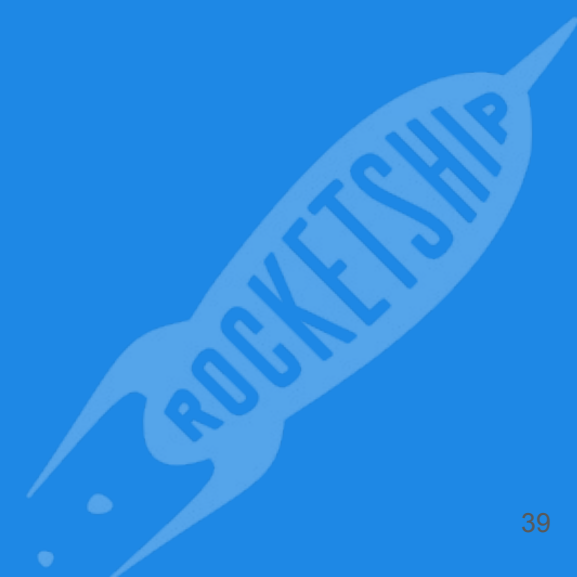


At the school level, we are making major investments in school-based compensation

Investment	Rationale	TN	WI	CA	DC	TX
Relaunched teacher band system	More competitive comp structure earlier in career; rewards teachers for their contribution to student growth					23-24
Increased perf pay for returning non-teachers by up to 5%	Increases competitiveness of non-teacher compensation on merit and tenure basis					
Comp scale changes for target roles	Increases compensation competitiveness		Hourly, P/AP			Ts only
Pay for Masters program for Ts, Ps, APs	Invests in their teaching skills; helps RPS be competitive with districts (MPS, MNPS) that have Master's lanes					
Retention bonuses	Incentivizes school staff to commit to return in 23-24	\$750	\$750x2			\$5,000 for GE, ISE, and enrichment Ts



2023-24 Annual Plan and Budget: Revenue assumptions



We have good news on per pupil funding for all regions (TX still pending)

CA

- The governor called for a 8.13% increase to LCFF. We are currently assuming 5% in the budget. There is **room for upside**.

DC

- Funding will increase 5%. There are additional funds that have been announced but it is unclear how they will be administered. There is **room for upside**.

TN

- We are currently holding TN funding flat. The funding formula is changing for next year. Some believe that we will receive a slight increase in funding. There is **room for upside**.

MKE

- Funding is projected to increase by 4%! We will receive at least \$200 more per pupil and SPED reimbursement is going up. We are awaiting final information regarding the per pupil increase but this is a **big step forward**.

TX

- We are assuming a 5% increase to state revenue.

We are preparing for the ESSER cliff in our approach to base budgeting

What is the ESSER cliff?

Rocketship received over \$60M in state and federal COVID funding over the last three years. These funds were used for a wide range of staffing and non-comp supports to provide students with the additional resources needed to mitigate the impacts of COVID.

FY24 is the last year that we can use these funds. We have been preparing for the decrease in ESSER spending for for the past two years and are now working to ensure that our schools are prepared for “ESSER cliff.”

Schools are making decisions now about how they will adjust their spending in FY24 to provide for a smooth transition and to prevent disruption from the approaching reduction in funding.

How is Rocketship approaching the ESSER cliff?

- In preparation for the final year of ESSER, the first round of budgeting established a **base staffing model without ESSER funds with the exception of MKE and TX**
 - MKE will use its ESSER funds to narrow its budget deficit.
 - TX did not receive any ESSER funds
- Base budgets also included Baseline Fixed Costs that cannot be moved. This year, we are including new curricula \$100K per school, higher outsourced costs for clinicians and higher facility repair expenses.
- There will be little or no above base staffing except through ESSER funds.
- During upcoming budget meetings, schools will work to allocate ESSER funds

In general, discretionary fund are down for all schools and all regions.



Back-up: ESSER Revenue FY23 to FY24

Total ESSER Revenue			
(\$000s)	FY2023	FY2024	Change
RMS	757,661	676,363	-81,298
RSSP	687,483	894,562	207,079
RLS	904,000	955,357	51,357
ROMO	526,000	607,222	81,222
RDP	533,764	698,108	164,344
RBM	625,405	825,815	200,410
RSA	539,221	440,516	-98,705
RSK	711,770	656,707	-55,063
RFZ	944,069	686,213	-257,856
RRWC	197,063	470,325	273,262
RRS	1,093,803	632,087	-461,716
RFA	614,996	413,185	-201,811
RDL	0	223,021	223,021
RSCP	692,355	732,624	40,269
RTP	477,512	199,603	-277,909
RNNE	900,000	582,898	-317,102
RUA	923,000	728,584	-194,416
RISE	1,923,674	1,116,118	-807,556
RLP	1,644,761	1,345,396	-299,365
RIC	1,360,265	330,734	-1,029,531
Total	16,056,802	13,215,438	-2,841,364

Key takeaways

- ESSER Funds are approximately \$3M lower in FY24 than FY23.
- The available dollars vary widely by school with several of the CA schools at the lower end.
- The DC funds can be smoothed across the schools.
- In TN, Dream does not receive ESSER.
- In MKE, the funding distribution has no impact on the budget.

2023-24 Annual Plan and Budget: Enrollment projections

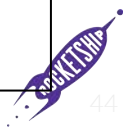


We are projecting a 6% increase in enrollment from FY23 actuals, driven by the new school in Texas

School/Region	FY24 BSP	March Actual	Change	Percent
CA				
RMS	484	489	(5)	-1%
RSSP	314	308	6	2%
RLS	359	376	(17)	-5%
ROMO	556	575	(19)	-3%
RDP	406	428	(22)	-5%
RBM	471	490	(19)	-4%
RSA	514	510	4	1%
RSK	535	557	(22)	-4%
RFZ	529	554	(25)	-5%
RRS	585	595	(10)	-2%
RRWC	307	310	(3)	-1%
RFA	664	667	(3)	0%
RDL	576	558	18	3%
CA	6,300	6,417	(117)	-2%
NSH				
RNNE	500	492	8	2%
RUA	500	484	16	3%
RDPC	375	346	29	8%
NSH	1,375	1,322	53	4%
MKE				
RSCP	480	419	61	15%
RTP	352	252	100	40%
MKE	832	671	161	24%
DC				
RISE	507	514	(7)	-1%
RLP	635	627	8	1%
RIC	355	286	69	24%
DC	1,497	1,427	70	5%
TX				
RDDE	380	294	86	29%
TX2	306	0	306	
TX	686	294	392	133%
Total	10,690	10,131	559	6%

Budget Staffing Projection (BSP) is a conservative, data-driven enrollment target set for each school.

- **Milwaukee:** We are shifting the BSP in MKE from 740 to 832 which represents a 24% increase over FY23 actual enrollment.
- **DC and TN:** Projected enrollment in DC and TN is relatively flat from the FY23 actual.
- **TX:** BSP in Texas is set at 686 students. The target enrollment for this year had been approximately 930 students.
- **CA:** As a region, CA is projected to have a 2% enrollment decline from actual FY23 enrollment. Additionally, we are shifting CA ADA to 90%. This is a 2% shift from FY23 and a 5% shift from pre pandemic.



2023-24 Annual Plan and Budget: Proposed FY24 Budget for Approval



FY24 Budget Overview

RPS Budget Highlights

- The FY24 budget shows \$215M in revenues and a \$2.8M CINA.
- The budget includes conservatism as we believe that funding will be higher in CA, DC and TN than was assumed here.
- The NeSTs (Regional and National) are all projected to operate at effectively break-even.

Regions

- CA shows a \$10.5M negative change in CINA from FY23 to FY24. This is driven primarily by the loss of one-time funding in FY23 which was budgeted at \$8M.
- DC is projecting a \$1.7M increase in CINA
- TN is projecting a projecting a \$1.2M decrease in CINA which is primarily due to an increase in compensation and an investment in EL Specialists, and special education staff to provide increased academic support at schools.and an increase in non-compensation expenses that are tied to FY23 actuals as opposed to the FY23 budget.
- MKE is projecting a \$410K decrease in CINA which is tied to significantly higher actual ISE expenses as compared to the FY23 budget and aggressive increases in staff compensation.
- TX budget is projecting a CINA increase of \$867K which is tied to the large increase in philanthropy. The increase in CINA is necessary to ensure that the region meets it debt covenants.

National

- The National NeST budget is showing a \$2.3M decrease in CINA which is consistent with FY23 actual expenditures which were understated on several budget lines such as professional services and other operating expenses.



Proposed FY24 RPS Budget for Approval

Rocketship Public Schools	FY24 Preliminary June Budget (board approval pending)													
(\$000)	Schools					NeST					Eliminations	Total		
	CA Schools	DC Schools	MKE Schools	TN Schools	Total	CA NeST	DC NeST	MKE NeST	TN NeST	National			Total	
Enrollment	6,300	1,497	832	1,375	10,004									10,004
Federal Revenue	15,459	6,177	2,664	3,883	28,182									28,182
State	112,089	35,293	8,187	22,703	178,272									178,272
Other Local Revenues	131	777	80	71	1,059					1,443	1,443			2,502
Int Transfers/Network Support Fee						5,971	1,737	501	1,243	19,882	29,334	(28,834)		500
Grants and Fundraising		650	197	200	1,047		350	803	200	3,400	4,753			5,800
Total Revenues	127,678	42,896	11,128	26,857	208,560	5,971	2,087	1,304	1,443	24,725	35,530	(28,834)		215,255
Certificated Salaries	27,289	6,220	3,085	5,403	41,997	335					335			42,332
Classified Salaries	16,482	4,209	2,318	5,236	28,244	2,371	1,235	1,031	720	14,933	20,291			48,535
Employee Benefits	12,854	2,295	1,182	3,007	19,337	685	194	181	141	2,651	3,852			23,190
Books and Supplies	6,552	2,441	676	1,498	11,166	242	143	12	19	1,061	1,477			12,643
Food Services	4,901	924	693	1,118	7,635	39	10	4	12		64			7,700
Operating and Housekeeping	2,850	1,330	352	753	5,285	9				5	14			5,299
Professional Services	13,910	10,948	392	2,699	27,949	668	201	37	272	3,173	4,351			32,300
Other Operating Expenses	1,706	484	228	325	2,743	484	182	27	181	1,548	2,421			5,164
Facility Fee	10,077	7,118	723	1,974	19,893									19,893
Leases and Repairs	2,538	853	277	543	4,212	379	114		87	311	890			5,103
Network Support Fee	17,913	5,211	1,503	3,730	28,357							(28,357)		
Miscellaneous Expenses	8,749		64	163	8,975	700		12	9	1,036	1,757	(477)		10,255
Total Expenses	125,819	42,031	11,494	26,450	205,794	5,912	2,079	1,304	1,439	24,718	35,453	(28,834)		212,412
CINA	1,859	865	(366)	408	2,766	58	8		4	6	77			2,843



Proposed FY24 RPS Budget vs FY23 Approved Budget

Rocketship Public Schools	FY24 Preliminary June Budget (board approval pending)	FY23 August Board Approved Budget	
(\$000)	Total	Total	Variance
Enrollment	10,004	10,136	-132
Federal Revenue	28,182	30,591	(2,409)
State	178,272	177,329	943
Other Local Revenues	2,502	705	1,796
Int Transfers/Network Support Fee	500	1	499
Grants and Fundraising	5,800	4,950	850
Total Revenues	215,255	213,576	1,679
Certificated Salaries	42,332	42,606	275
Classified Salaries	48,535	44,222	(4,313)
Employee Benefits	23,190	22,002	(1,188)
Books and Supplies	12,643	10,973	(1,670)
Food Services	7,700	7,088	(612)
Operating and Housekeeping	5,299	4,373	(926)
Professional Services	32,300	37,104	4,805
Other Operating Expenses	5,164	2,827	(2,337)
Facility Fee	19,893	20,350	456
Leases and Repairs	5,103	3,056	(2,047)
Network Support Fee			
Miscellaneous Expenses	10,255	3,958	(6,297)
Total Expenses	212,412	198,558	(13,855)
CINA	2,843	15,019	(12,176)

2023-24 Annual Plan and Budget: Regional and NeST Budgets



National NeST Notes

National NeST CINA will operate with a break-even CINA, a decrease of \$2.3M.

Revenue is effectively flat from FY23 to FY24.

Reported expenses increased by 2.4. Apples to apples \$1.3M

Increases in expenses are aligned with our priorities:

- Our People: Compensation increases (4% for non NLT and 2% for NLT)
- Total Rewards/Benefits: Increases to insurance premiums create \$800K in additional compensation expenses
- Community and Culture: We maintained our investment in Travel and Rituals which is exceeding the FY23 budgeted amount by approximately \$300K.
- Systems: We included \$100K in additional funds for new software systems.

The budget includes an \$800K contingency (4%). Additionally, the FY23 budget included a \$400K salary vacancy expense offset. We did not include this reduction in the FY24 budget which provides us with additional contingency.



National NeST

National NeST	FY24 Draft June Budget	FY23 Approved Budget	
(\$000)	Total	Total	Variance
Other Local Revenues	1,443	72	1,371
Int Transfers/Network Support Fee	19,882	20,228	(346)
Grants and Fundraising	3,400	3,200	200
Total Revenues	24,725	23,500	1,224
Certificated Salaries		100	100
Classified Salaries	14,933	12,851	(2,083)
Employee Benefits	2,651	2,223	(429)
Books and Supplies	1,061	954	(106)
Food Services		25	25
Operating and Housekeeping	5	6	1
Professional Services	3,173	2,580	(593)
Other Operating Expenses	1,548	1,024	(524)
Leases and Repairs	311	201	(110)
Miscellaneous Expenses	1,036	1,194	158
Total Expenses	24,718	21,157	(3,561)
CINA	6	2,343	(2,337)

A note on interest revenue

- We have conservatively anticipated interest revenue of \$400K. Current interest rates are at or above 4% and our average deposits are in excess of \$40M. Even if there is a dip in interest rates, we should expect revenue in \$1.2M.



In CA, one-time money has allowed Rocketship to make strategic investments in compensation and curriculum

Solid potential for upside

In CA, one time funds are being utilized to:

- Purchase brand **new Humanities and STEM curriculum**. The new curriculum will accelerate our efforts to combat learning loss in the aftermath of the pandemic.
- **Competitively compensate our staff**. In addition to base pay that matches or exceeds the 75th-tile among local districts, we are reinstating a performance based pay system for teachers in order to recognize and reward teachers who have demonstrated excellent results more quickly, rather than a tenure based system that forces teachers to wait for more competitive compensation.
- Invest in tutors, associate teachers and assistant principals for **targeted intervention**

The total **compensation** increase in CA will be ~9% (after attrition) across all staff. We have significant one-time funding to be spent over the next five years which will ensure that we can maintain the compensation increase in the event of a CA recession.

Attendance is budgeted at 90% - the lowest budgeted rate in CA since inception. Pandemic attendance trends have continued to impact our schools yet we don't anticipate additional hold harmless funding to cover the decline.

CA Regional Budget

CA Schools (\$000)	FY24 Preliminary June Budget			FY23 August Board Approved Budget			Variance
	Schools Total	CA NeST	Total	Schools Total	CA NeST	Total	
Enrollment	6300		6,300	6,393		6,393	-93
Attendance Rate	90%		90%	92%		92%	-2%
ADA	5670		5,670	5,881		5,881	-212
Federal Revenue	15,459		15,459	17,292		17,292	(1,833)
State	112,089		112,089	117,206		117,206	(5,117)
Other Local Revenues	131		131	124		124	6
Int Transfers/Network Support Fee		5,971	5,971	500	6,510	7,010	(1,039)
Grants and Fundraising							
Total Revenues	127,678	5,971	133,649	135,123	6,510	141,632	(7,983)
Certificated Salaries	27,289	335	29,124	28,416	259	28,676	(448)
Classified Salaries	16,482	2,371	22,153	15,716	2,095	17,811	(4,342)
Employee Benefits	12,854	685	15,139	12,582	679	13,261	(1,878)
Books and Supplies	6,552	242	6,794	5,501	113	5,614	(1,180)
Food Services	4,901	39	4,940	4,429	53	4,482	(458)
Operating and Housekeeping	2,850	9	2,859	2,301	12	2,313	(546)
Professional Services	13,910	668	14,578	21,194	231	21,425	6,847
Other Operating Expenses	1,706	484	2,190	1,050	110	1,160	(1,030)
Facility Fee	10,077		10,077	10,348		10,348	271
Leases and Repairs	2,538	379	2,917	1,538	331	1,869	(1,048)
Network Support Fee	17,913		17,913	19,022		19,022	1,109
Miscellaneous Expenses	8,749	700	3,049	1,588	1,450	3,150	101
Total Expenses	125,819	5,913	131,732	123,686	5,333	129,131	(2,601)
CINA	1,859	58	1,918	11,437	1,177	12,501	(10,584)

CA School budgets

CA Schools (\$000)	FY24 Preliminary June Budget	FY23 August Board Approved Budget	
	Total	Total	Variance
Enrollment	6,300	6,393	-93
<i>Attendance Rate</i>	<i>90%</i>	<i>92%</i>	<i>-2%</i>
ADA	5,670	5,881	-212
Federal Revenue	15,459	17,292	(1,833)
State	112,089	117,206	(5,117)
Other Local Revenues	131	124	6
Int Transfers/Network Support Fee		500	(500)
Grants and Fundraising			
Total Revenues	127,678	135,123	(7,444)
Certificated Salaries	28,789	28,416	(373)
Classified Salaries	19,782	15,716	(4,066)
Employee Benefits	14,454	12,582	(1,872)
Books and Supplies	6,552	5,501	(1,051)
Food Services	4,901	4,429	(472)
Operating and Housekeeping	2,850	2,301	(549)
Professional Services	13,910	21,194	7,284
Other Operating Expenses	1,706	1,050	(656)
Facility Fee	10,077	10,348	271
Leases and Repairs	2,538	1,538	(1,000)
Network Support Fee	17,913	19,022	1,109
Miscellaneous Expenses	2,349	1,588	(760)
Total Expenses	125,819	123,686	(2,133)
CINA	1,859	11,437	(9,577)

Budget Highlights

-Revenue is lower as there was significant one-time funding in FY23.

-Total expenses remain constant but have a few key shifts:

- Comp is up \$6M due primarily to increase in wages

-Increase in books and supplies reflect curriculum investment

-Changes in professional services are driven by the treatment of our new afterschool funding which totals \$15M.

In MKE, we are projecting a negative CINA of (\$366K) and propose a National fee deferral of up to \$600K

In Milwaukee, we have made significant investments in both special education and compensation.

- The special education population almost doubled from FY22 to FY23 and the state only reimburses a fraction of the special education expenses. We anticipate that it will remain at its current levels for FY24.
- For FY24, we are making critical shifts in compensation to ensure that we are competitive in Milwaukee.

This has prompted us to globally pressure test and revisit Milwaukee budget for FY24 and on an ongoing basis.

We are currently projecting a negative CINA of (\$366K). We propose that National provides the region with a fee deferral of up to \$600K.

MKE Regional Budget

MKE Schools & Regional NeST (\$000)	FY24 Preliminary June Budget			FY23 Board Approved Budget			Variance
	Total Schools	MKE NeST	Total	Total Schools	MKE NeST	Total	
Enrollment	832		832			709	123
Federal Revenue	2,664		2,664	2,455		2,455	209
State	8,187		8,187	6,385		6,385	1,802
Other Local Revenues	80		80				80
Int Transfers/Network Support Fee		501	501		410	410	91
Grants and Fundraising	501	499	1,000	277	474	750	250
Total Revenues	11,432	1,000	12,432	9,116	883	9,999	2,433
Certificated Salaries	3,085		3,085	2,587		2,587	(498)
Classified Salaries	2,565	764	3,329	1,233	586	1,819	(1,510)
Employee Benefits	1,239	144	1,383	865	120	986	(398)
Books and Supplies	676	12	688	609	13	622	(66)
Food Services	693	4	697	594	4	598	(99)
Operating and Housekeeping	352		352	265		265	(86)
Professional Services	392	37	429	764	88	852	423
Other Operating Expenses	228	27	255	97	17	114	(141)
Facility Fee	723		723	643		643	(80)
Leases and Repairs	277		277	168		168	(109)
Network Support Fee	1,503		1,503	1,229		1,229	(274)
Miscellaneous Expenses	64	12	76	60	12	72	(4)
Total Expenses	11,798	1,000	12,797	9,116	839	9,955	2,843
CINA	(366)		(366)		44	45	(410)

MKE School Budgets

MKE Schools & Regional NeST	FY24 Preliminary June Budget	FY23 Board Approved Budget	
(\$000)	Total	Total	Variance
Enrollment	832	709	123
Federal Revenue	2,664	2,455	209
State	8,187	6,385	1,802
Other Local Revenues	80		80
Int Transfers/Network Support Fee			
Grants and Fundraising	501	277	225
Total Revenues	11,432	9,116	2,316
Certificated Salaries	3,085	2,587	(498)
Classified Salaries	2,565	1,233	(1,332)
Employee Benefits	1,239	865	(374)
Books and Supplies	676	609	(67)
Food Services	693	594	(99)
Operating and Housekeeping	352	265	(86)
Professional Services	392	764	372
Other Operating Expenses	228	97	(131)
Facility Fee	723	643	(80)
Leases and Repairs	277	168	(109)
Network Support Fee	1,503	1,229	(274)
Miscellaneous Expenses	64	60	(4)
Total Expenses	11,798	9,116	2,682
CINA	(366)		(366)

Budget Highlights

In addition to the school-level philanthropy of \$197K, the NeST will revenue includes \$800K in fundraising.. This is a combined regional goal of \$1M.

To achieve this goal, the region will hire a dedicated director of development.

In NSH, enrollment growth at one school and increasing per-pupil revenue enabled significant investments in compensation and school staff

TN funding has dramatically increased over the last two years. This has created an environment for the regional leadership to re-envision how it uses its per pupil funding. In TN, the new funding will be directed toward:

- Compensation is increasing by 6% to bring TN teachers and staff to a place that ensures Rocketship is competitive for talent in the region.
- The Nashville schools are making strategic investments in classroom assistants, EL Specialists, and special education staff to provide increased academic support at schools.
- Nashville has increased its after school programming and was just awarded (not yet reflected in the budget) a \$1M grant for summer school.

TN Regional Budget

TN Schools (\$000)	FY24 Preliminary June Budget			FY23 Board Approved Budget			Variance
	Schools Total	TN NeST	Total	Schools Total	TN NeST	Total	
Enrollment	1375		1375	1435		1435	-60
Federal Revenue	3,883		3,883	4,424		4,424	(541)
State	22,703		22,703	18,778		18,778	3,925
Other Local Revenues	71		71	1		1	70
Int Transfers/Network Support Fee		1,243	1,243		1,109	1,109	135
Grants and Fundraising	200	200	400		400	400	
Total Revenues	26,857	1,443	28,301	23,203	1,509	24,712	3,589
Certificated Salaries	5,403		5,403	4,445		4,445	(958)
Classified Salaries	5,236	720	5,956	3,214	1,030	4,243	(1,712)
Employee Benefits	3,007	141	3,148	2,443	256	2,699	(449)
Books and Supplies	1,498	19	1,516	1,325	22	1,347	(169)
Food Services	1,118	12	1,130	984	15	999	(131)
Operating and Housekeeping	753		753	465		465	(288)
Professional Services	2,699	272	2,970	2,288	72	2,360	(610)
Other Operating Expenses	325	181	506	161	28	190	(316)
Facility Fee	1,974		1,974	1,989		1,989	15
Leases and Repairs	543	87	630	384	1	385	(246)
Network Support Fee	3,730		3,730	3,327		3,327	(404)
Miscellaneous Expenses	163	9	171	606	16	622	451
Total Expenses	26,450	1,439	27,889	21,631	1,441	23,072	(4,817)
CINA	408	4	412	1,572	68	1,640	(1,228)

TN School Budget Rollup

TN Schools	FY24 Preliminary June Budget	FY23 Board Approved Budget	
(\$000)	Total	Total	Variance
Enrollment	1375	1435	-60
Federal Revenue	3,883	4,424	(541)
State	22,703	18,778	3,925
Other Local Revenues	71	1	70
Int Transfers/Network Support Fee			
Grants and Fundraising	200		200
Total Revenues	26,857	23,203	3,654
Certificated Salaries	5,403	4,445	(958)
Classified Salaries	5,236	3,214	(2,023)
Employee Benefits	3,007	2,443	(564)
Books and Supplies	1,498	1,325	(173)
Food Services	1,118	984	(134)
Operating and Housekeeping	753	465	(288)
Professional Services	2,699	2,288	(410)
Other Operating Expenses	325	161	(164)
Facility Fee	1,974	1,989	15
Leases and Repairs	543	384	(160)
Network Support Fee	3,730	3,327	(404)
Miscellaneous Expenses	163	606	444
Total Expenses	26,450	21,631	(4,819)
CINA	408	1,572	(1,165)

Budget Highlights

- Per pupil funding increases are driving the jump in total revenues
- Increase in compensation is consistent with the increase in funding.
- Increase in non-comp expenses are tied to FY23 actuals as opposed to the budget.

Staffing plans in DC shift in preparation for the expiration of ESSER funding

The DC region's schools have had up to \$5M in ESSER funds for each of the last two years. This far exceeds the ESSER funding for other Rocketship schools. As such, the impact of the ESSER cliff will be felt most in DC.

In advance of FY25, the region is making staffing shifts to ensure long-term sustainability. Regional leadership has been strategic both in how it will use the remaining ESSER funds and how the schools will be staffed as of FY25. As a result, you will note a sizable decrease in compensation for the region.

The DC region is using its remaining ESSER funds to maintain targeted supports for its Rocketeers, including:

- 5 Enrichment Staff Coordinators at each DC school (2 science and 3 others)
- Cultural specialists
- Principals in residence
- Intervention coordinators

DC Regional Budget

DC Schools (\$000)	FY24 Preliminary June Budget			FY23 Board Approved Budget			Variance
	Schools Total	DC NeST	Total	Schools Total	DC NeST	Total	
Enrollment	1497		1497	1582		1582	-85
Federal Revenue	6,177		6,177	6,420		6,420	(243)
State	35,293		35,293	34,960		34,960	333
Other Local Revenues	777		777	508		508	269
Int Transfers/Network Support Fee		1,737	1,737		1,648	1,648	89
Grants and Fundraising	650	350	1,000		500	500	500
Total Revenues	42,896	2,087	44,983	41,888	2,148	44,036	947
Certificated Salaries	6,220	140	6,359	6,799	4	6,803	444
Classified Salaries	4,209	1,096	5,304	6,048	1,446	7,494	2,190
Employee Benefits	2,295	194	2,488	2,619	214	2,834	345
Books and Supplies	2,441	143	2,583	2,308	128	2,436	(148)
Food Services	924	10	934	973	11	984	51
Operating and Housekeeping	1,330		1,330	1,323		1,323	(6)
Professional Services	10,948	201	11,149	9,670	217	9,887	(1,262)
Other Operating Expenses	484	182	666	274	66	340	(326)
Facility Fee	7,118		7,118	7,368		7,368	250
Leases and Repairs	853	114	967	411	21	432	(535)
Network Support Fee	5,211		5,211	4,942		4,942	(269)
Miscellaneous Expenses				15		20	20
Total Expenses	42,031	2,079	44,110	42,751	2,108	44,864	754
CINA	865	8	873	(864)	40	(829)	1,701

Note - FY23 budget includes a rent adjustment of approximately \$1.1M. This eliminates the FY23 deficit and returns the region to a positive CINA of approximately \$300K.



DC School Budget Rollup

DC Schools	FY24 Preliminary	FY23 Board	
(\$000)	June Budget	Approved Budget	
	Total	Total	Variance
Enrollment	1497	1582	-85
Federal Revenue	6,177	6,420	(243)
State	35,293	34,960	333
Other Local Revenues	777	508	269
Int Transfers/Network Support Fee			
Grants and Fundraising	650		650
Total Revenues	42,896	41,888	1,009
Certificated Salaries	6,220	6,799	579
Classified Salaries	4,209	6,048	1,840
Employee Benefits	2,295	2,619	325
Books and Supplies	2,441	2,308	(133)
Food Services	924	973	49
Operating and Housekeeping	1,330	1,323	(6)
Professional Services	10,948	9,670	(1,278)
Other Operating Expenses	484	274	(210)
Facility Fee	7,118	7,368	250
Leases and Repairs	853	411	(443)
Network Support Fee	5,211	4,942	(269)
Miscellaneous Expenses		15	15
Total Expenses	42,031	42,751	720
CINA	865	(864)	1,728

Budget Highlights

The original FY23 budget assumed a lower number of PreK Appletree students than we have budgeted in FY24.

This reduced our professional services expense in FY23.

The FY24 professional services budget increase reflects an increase in PreK students.

TX will more than double enrollment but still falls short of the Nov plan, which has material impact on FY24

- The FY24 budget shows the launch of our second school in Texas. We project enrollment to grow from 300 to 686 students.
- While this is a step forward, the projected enrollment is lower than what we had used in our previous plan, 964 students. The shift in projected enrollment has had a significant impact on the FY24 budget.
- The preliminary FY24 budget draft shows a \$1.7M CINA and an ending cash balance of \$2.1M which represents 56 DCOH. Our loan covenants require 45 DCOH.
- The budget anticipates \$6.7M in philanthropy for FY24, 45% of total revenue. The original projected philanthropic need was \$4.9M.
- We have a significant amount of this already pledged and in our pipeline and are developing a plan to meet the increased need.

TX regional budget

TX Region	FY24 Proposed Budget	FY23 Board Approved Budget	
(\$000)	Total	Total	Variance
Enrollment	686	300	386
Federal Revenue	970	1,092	(122)
State	7,002	2,633	4,369
Other Local Revenues			
Int Transfers/Network Support Fee	350		350
Grants and Fundraising	6,700	4,923	1,777
Total Revenues	15,022	8,649	6,374
Certificated Salaries	3,576	2,035	(1,541)
Classified Salaries	1,772	1,205	(567)
Employee Benefits	1,075	651	(424)
Books and Supplies	1,044	961	(83)
Food Services	464	207	(257)
Services and Other Operating Expense	2,417	1,422	(995)
Travel and Conferences	325	55	(270)
Dues and Insurance	282	17	(265)
Rental, Leases and Repairs	234	85	(149)
Management Fee - National	717	263	(454)
Depreciation	159		(159)
Facility Fee	1,226	883	(343)
Total Expenses	13,292	7,785	(5,506)
CINA	1,730	863	867

2023-24 Annual Plan and Budget: Contingencies and Areas of Risk



Contingencies

We have used conservative revenue assumptions for California, DC, TN and National.

- CA
- We assumed a 5% increase in per pupil funding, the governor called for an 8.13% increase.
 - We used a 90% attendance rate which is slightly lower than the current year's

- DC
- The DC budget does not include additional funding for salaries that has already been announced. The formula has not been provided so we did not include the funds in the budget.

- TN
- In TN, there is a possibility of per pupil revenue increasing further, providing the region with \$1M in additional funding. We may not have clarity on this until the fall.

- National
- We believe there is a strong likelihood of receiving approximately \$750K in additional support fee. This amount is sufficient to offset enrollment 4% lower than budgeted.
 - Interest income will likely be \$400K+ higher than is in the budget.
 - The TX service fee is set at \$200K lower than budgeted.

Risks

We face enrollment and philanthropic risks in both Milwaukee and Texas

Milwaukee

- The budget assumes \$1M in philanthropy and 832 students.
- The enrollment represents a 19% increase over the current year.
- The philanthropy is significantly larger than the Milwaukee team has raised in the past.
- Milwaukee will require up to \$600K of management fee deferral.

Texas

- The TX budget assumes \$6.7M in philanthropy and enrollment of 686.
- The philanthropic raise is a significant increase over the original projected FY24 philanthropy of \$4.9M.
- The Texas budget is based on an enrollment projection lower than the Budget Staffing Projection for the region however, there remains enrollment risk.

Approval Request:

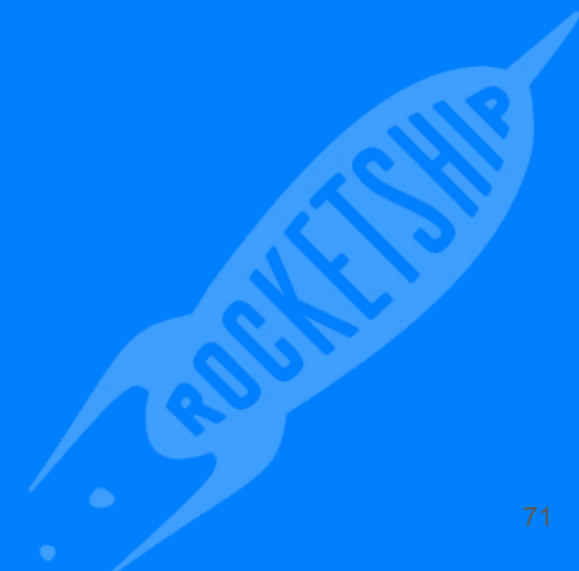
Motion to recommend approval of the 2023-24 Annual Plan and Budget to the Rocketship Board of Directors



Proposed FY24 RPS Budget for Approval

Rocketship Public Schools	FY24 Preliminary June Budget (board approval pending)													
(\$000)	Schools					NeST				NeST		Eliminations	Total	
	CA Schools	DC Schools	MKE Schools	TN Schools	Total	CA NeST	DC NeST	MKE NeST	TN NeST	National	Total		Total	
Enrollment	6,300	1,497	832	1,375	10,004									10,004
Federal Revenue	15,459	6,177	2,664	3,883	28,182									28,182
State	112,089	35,293	8,187	22,703	178,272									178,272
Other Local Revenues	131	777	80	71	1,059					1,443	1,443			2,502
Int Transfers/Network Support Fee						5,971	1,737	501	1,243	19,882	29,334	(28,834)		500
Grants and Fundraising		650	197	200	1,047		350	803	200	3,400	4,753			5,800
Total Revenues	127,678	42,896	11,128	26,857	208,560	5,971	2,087	1,304	1,443	24,725	35,530	(28,834)		215,255
Certificated Salaries	27,289	6,220	3,085	5,403	41,997	335					335			42,332
Classified Salaries	16,482	4,209	2,318	5,236	28,244	2,371	1,235	1,031	720	14,933	20,291			48,535
Employee Benefits	12,854	2,295	1,182	3,007	19,337	685	194	181	141	2,651	3,852			23,190
Books and Supplies	6,552	2,441	676	1,498	11,166	242	143	12	19	1,061	1,477			12,643
Food Services	4,901	924	693	1,118	7,635	39	10	4	12		64			7,700
Operating and Housekeeping	2,850	1,330	352	753	5,285	9				5	14			5,299
Professional Services	13,910	10,948	392	2,699	27,949	668	201	37	272	3,173	4,351			32,300
Other Operating Expenses	1,706	484	228	325	2,743	484	182	27	181	1,548	2,421			5,164
Facility Fee	10,077	7,118	723	1,974	19,893									19,893
Leases and Repairs	2,538	853	277	543	4,212	379	114		87	311	890			5,103
Network Support Fee	17,913	5,211	1,503	3,730	28,357							(28,357)		
Miscellaneous Expenses	8,749		64	163	8,975	700		12	9	1,036	1,757	(477)		10,255
Total Expenses	125,819	42,031	11,494	26,450	205,794	5,912	2,079	1,304	1,439	24,718	35,453	(28,834)		212,412
CINA	1,859	865	(366)	408	2,766	58	8		4	6	77			2,843

Rocketship Transformation Prep Update: Project Approvals



Reset on Project Goals

1. Fund the refinance of the expiring \$2.7mm acquisition/renovation loan dating from 2019
2. Fund the construction of a 5,000 square foot expansion to include multi-purpose gym space and a cafeteria
3. Fund the subdivision of existing multipurpose room into two new classrooms
4. Maintain school lease cost at/about \$380,000 per year.



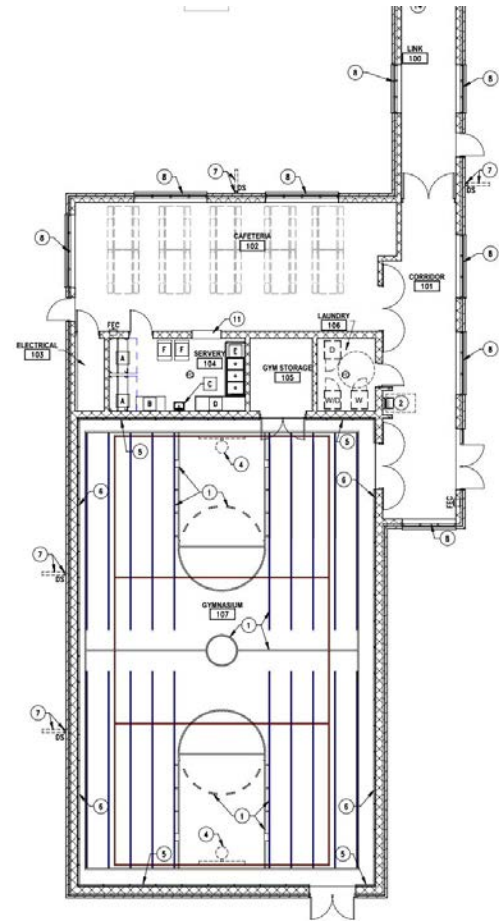
Design

4,800 sf addition

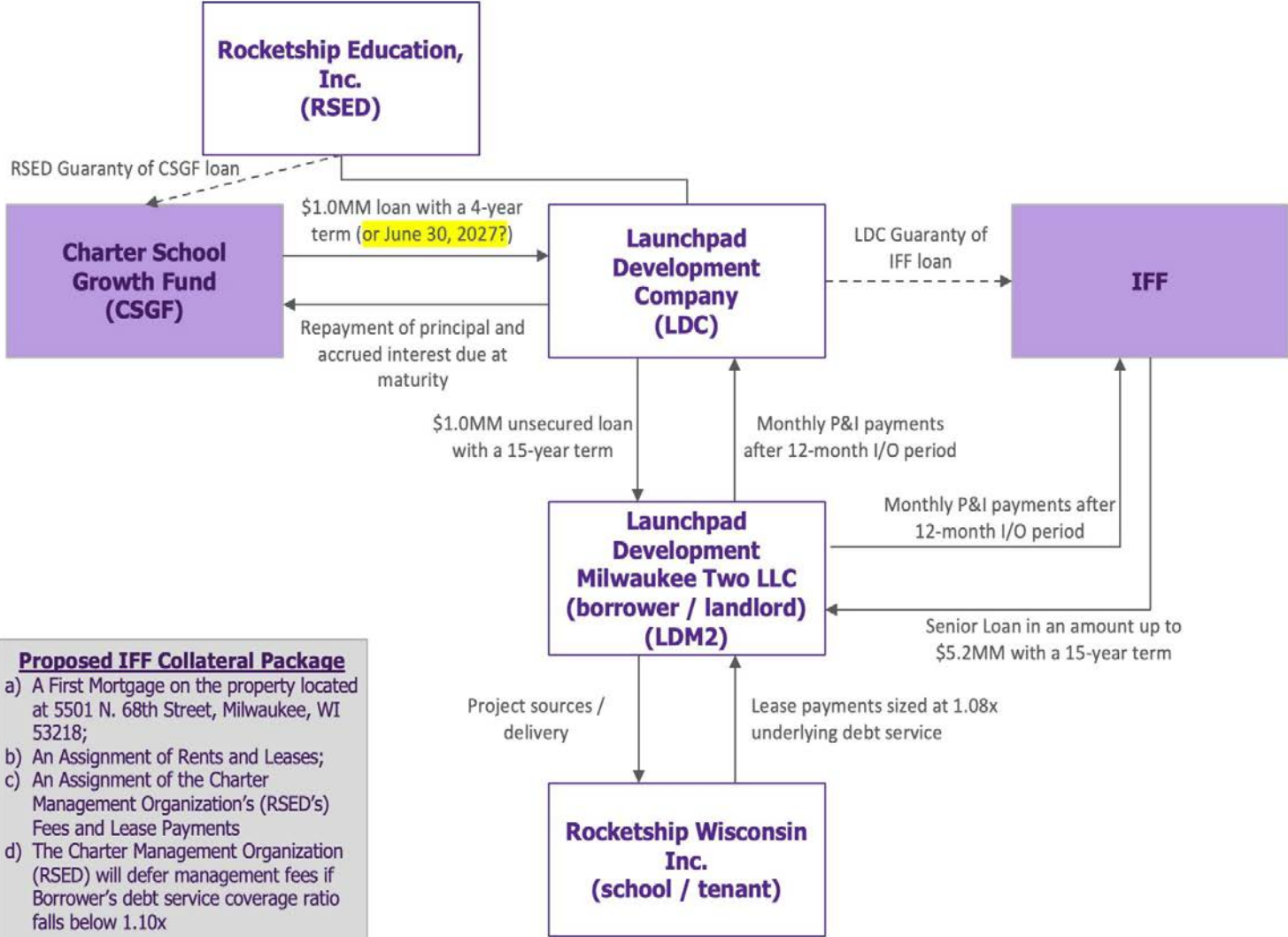
2,600 sf gym + cafeteria (shown w/ 80 seats)

Joined to the main building by a 30 foot corridor

Located and laid out to make future expansion towards 68th St. easier



Project Structure



- Proposed IFF Collateral Package**
- a) A First Mortgage on the property located at 5501 N. 68th Street, Milwaukee, WI 53218;
 - b) An Assignment of Rents and Leases;
 - c) An Assignment of the Charter Management Organization's (RSED's) Fees and Lease Payments
 - d) The Charter Management Organization (RSED) will defer management fees if Borrower's debt service coverage ratio falls below 1.10x

IFF Fee Subordination Agreement

Background:

As a condition to approving the \$4.2mm loan for the RTP refinance and expansion, the lender IFF has requested a Subordination of Service Fee Agreement, ensuring that RTP will pay its facility rent prior to paying off its service fees

This document replaces an existing “Fee Deferral Agreement” signed by RPS in 2019 that was more complicated and ultimately worse for RPS.



Approval Request:

Motion to recommend approval of the IFF Subordination Agreement to the Rocketship Board of Directors

CSGF Payment Guaranty Agreement

Background:

As a condition to approving their \$1mm loan for the RTP refinance and expansion, the lender Charter School Growth Fund has requested a Guaranty of Payment from national RPS.

In the event that RTP defaults on its lease and that Launchpad cannot cover the outstanding principal, national Rocketship would be obligated to cover the amount due.

Approval Request:

Motion to recommend the approval of Resolution #2023-02 to approve a Payment Guaranty by Rocketship Education for the benefit of the Charter School Growth Fund to the Rocketship Board of Directors