

DEVELOPMENT AGREEMENT

(Rocketship Education School Projects 2014)

This Development Agreement (“Agreement”) dated as of _____, 2013, and made effective as of July 1, 2013, is entered into between Launchpad Development Company (“Developer”), a California nonprofit public benefit corporation and its affiliate entities, and Rocketship Education (“School”), a California nonprofit public benefit corporation. Developer and School are individually referred to as a “party” and collectively as the “parties”.

RECITALS

Developer has agreed and hereby agrees to develop school campus projects (“Projects”) for School. Projects as described on Exhibit A hereto are developed for the benefit of the School.

Concurrently with the execution of this Agreement, School is obtaining financing to finance School’s post-development acquisition of the Projects. In connection therewith, School desires to pay Developer the portion of the development fee for the Projects currently payable and to reimburse Developer for Pre-Development Costs (as defined below in Section 3) incurred to date, if any.

AGREEMENT

WHEREFORE, for good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows:

1. Developer Authority and Obligations. Developer shall develop the Projects for the benefit of the School. The Developer shall have, and has had, the authority and the obligation to:

(a) act on behalf of School in its relation with any governmental agency or authority and any lender with respect to all matters relating to the construction of the Projects;

(b) engage in all site acquisition activities, including, but not limited to, market and demographic studies, contract negotiations on land purchases, managing and reporting of environmental due diligence and the California Environmental Quality Act process, or related environmental impact studies required in different states, and site acquisition;

(b) help select the Architect, coordinate the preparation of the plans and specifications for the construction of the Projects (the “Plans and Specs”) and recommend alternative solutions whenever design details affect construction feasibility or schedules;

(c) ensure that the Plans and Specs are in compliance with all applicable codes, laws, ordinances, rules and regulations;

(d) negotiate all necessary contracts and subcontracts (including the Construction Contract) for the construction of the Projects;

(e) choose the products and materials necessary to equip the Projects in a manner which satisfies all requirements of the Plans and Specs;

(f) monitor disbursement and payment of amounts owed the Architect, contractors, subcontractors and suppliers;

(g) ensure that the Projects are constructed free and clear of all mechanics' and materialmen's liens;

(h) obtain an Architect's certificate that the work on the Projects are substantially complete, and inspect the Architect's work;

(i) secure all building code approvals and obtain certificates of occupancy for the Projects;

(j) cause the construction of the Projects to be completed in a prompt and expeditious manner, consistent with good workmanship, and in compliance with the following:

(i) the Plans and Specs as they may be amended by the agreement of the parties hereto;

(ii) assume any and all obligations of the School under any loan in connection with the construction of the Projects;

(iii) any and all zoning regulations, city and county ordinances, including health, fire and safety regulations, and any other requirements of federal, state and local laws, rules, regulations and ordinances applicable to construction of the Projects; and

(k) cause to be performed in a diligent and efficient manner the following:

(i) construction of the Projects, including any required off-site work; and

(iii) general administration and supervision of the construction of the Projects, including but not limited to activities of contractors, subcontractors and their employees and agents, and others employed as to the Projects in a manner which complies in all respects with the Plans and Specs;

(l) keep, or cause to be kept, accounts and cost records as to the construction of the Projects;

(m) maintain, or cause to be maintained, at its expense, all office and accounting facilities and equipment necessary to adequately perform the foregoing functions;

(n) make available to School, during normal business hours and upon School's written request, copies of all material contracts and subcontracts;

(o) deliver to School a dimensioned as-built survey of the real property and as-built drawings of the Projects construction;

(p) provide, and periodically update a construction time schedule for the Projects which coordinates and integrates the Architect's services with construction schedules;

(q) investigate and recommend a schedule for purchase by the School of all materials and equipment requiring long lead time procurement, coordinate the schedule with the Architect and expedite and coordinate delivery of such purchases;

(r) prepare pre-qualification criteria for bidders interested in the Projects, establish bidding schedules and conduct pre-bid conferences to familiarize bidders with the bidding documents and management techniques with any special systems, materials or methods;

(s) coordinate the work of the Architect to complete the construction of the Projects in accordance with the School's objectives as to cost, time and quality, and provide sufficient personnel at the Projects with authority to achieve such objectives;

(t) provide a detailed schedule of realistic activity sequences and durations, allocation of labor and materials and processing of shop drawings and samples;

(u) provide regular monitoring of the schedule as construction progresses, identify potential variances between scheduled and probable completion dates, review the schedule for work not started or incomplete, recommend to School adjustments in the schedule to meet the probable completion date, provide summary reports of such monitoring, and document all changes in the schedule;

(v) revise and refine the approved estimate of construction costs, incorporate changes as they occur, and develop cash flow reports and forecasts as needed;

(w) provide regular monitoring of the approved estimate of construction costs, show actual costs for activities in process and estimates for uncompleted tasks, identify variances between actual and budgeted or estimated costs and advise School whenever projected Project costs exceed budgets or estimates;

(x) develop and implement a system for review and processing of change orders as to the construction;

(y) develop and implement a procedure for the review and processing of applications by contractors and subcontractors for progress and final payments;

(z) in collaboration with the Architect, establish and implement procedures for expediting the processing and approval of shop drawings and samples;

(aa) record the progress of the Projects and submitting written progress reports to School and the Architect, including the percentage of completion and the number and amounts of change orders;

(bb) oversee the services being provided by contractors, subcontractors and suppliers.

2. Development Fee. For services performed and to be performed under Section 1 of this Agreement pertaining to the development of the Projects, School agrees to pay to Developer a development fee (the "Development Fee") equivalent to five percent (5%) of the total project costs of each completed Project, less the Development Fee, any construction management fees and unused contingencies for hard or soft costs. The Development Fee shall be earned and payable as set forth in Exhibit "B" attached hereto, provided that the entire Development Fee shall be unconditionally earned by the Developer no later than the day immediately preceding the day the Projects are substantially completed or ready and available for their intended use. Concurrently with the execution of this Agreement, Developer shall disburse any construction management fees incurred to third party contractors from the proceeds of the Development Fee.

3. Reimbursement of Pre-Development Costs. If applicable, concurrently with the execution of this Agreement, Developer shall provide a schedule of disbursements made for the Projects prior to Developer's financing (the "Pre-Development Costs"), and shall use proceeds of the construction loan or other financings to reimburse Developer for all Pre-Development Costs incurred.

4. Termination. This Agreement shall automatically terminate on June 30, 2014. Furthermore, at the sole discretion of School, the Agreement may be terminated upon thirty (30) days written notice to Developer. Costs incurred to develop Projects at the date of termination will be reimbursed to Developer. Based on the mutual agreement of the parties, some or all of the costs incurred prior to termination may be charged off.

5. Successors and Assigns, Termination. This Agreement shall be binding on the parties hereto and their respective successors and assigns.

6. Separability of Provisions. Each provision of this Agreement shall be considered separable and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.

7. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

8. No Continuing Waiver. The waiver by any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

9. Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

10. Amendment. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and executed by the parties hereto.

11. Effectiveness. This Agreement will become effective when signed by Developer and School.

<Signatures on following page>

<Remainder of page intentionally blank>

IN WITNESS WHEREOF, this Agreement is executed as of the date first written above by the undersigned, acting through their duly authorized representatives:

Developer

LAUNCHPAD DEVELOPMENT COMPANY,
a California nonprofit public benefit corporation

By: _____
Andrew Stern, Board Chair

Schools

ROCKETSHIP EDUCATION,
a California nonprofit public benefit corporation

By: _____
Preston Smith, CEO

EXHIBIT A
PROJECT SCHEDULE

EXHIBIT B
DEVELOPMENT FEE SCHEDULE