

D.C. PUBLIC EDUCATION ★ ★ ★ FUND

Dr. Natwar M. Gandhi
1350 Pennsylvania Avenue NW, Suite 203
Washington, DC 20004

April 6, 2010

Dear Dr. Gandhi,

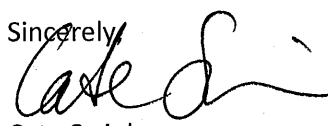
Enclosed you will find several documents relevant to D.C. Public Education Fund's commitment to support the proposed contract between DC Public Schools and the Washington Teachers Union and the proposed performance pay program (collectively, the "initiative").

Briefly, these documents are:

- *DC Public Education Fund Affirmation Letter* – Confirmation of our commitment to support this initiative, details on what our funding will support, and a summary of the third-party funders' conditions.
- *General Grant Terms and Conditions Regarding Grants and Donations* – The DC Public Education Fund affirmation letter makes reference to the General Grant Terms and Conditions Regarding Grants and Donations agreement between DC Public Education Fund and DC Public Schools; I have included a copy for your reference.
- *Laura and John Arnold Foundation Award Letter* – Confirmation of the Laura and John Arnold Foundation's commitment to support this initiative.
- *The Broad Foundation Award Letter* – Confirmation of The Eli and Edythe Broad Foundation's commitment to support this initiative.
- *Robertson Foundation Award Letter* – Confirmation of the Robertson Foundation's commitment to support this initiative.
- *The Walton Family Foundation Award Letter* – Confirmation of The Walton Family Foundation's commitment to support this initiative.
- *Predicted Gains* – A few of the third-party funders' award letters make reference to a "Predicted Gains" document, which includes the targets for student achievement growth as included in the city's Race to the Top application. I have included a copy of this document for your reference.
- *Budget and Payment Schedule* – A few of the third-party funders' award letters make reference to a budget document received on March 12, 2010, which includes the proposed public/private split for supporting this initiative as well as a proposed payment schedule. I have included a copy of this document for your review (note that there are two pages).

I understand that a commitment of this nature is unprecedented. Please know that I am available to answer your questions at any time.

Sincerely,



Cate Swinburn
President

D.C. PUBLIC EDUCATION ★ ★ ★ FUND

Ms. Michelle Rhee
Chancellor
D.C. Public Schools
1200 First Street, NE
Washington, DC 20002

March 30, 2010

Dear Michelle,

This letter serves to affirm the terms on which D.C. Public Education Fund will commit funds to support teacher compensation over three years up to the amounts set forth in the table below:

FY10 <i>(10.1.09-9.30.10)</i>	FY11 <i>(10.1.10-9.30.11)</i>	FY12 <i>(10.1.11-9.30.12)</i>	Total
\$25,000,000	\$21,750,000	\$17,000,000	\$63,750,000

These funds may be used only for incremental salary increases, "performance- based excessing," and performance bonuses.

Disbursement of the grant to D.C. Treasury will be contingent on: (i) the execution of DCPS' proposed contract with the Washington Teachers Union, (ii) the execution of a Grant Agreement between D.C. Public Education Fund and DCPS that is subject to all of the terms and conditions of the General Grant Terms and Conditions Regarding Grants and Donations agreement between the parties effective as of August 28, 2009, and (iii) the additional conditions that will be imposed on D.C. Public Education Fund by the third parties that will be funding this grant.

Many of the third party funders' conditions are standard for private foundation grant agreements and must be met for the release of payments during the course of the grant period. These conditions include the following:

- The tentative agreement between DCPS and the WTU must receive fiscal certification, as required under Article 40.3 of the tentative agreement.
- The tentative agreement must be ratified by the WTU membership.
- The tentative agreement must not be materially altered from the draft version transmitted to the third party funders on February 5, 2010.
- Given that the successful implementation of the tentative agreement is dependent on effective leadership, the third party funders reserve the right to reconsider their support for this initiative if there is a material change in DCPS' leadership.
- Given that the funding commitments were based on a belief that the proposed teachers' contract will have a significant impact on the outcomes of your reform efforts, DCPS will be

D.C. PUBLIC EDUCATION ★ ★ ★ FUND

required to report on key metrics and outcomes, such as student achievement growth and teacher retention. In the case that the anticipated outcomes are not being realized, the third party funders reserve the right to reconsider their support.

- In order to facilitate the third-party funders' tracking of the impact of their grant, DCPS and the Office of the State Superintendent of Education will be expected to share all public charter school and traditional public school student level performance and demographic data, with student-identifying information deleted, in compliance with FERPA protections.
- In order to ensure that grant funds are being used for their intended purpose, DCPS will need to report on actual expenditures against the designated compensation categories before future payments are released to DC Public Education Fund by the third party funders. Any delays in reporting will delay remittance of payment by DC Public Education Fund to DCPS.
- Any portion of the grant not expended for the designated purpose will be returned by DC Public Education Fund to the third party funders.
- The third party funders may not be asked to fund, underwrite, or support any aspect of the collective bargaining agreement after fiscal year 2012.

D.C. Public Education Fund is committed to fulfilling the necessary requirements of the District's Office of Partnerships and Grant Development, so that this grant may be properly reflected in the District's budget and appropriations process.

We look forward to working with you on this endeavor.

Sincerely,



Cate Swinburn
President

DC Public Education Fund
General Grant Terms and Conditions Regarding Grants and Donations

These General Grant Terms and Conditions Regarding Grants and Donations (these "Grant Terms and Conditions") are entered into as of August 28, 2009 ("Effective Date") by and between the DC Public Education Fund ("DCPEF"), a District of Columbia not-for-profit organization located at 1534 14th Street, NW, Washington, DC 20005, and the District of Columbia Public Schools, an agency of the District of Columbia government with offices located at 825 N. Capitol St, NE, Washington, DC 20002 ("DCPS") (each a "Party" and collectively the "Parties").

WHEREAS, DCPEF is a not-for-profit organization whose mission is to improve student achievement in the District of Columbia Public Schools by serving as a strategic partner to businesses, foundations, community leaders, and individual donors in supporting and investing in high-impact programs with DCPS;

WHEREAS, DCPEF receives donations and grants from such businesses, foundations, community leaders, and individual donors and desires to transfer those donations and grants to DCPS in support of its mission subject to the terms and conditions of these Grant Terms and Conditions and an applicable Grant Agreement; and

WHEREAS, DCPS is desirous of receiving such donations and grants.

NOW, THEREFORE, in consideration of the foregoing, of the mutual covenants and undertakings contained herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

1. Grant Agreement. From time to time DCPEF may desire to make a grant or donation of money or property to DCPS. In such cases, the Parties shall agree upon the detailed terms of such grant or donation by executing a grant agreement substantially in the form of the agreement attached hereto as Exhibit A (the "Grant Agreement") for each grant or donation of funds or in-kind real or personal property DCPEF intends to make to DCPS (the "Grant"). Each Grant Agreement shall be deemed to incorporate all of the terms and conditions set forth in these Grant Terms and Conditions. Furthermore, on a monthly basis, DCPEF shall complete the form attached hereto as Exhibit B for all Grants made during the prior month. DCPEF acknowledges that the District of Columbia government may, at its discretion, undertake a "legal sufficiency review" on an annual basis in order for DCPEF to be, and continue to be, entitled to make Grants hereunder. DCPEF acknowledges that all grants and donations may be subject to review and approval of DCPS and the District of Columbia government before they may be delivered to DCPS. Transfer of a Grant to DCPS shall be performed in accordance with the schedule and procedure set forth in the applicable Grant Agreement.

2. Grant Activity.

2.1 Disbursement and Use of a Grant. Upon execution of a Grant Agreement, DCPEF shall disperse the Grant specified therein to DCPS in accordance with the schedule and

procedure set forth in the applicable Grant Agreement. DCPS acknowledges that the funds for such Grant may come from third parties, and DCPEF's obligation to make such Grant is conditioned upon its successful receipt of such funds from such third party; provided, however, that DCPEF shall promptly notify DCPS in the event timely disbursement of any Grant is not possible. DCPS agrees to accept a Grant for the purpose of benefiting students in the District of Columbia Public School system. DCPS shall use a Grant only to fulfill the purposes set forth in the applicable Grant Agreement (the "Purpose"), and DCPS agrees that a Grant is made on the condition that it be used only for the Purpose. DCPS represents that the Purpose constitutes an authorized purpose for use of a Grant consistent with the functions and purposes of DCPS. As set forth more fully in Section 3.2 below, in the event any of the funds remain after completion of the Purpose contemplated by a Grant Agreement, DCPS shall, unless otherwise agreed to in writing by the Parties, return to DCPEF any remaining portion of a Grant.

2.2 DCPEF's Special Grant Obligations. DCPEF has read and agrees to be bound by the Rules of Conduct regarding Grants set forth in Mayor's Memorandum 2002-1, dated January 8, 2002. DCPEF agrees that each Grant is being given freely without any expectation of special treatment by the government. By presenting a Grant Agreement to DCPS, DCPEF represents that, to the best of its knowledge, it is not aware of any transactions pending before any agency of the District of Columbia government involving DCPEF or any donor named in such Grant Agreement, nor any litigation pending against the government involving DCPEF or any donor named in such Grant Agreement.

2.3 Prohibited Uses of a Grant. The Parties acknowledge and agree that, notwithstanding anything to the contrary in these Terms and Conditions or any Grant Agreement, no Grant shall be used, in whole or in part:

- (a) to carry on propaganda or otherwise attempt to influence, directly or indirectly, any proposed or pending legislation;
- (b) to influence the outcome of any specific public election, the opinion of any public official, or the change or creation of legislation;
- (c) to carry on, directly or indirectly, any voter registration drive;
- (d) to undertake any activities for a purpose other than charitable, scientific, literary, or educational purposes;
- (e) to induce any violation of law or public policy; or
- (f) to engage in, support, or promote violence, terrorist activity, related training of any kind, or money laundering, whether directly or indirectly through support of, or cooperation with, other persons and organizations engaged in such activities.

2.4 Notification of Changes to a Grant. In the event a party becomes aware of a need to alter the Purpose of any Grant, such party shall immediately notify the other party in order to achieve the results contemplated by a Grant. Any change to the Purpose must be agreed to in writing by both Parties before implementation. Furthermore, if DCPS becomes aware of any use

of any Grant contrary to the Purpose, DCPS shall immediately notify DCPEF of such contrary use and work with DCPEF to rectify such contrary use.

3. Reporting.

3.1 Quarterly and Annual Reports. DCPS shall provide DCPEF with quarterly and annual reports detailing DCPS's progress in achieving the Purpose of each Grant during such quarter and year, and more frequently if agreed in any particular Grant Agreement as specified therein, which reports shall be provided to DCPEF (a) within forty-five (45) days after the end of each fiscal quarter (including the fourth fiscal quarter) for DCPS's fiscal year, (b) within one hundred and twenty (120) days after the end of each fiscal year of DCPS and (c) in accordance with any schedule that may be agreed in the particular Grant Agreement. DCPS shall include in each report provided to DCPEF a narrative account of what was accomplished with a Grant, a description of progress made towards achieving the Purpose of the applicable Grant, and, for any Grant of funds, a detailed account of DCPS's use of such funds. Upon request, DCPS shall also provide copies of all records reasonably necessary to substantiate DCPS's use of Grant funds, if applicable, such as receipts, invoices and other supporting documentation.

3.2 Final Reports: Return of Remaining Grant. In addition to the reports set forth in Section 3.1 above, DCPS shall provide DCPEF with a final report within forty-five (45) days after completion of the Purpose of any particular Grant Agreement or, for any Grant of funds, expenditure of all of the funds constituting the Grant under such Grant Agreement. DCPS shall include in each final report provided to DCPEF a narrative account of what was accomplished with the Grant and, for any Grant of funds, the amount of any remaining portion of a Grant (including a statement that no portion of a Grant remains if applicable) and a detailed description of the basis for such calculations, and all records reasonably necessary to substantiate DCPS's use of a Grant, such as receipts, invoices, and other supporting documentation. Any remaining portion of a Grant shall be returned to DCPEF within sixty (60) days of the final report or upon an otherwise mutually agreeable schedule.

3.3 Authorized Agent. All reports under this agreement shall be submitted to the attention of Cate Swinburn, President, DC Public Education Fund, 1534 14th Street, NW, Washington, DC 20005, or (cswinburn@dceducationfund.org).

3.4 Retention of Records: Monitoring Grant Agreements. Each Party shall retain records relating to each Grant Agreement as well as copies of reports submitted by DCPS to DCPEF for at least four (4) years following the date of such records and reports. DCPEF may from time to time in its discretion monitor and conduct formal and informal evaluations of each Grant Agreement and the use of the applicable Grant, which may include visits by DCPEF personnel to observe the project funded by the Grant and review financial and other records and materials related to the use of the applicable Grant. DCPS agrees to cooperate in such monitoring and evaluation and to reasonably open its facilities and personnel to DCPEF personnel to facilitate such monitoring and evaluations, provided that DCPEF complies with DCPS's written policies and procedures associated with its facilities and personnel of which DCPEF is made aware by DCPS.

3.5 Conflicts of Interest Disclosure. If a Grant Agreement discloses the name of an underlying donor of a Grant to DCPEF, DCPS agrees to use reasonable efforts to avoid transactions, arrangements, or uses of such Grant that will create a conflict of interest for the named donor, provided that DCPS is notified of the donor's interest that would create the conflict. Both Parties also agree to disclose any new information regarding potential conflicts as they become aware of the information.

4. Publicity. In order to ensure that there is no misunderstanding by the general public regarding DCPEF's involvement with DCPS, each Party may review and comment on any statements, announcements or releases proposed to be made by the other Party to the press regarding DCPEF's involvement with DCPS. DCPEF shall not use any DCPS or District of Columbia logo on any materials distributed to the press, public, donors or any other party. Each Party may include information regarding a Grant in its periodic public reports, press releases or other publicly available materials.

5. Compliance. Each Party will cooperate with the other Party in supplying any additional information or in complying with any procedures that may be required by any government agency in order for each Party to establish the fact that it has observed all requirements of the law with respect to a Grant. In the event any changes in the law require either Party to impose additional requirements relating to a Grant, the Parties will promptly meet and agree to an amendment to the applicable Grant Agreement or the Grant Agreement shall be terminated and any undisbursed funds shall be returned to DCPEF.

6. Term and Termination; Breach.

6.1 Term. The term of these Grant Terms and Conditions shall commence as of the Effective Date and shall continue thereafter until terminated as provided herein (the "Term").

6.2 Termination of Terms and Conditions. Either Party may terminate these Grant Terms and Conditions for any or no reason whatsoever upon thirty (30) days' written notice to the other Party. Upon termination of these Grant Terms and Conditions, all outstanding Grant Agreements shall remain binding and in effect until the completion of the Purpose of the Grant Agreement or the return of any undisbursed funds under the Grant to DCPEF, whichever comes first.

6.3 Termination of Grant Agreements and Anti-Deficiency. DCPS may terminate a Grant Agreement at any time by returning all unobligated funds of the Grant, so long as any obligated funds continue to be used solely for the Purpose. DCPEF may terminate a Grant Agreement upon the breach of such Grant Agreement by DCPS, which breach is not cured within thirty (30) days after DCPEF provides notice of such breach to DCPS in writing. In the event DCPEF terminates a Grant Agreement because DCPS used some or all of such Grant for a purpose other than the Purpose, DCPEF at its option may require repayment of those portions of the Grant used for a purpose other than the Purpose and DCPS in such case shall repay such funds to DCPEF, subject to the availability of funds. Further, DCPEF acknowledges and agrees that DCPS's duties to fulfill a repayment duty or any financial obligations of any kind pursuant to any and all provisions of these Grant Terms and Conditions, or any subsequent agreement entered into by the parties pursuant to these Grant Terms and Conditions, are and shall remain

subject to the provisions of (i) the federal Anti-Deficiency Act, 31 U.S.C. §§ 1341, 1342, 1349-1351 and 1511-1519 (2004), and D.C. Official Code §§ 1-206.03(e) and 47-105 (2001); (ii) the District of Columbia Anti-Deficiency Act, D.C. Official Code §§ 47-355.01-355.08 (2004 Supp.); and (iii) Section 446 of the District of Columbia Home Rule Act, D.C. Official Code § 1-204.46 (2001), as the foregoing statutes may be amended from time to time, regardless of whether a particular obligation has been expressly so conditioned.

6.4 Breach. In the event of any material breach of any Grant Agreement or these Grant Terms and Conditions by DCPS, DCPEF reserves the unilateral right to withhold or withdraw any or all Grants then due or owed, regardless of whether such Grants are associated with the particular Grant Agreement that has been breached. Consistent with Interpretation No. 42 of Statement No. 116 issued by the Financial Accounting Standards Board, DCPEF retains the unilateral power, without approval from any interested party, to redirect use of Grant funds away from DCPS to another beneficiary capable of fulfilling the Purpose associated with such funds.

7. Miscellaneous.

7.1 Scope. These Grant Terms and Conditions as well as any Grant Agreement(s) executed by the Parties constitute the entire agreement of DCPEF and DCPS with respect to Grants, and supersede all prior agreements and understandings, whether oral or written.

7.2 Amendments. These Grant Terms and Conditions and any Grant Agreement(s) may not be modified or amended except in a writing signed by the Parties.

7.3 Choice of Law. These Grant Terms and Conditions and each Grant Agreement shall be deemed to be made under, and in all respects be interpreted under the laws of the District of Columbia, without regard to its conflicts of law principles. For the adjudication of any disputes arising under these Grant Terms and Conditions or any Grant Agreement, the Parties hereby consent to personal jurisdiction and venue in the courts of the District of Columbia.

7.4 Severability. The provisions of these Grant Terms and Conditions and each Grant Agreement are severable, and the unenforceability of any provision of these Grant Terms and Conditions or any Grant Agreement shall not affect the enforceability of the remainder of these Grant Terms and Conditions or such Grant Agreement. The Parties acknowledge that it is their intention that if any provision in these Grant Terms and Conditions or any Grant Agreement is determined by a court to be unenforceable as drafted, that provision should be construed in a manner designed to effectuate the purpose of that provision to the greatest extent possible under applicable law.

7.5 No Agency. Nothing in these Terms and Conditions or any Grant Agreement shall constitute the naming of either Party as an agent or legal representative of the other Party for any purpose whatsoever. These Terms and Conditions and each Grant Agreement shall not be deemed to create any relationship of agency, partnership, or joint venture between the Parties hereto.

7.6 Notice. All notices, reports, and other communications required or permitted under these Grant Terms and Conditions or any Grant Agreement shall be made in writing to the Parties at the addresses set forth in the preamble to these Grant Terms and Conditions. Copies of correspondence related to the modification, amendment, extension or termination of these Terms and Conditions or any Grant Agreement, or any other legal matter pertaining to these Terms and Conditions or any Grant Agreement, shall also be furnished to:

James J. Sandman
General Counsel, District of Columbia Public Schools
825 North Capitol Street, NE
Suite 9095
Washington, DC 20002
Phone: (202) 442-5168
Fax: (202) 442-5098
Email: james.sandman@dc.gov

James P. Joseph
Arnold & Porter LLP
555 12th Street, NW
Washington, DC 20004
Phone: (202) 942-5355
Fax: (202) 942-5999
Email: james.joseph@aporter.com

IN WITNESS WHEREOF, the Parties have caused these Grant Terms and Conditions to be executed by their duly authorized representatives effective as of the Effective Date.

DC Public Education Fund

By: 

Name: Cate Swinburn

Title: President

District of Columbia Public Schools

By: 

Name: Michelle Rhee

Title: Chancellor

Exhibit A

Grant Agreement

This "Grant Agreement" is entered into effective as of _____ by and between DC Public Education Fund ("DCPEF") and the District of Columbia Public Schools ("DCPS") in accordance with the terms and conditions of the DC Public Education Fund General Grant Terms and Conditions Regarding Grants and Donations between DCPEF and DCPS dated as of August ____, 2009 (the "Grant Terms and Conditions"), which terms and conditions are incorporated herein by reference, DCPEF shall provide the following Grant to DCPS. Capitalized terms used but not defined in this Grant Agreement shall have the meaning given in the Grant Terms and Conditions.

1. Underlying Donor (Name and contact information. May be left blank):

2. Grant (Insert amount of funds, description of in-kind donation, real property or other property to be donated to DCPS):

3. Purpose (Insert the purpose of the donated funds or property):

4. Donation Schedule and Budget (Describe the schedule by which the donated funds or property will be transferred to DCPS and any budget that might be applicable to such funds):

5. Donation Procedure (Insert instructions for how the donation is to be completed, such as wire transfer or other bank instructions for funds, or a pick-up procedure for personal property):

6. Other (For example, if the donation is real or personal property, state who will maintain the property and how any associated costs will be handled):

IN WITNESS WHEREOF, the Parties have caused this Grant Agreement to be executed by their duly authorized representatives on the ____ day of _____, 2009.

DC Public Education Fund

By: _____
Name: _____
Title: _____

District of Columbia Public Schools

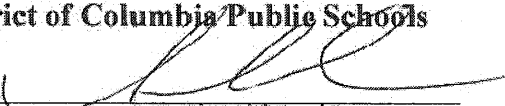
By: 
Name: Michelle Rhee
Title: Chancellor

EXHIBIT B

DONATION AGREEMENT BETWEEN THE DISTRICT OF COLUMBIA GOVERNMENT AND DC PUBLIC EDUCATION FUND

1. DC Public Education Fund ("Donor") agrees to make a donation to DC Public Schools (name of D.C. Government agency) of \$ _____ worth of _____ in-kind/in U.S. dollars (MUST INSERT AMOUNT, description of donation, whether its in-kind or financial) to be used for the following purpose. The donation is being given freely without any expectation of special treatment by the government.

2. The donation will be used to _____ (describe the purpose of the donation). The donation is for an authorized purpose because it is consistent with the functions and purposes of the agency.

3. The donation is being made on the condition that the agency agrees to use the donation for the particular purpose stated in this agreement. If the agency does not use the full balance of the financial donation, I, the donor, give my express consent and authorization to the agency to use the remaining balance in the same or subsequent fiscal years for the same or similar authorized purpose, as reviewed and approved by the D.C. Ethics Officer. Otherwise, the Government of the District of Columbia will mail a refund check to the donor in the amount of any remaining balance. (State any other conditions that may apply).

<input type="checkbox"/>	Yes, with my consent all remaining funds may be applied toward another D.C. Government program with a similar purpose in this fiscal year or subsequent years.
<input type="checkbox"/>	No, please refund all remaining funds to the donor.
<input type="checkbox"/>	t Applicable

4. The donor has read and agrees to be bound by the Rules of Conduct regarding Donations set forth in Mayor's Memorandum 2002-1, dated January 8, 2002.

5. To the best of the Donor's knowledge, the donor is not aware of any transactions pending before any agency or the District government involving the Donor, nor any litigation pending against the government involving the Donor.

6. The District of Columbia government acknowledges that systems are in place for the donation to be accepted by the government and the use of the donation may be properly tracked as required by the Section 115 of the District of Columbia Appropriations Act, 2003, Pub. L. 108-7.

Signature of the Parties:

Name: Cate Swinburn
Title: Executive Director
Authorized official representing the Donor

Date: _____

Agency Representative: Abigail Smith, Chief Transformation Officer
Agency name: DC Public Schools

Date: _____

Director of OPGS
on behalf of the District of Columbia Government

Date: _____

NOTE:

- **Additional paragraphs may be inserted and renumbered accordingly**
- **Insert amount of the donation whether in-kind or financial**
- **State purpose of the donation**
- **All checks must be made payable to the DC Treasurer and handle by OPGS**

Laura and John Arnold Foundation

3050 Post Oak Blvd., Suite 825

Houston, Texas 77056

T 713-554-1346 F 713-554-0555

March 17, 2010

Ms. Michelle Rhee
Chancellor
District of Columbia Public Schools
1200 First Street, Northeast
Washington, D.C. 20002

Ms. Cate Swinburn
Executive Director
D.C. Public Education Fund
1534 14th Street, Northwest
Washington, D.C. 20005

RE: Washington D.C. Teachers Union Contract

Dear Michelle and Cate:

We are delighted to inform you that the Laura and John Arnold Foundation (the "Foundation") has approved the D.C. Public Education Fund's (the "D.C. Fund") request to support the District of Columbia Public Schools' contract with the Washington, D.C. Teachers Union.

The Foundation is committed to funding up to \$10 million for this project, based on the activities and expenses described in the D.C. Public Education Fund's March 12, 2010 budget and subject to the terms of a grant agreement between our two entities (the "Grant Agreement") to be executed by each of us as soon as practicable. The Grant Agreement will outline, among other things, the terms, conditions, requirements and timelines for our investment in this project.

The Grant Agreement will contain requirements that must be met for funding during the course of the grant period. These requirements will include the following:

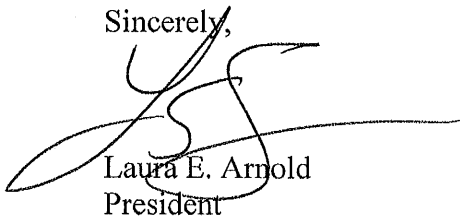
- The contract with the Washington D.C. Teachers Union must not be materially altered from the version the Foundation received by email on February 5, 2010.
- The Foundation reserves the right to reclaim a pro-rata share of the unused grant funds and/or reconsider any remaining grant payments in the case of a material change in the leadership of the District of Columbia Public Schools.

- The Foundation funds may only be used to fund performance-based bonuses for teachers and costs associated with “performance-based excessing” under section 4.5 of the proposed contract, consistent with the costs outlined in the D.C. Public Education Fund’s March 12, 2010 budget.
- The D.C. Fund must furnish written proof that at least \$54.5 million in additional philanthropic support has been committed to this project.
- D.C. Public Schools and the D.C. Public Education Fund must verify that D.C. Public Schools is meeting the student achievement outcomes detailed in the “Predicted Gains” document received on February 16, 2010.
- Any Foundation funds not used for the aforementioned purposes will be returned to the Foundation. In addition, if the actual amounts paid for performance-based bonuses and performance-based excessing are less than what is predicted in the budget received on March 12, 2010, the difference between budgeted and actual costs will be returned to all of the philanthropic donors who contribute to this grant program, including the Foundation, on a pro rata basis.

Marina Walne will manage this grant and will work with you to finalize the Grant Agreement.

Thank you for your continued dedication to the children of Washington, D.C. We look forward to working with you on this important project.

Sincerely,

A handwritten signature in black ink, appearing to read 'Laura E. Arnold', with a long horizontal flourish extending to the right.

Laura E. Arnold
President

March 12, 2010

Ms. Michelle Rhee
Chancellor
District of Columbia Public Schools
1200 First Street, Northeast
Washington, D.C. 20002

Ms. Cate Swinburn
Executive Director
D.C. Public Education Fund
1534 14th Street, Northwest
Washington, D.C. 20005

RE: Washington D.C. Teachers Union Contract

Dear Michelle and Cate:

We are delighted to inform you that The Broad Foundation has approved the D.C. Public Education Fund's request to support the District of Columbia Public Schools contract with the Washington, D.C. Teachers Union.

The Broad Foundation is committed to fund up to \$10 million for this project, based on the activities and expenses described in D.C. Public Education Fund's March 12, 2010 budget.

The D.C. Public Education Fund, acting as fiscal sponsor for D.C. Public Schools, will soon receive Terms of Grant that outline foundation requirements and timelines for our investment in this project. Eli Kennedy will be managing the grant and will ensure that you receive these Terms shortly.

Our Terms of Grant will contain requirements that must be met for the release of payments during the course of the grant period. These requirements include the following:

- The contract with the Washington D.C. Teachers Union must not be materially altered from the version TBF received by email on February 5, 2010.
- TBF reserves the right to reclaim a pro-rata share of unused grant funds and/or reconsider any remaining grant payments in the case of a material change in the leadership of the District of Columbia Public Schools.
- TBF funds can only be used to fund performance-based bonuses for teachers and costs associated with "performance-based excessing" under section 4.5 of the proposed contract, consistent with the costs outlined in D.C. Public Education Fund's March 12, 2010 budget.
- D.C. Public Education Fund must furnish written proof that at least \$54.5 million in additional philanthropic support has been committed to this project by their funders.
- D.C. Public Schools and D.C. Public Education Fund must verify that D.C. Public Schools is meeting the student achievement outcomes detailed in the "Predicted Gains" document received on February 16, 2010.

- Any TBF funds not used for the aforementioned purposes will be returned to TBF. In addition, if the actual amounts paid for performance-based bonuses and performance-based excessing are less than what is predicted in the budget received on March 12, 2010, the difference between budgeted and actual costs will be returned to all of the philanthropic donors who contribute to this grant program, including TBF, on a pro rata basis.

Thank you for your continued dedication to the children of Washington, D.C. We look forward to working with you on this important project.

Sincerely,

A handwritten signature in black ink, appearing to read "Eli Broad". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Eli Broad



March 16, 2010

Michelle Rhee
Chancellor
District of Columbia Public Schools
1200 First Street, N.E.
Washington, D.C. 20002

Cate Swinburn
Executive Director
D.C. Public Education Fund
1534 14th Street, N.W.
Washington, D.C. 20005

Dear Chancellor Rhee,
Dear Ms. Swinburn,

This letter serves to affirm the Robertson Foundation's commitment of up to \$19,500,000.00 (Nineteen Million, Five Hundred Thousand Dollars) over three years to the D.C. Public Education Fund in support of the District of Columbia Public Schools' collective bargaining agreement with the Washington Teachers' Union.

Robertson Foundation funds may only be allocated towards costs associated with base salary increases for teachers; performance-based excessing; and performance-based bonuses. Notwithstanding the foregoing, up to \$250,000.00 of the total grant may also be allocated towards fees incurred by the D.C. Public Education Fund for the management of this grant.

Release of funds will be contingent upon ratification of the collective bargaining agreement by the Washington Teachers' Union and execution of a formal grant agreement with terms, conditions, and performance metrics that are mutually agreed upon. The grant agreement with the D.C. Public Education Fund will be finalized and executed after ratification has been achieved. The grant will be conditioned upon satisfaction of terms such as, but not limited to:

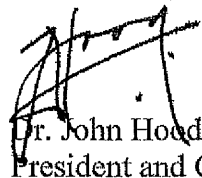
1. The final, executed, and binding collective bargaining agreement with the Washington Teachers' Union must not be materially altered or subsequently amended from the version electronically received by the Robertson Foundation on February 5, 2010.
2. The provision of written evidence documenting satisfaction of the D.C. Public Education Fund's \$64.5 million funding requirement and a copy of the District of Columbia's fiscal certification. In addition, prior to the release of any funds under the grant each year, the D.C. Public Education Fund must demonstrate District of Columbia Public Schools' commitment to allocate an amount of public dollars sufficient to bear the costs of the collective bargaining agreement's provisions.

3. Confirmation that the Robertson Foundation will not be asked to fund, underwrite, or support any aspect of the collective bargaining agreement with the Washington Teachers' Union after fiscal year 2012.
4. In case of material change in the leadership of the District of Columbia Public Schools, the Robertson Foundation reserves the right to reconsider remaining grant payments and reclaim a pro-rata share of any unused grant funds.
5. Grant funds will be released according to a mutually agreed upon payment schedule. Payments will be made in installments and will be contingent on successful completion of milestones and achievement of projected outcomes (such as, student achievement gains; and hiring and retention rates of effective teachers).
6. Any portion of the grant not expended at the completion of the grant period will be promptly returned to the Robertson Foundation. In addition, if the actual amounts paid for base salary increases; performance-based bonuses; and performance-based excessing are less than forecasted, any difference between budgeted and actual costs will be returned to all private donors who contribute to this effort, including, the Robertson Foundation, on a pro rata basis.

Should you have any questions regarding this matter, please do not hesitate to contact us.

On behalf of the Robertson Foundation, I thank you for your commitment to ensuring that all students in Washington, D.C. achieve. We look forward to working with you.

Sincerely,

A handwritten signature in black ink, appearing to read "Dr. John Hood", is written over a horizontal line.

Dr. John Hood
President and Chief Executive Officer

The
WALTON FAMILY
F O U N D A T I O N

| P.O. Box 2030 | Bentonville | AR 72712-2030

March 17, 2010

Catherine Swinburn
D.C. Public Education Fund
1534 14th Street NW
Washington, DC 20005

Dear Ms. Swinburn,

The Walton Family Foundation is willing to commit grant funds over the next three years of up to \$25 million to cover a portion of specified costs associated with implementation of the negotiated Washington Teachers' contract, referred to below as the Teacher Agreement. Our commitment is contingent upon DCPS fully meeting it's agreed upon portion of the payments.

The Foundation is proud to support the DC Chancellor's belief that effective teachers can unlock the potential of their students. We believe the contract she and her team have forged with the Washington Teachers' Union will contribute to the goals of providing every DCPS student with a quality education, closing the achievement gap and leading to higher achievement for Washington's students. Districts around the country will be interested in the provisions of the Teacher Agreement, which will reward teachers for outstanding classroom results, including gains in student achievement.

A fuller grant agreement will follow upon ratification of the Teacher Agreement, but a summary of the payment schedule and conditions is listed below. Subject to those conditions, the Foundation commits to the following grant funds:

Fiscal Year 2010:	\$10 million
Fiscal Year 2011:	\$8 million
Fiscal Year 2012:	\$7 million

The Foundation will place several conditions on the payments:

- The WTU membership must vote to approve the Teacher Agreement.
- WFF commitment is contingent on the fiscal certification required under Article 40.3 of the Teacher Agreement. DCPS must agree that the Foundation will not be asked to fund any aspect of the Teacher Agreement after FY 2012.
- DC Public Education Fund must demonstrate that it has raised sufficient commitments to fund the entire philanthropic component (i.e., \$64.5 million) related to the Teacher Agreement.
- Grant funds will be released according to a mutually agreed upon payment schedule. Payments will be made in installments and will be contingent on successful completion of milestones and achievement of projected outcomes, in particular the student achievement goals outlined in the "Predicted Gains" document received on February 16, 2010.

- In order for the Foundation to track the impact on student performance of this new contract, DCPS and the Office of State Superintendent of Education (OSSE) must agree to share with the Foundation (and/or a mutually agreeable third-party researcher) all public charter school and traditional public school student level performance and demographic data, with student-identifying information deleted, in compliance with FERPA protections. The data must be shared within 14 days of a Foundation request. To the extent that DCPS authorizes its own third-party evaluation, the Foundation will be consulted in determining the research methodology.

- DCPS and the DC government must demonstrate actual expenditures related to the relevant contract components before payments are released in 2011 and 2012. If expenditures fall below projections, future payments will be adjusted accordingly in collaboration with the Foundation. Public monies (such as Teacher Incentive Fund grants) to implement performance pay models during the budget years covered by the Foundation grant will be deducted from payments.

- Implementing this contract will require significant support and leadership from DCPS' executive leadership. As such, the Foundation reserves the right to discontinue support for this initiative if there is a material change in DCPS' leadership.

- Receiving the Foundation's grant funds will not adversely impact DC Public Education Fund's ability to satisfy a public support test and maintain its status as a public charity under section 509(a)(1) of the Internal Revenue Code.

The negotiated Teacher Agreement represents a significant milestone and raises the promise of better education for students in the District of Columbia. We look forward to a successful rank-and-file vote and implementation of this watershed contract.

Sincerely,



Buddy D. Philpot
Executive Director

DC-CAS GROWTH TARGETS[^]

	Actual					Predicted								Total Δ '07-'13
	2007	'08	Δ ('07-'08)	'09	Δ ('08-'09)	'10	Δ ('09-'10)	'11	Δ ('10-'11)	'12	Δ ('11-'12)	'13	Δ ('12-'13)	
Elementary Math	29.3%	40.5%	11.2	48.0%	7.5	53.0%	5	58.0%	5	63.0%	5	68.0%	5	38.7
Secondary Math	27.1%	36.5%	9.4	39.6%	3.1	44.6%	5	49.6%	5	54.6%	5	59.6%	5	32.5
Elementary Reading	37.5%	45.6%	8.1	48.8%	3.2	53.8%	5	58.8%	5	63.8%	5	68.8%	5	31.3
Secondary Reading	29.8%	39.3%	9.5	40.5%	1.2	45.5%	5	50.5%	5	55.5%	5	60.5%	5	30.7

[^] Note that the state assessment will likely change in 2011 due to the adoption of the Common Core Standards and the related assessment. OSSE and DCPS will attempt to ensure continuity across tests, but the ultimate impact cannot be predicted.

CLOSING THE ACHIEVEMENT GAP TARGETS (DC-CAS)

	Actual			Predicted								Total Δ '07-'13
	2007	'09	Δ ('07-'09)	'10	Δ ('09-'10)	'11	Δ ('10-'11)	'12	Δ ('11-'12)	'13	Δ ('12-'13)	
White-Black (% White Proficient - % Black Proficient)												
Elementary Math	53.7%	46.9%	-6.8	41.9%	-5	36.9%	-5	31.9%	-5	26.9%	-5	-26.8
Secondary Math	70.1%	49.7%	-20.4	44.7%	-5	39.7%	-5	34.7%	-5	29.7%	-5	-40.4
Elementary Reading	51.9%	46.7%	-5.3	41.7%	-5	36.7%	-5	31.7%	-5	26.7%	-5	-25.3
Secondary Reading	67.2%	53.2%	-14.0	48.2%	-5	43.2%	-5	38.2%	-5	33.2%	-5	-34.0
White-Hispanic (% White Proficient - % Hispanic Proficient)												
Elementary Math	39.0%	34.8%	-4.2	29.8%	-5	24.8%	-5	19.8%	-5	14.8%	-5	-24.2
Secondary Math	60.5%	31.4%	-29.1	26.4%	-5	21.4%	-5	16.4%	-5	11.4%	-5	-49.1
Elementary Reading	39.7%	40.1%	0.4	35.1%	-5	30.1%	-5	25.1%	-5	20.1%	-5	-19.6
Secondary Reading	59.5%	41.8%	-17.7	36.8%	-5	31.8%	-5	26.8%	-5	21.8%	-5	-37.7
Other - Lower Income (% Non-Disadvantaged Proficient - % Disadvantaged Proficient)												
Elementary Math	15.8%	26.2%	10.4	22.7%	-3.5	19.2%	-3.5	15.7%	-3.5	12.2%	-3.5	-3.6
Secondary Math	19.1%	21.6%	2.5	18.1%	-3.5	14.6%	-3.5	11.1%	-3.5	7.6%	-3.5	-11.5
Elementary Reading	15.3%	28.2%	12.9	24.7%	-3.5	21.2%	-3.5	17.7%	-3.5	14.2%	-3.5	-1.1
Secondary Reading	21.2%	25.3%	4.1	21.8%	-3.5	18.3%	-3.5	14.8%	-3.5	11.3%	-3.5	-9.9

NAEP - TUDA (Trial Urban District Assessment)*

	Actual			Predicted				Total Δ '07-'13
	2007	'09	Δ ('07-'09)	'11	Δ ('09-'11)	'13	Δ ('11-'13)	
4th Grade Math*	214	220	6	225	5	230	5	16
8th Grade Math*	244	251	7	256	5	262	6	18

NAEP**

	Actual	Predicted						Total Δ '07-'13
	2007	'09	Δ ('07-'09)	'11	Δ ('09-'11)	'13	Δ ('11-'13)	
4th Grade Reading	197	202	5	208	6	213	5	16
8th Grade Reading	241	244	3	248	4	252	4	11

* DCPS average results and targets only (no charters).

** All DC results (charters included) and targets -- do not yet have DCPS only data. DCPS will update to include DCPS-only targets when 2009 NAEP-TUDA reading results arrive.

URBAN DISTRICT PERFORMANCE (NAEP-TUDA)

There are currently 18 NAEP-TUDA participating districts. DCPS' goal is to be in the top half of districts by the 2012-13 NAEP-TUDA administration.

January 2010 Projections

Salary Cost	
Retroactive Raises	
Bonuses	
Performance Base Salary Increases	
Excessing/Mutual Consent	
Other Comp	
Benefits	
PD and Related Costs	
Total Comp	
Pension	
Program Sub-Total	
DCPEF Program Support*	
GRAND Total	

	FY10			FY11			FY12			TOTAL NEW CONTRACT COST (FY09-FY12)		
	Total	Public	Private	Total	Public	Private	Total	Public	Private	Total	Public	Private
\$ 311,900,000	\$ 295,300,000	\$ 16,600,000		\$ 305,300,000	\$ 305,300,000	\$ -	\$ 289,000,000	\$ 289,000,000	\$ -	\$ 906,200,000	\$ 889,600,000	\$ 16,600,000
\$ 22,100,000	\$ 22,100,000	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,100,000	\$ 22,100,000	\$ -
\$ 6,900,000	\$ -	\$ 6,900,000		\$ 14,200,000	\$ -	\$ 14,200,000	\$ 18,800,000	\$ 8,000,000	\$ 10,800,000	\$ 39,900,000	\$ 8,000,000	\$ 31,900,000
\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ 3,200,000	\$ 3,200,000	\$ -	\$ 3,200,000	\$ 3,200,000	\$ -
\$ 1,500,000	\$ -	\$ 1,500,000		\$ 8,100,000	\$ 550,000	\$ 7,550,000	\$ 6,200,000	\$ -	\$ 6,200,000	\$ 15,800,000	\$ 550,000	\$ 15,250,000
\$ 6,600,000	\$ 6,600,000	\$ -		\$ 6,800,000	\$ 6,800,000	\$ -	\$ 6,800,000	\$ 6,800,000	\$ -	\$ 20,200,000	\$ 20,200,000	\$ -
\$ 33,700,000	\$ 33,700,000	\$ -		\$ 32,400,000	\$ 32,400,000	\$ -	\$ 31,200,000	\$ 31,200,000	\$ -	\$ 97,300,000	\$ 97,300,000	\$ -
\$ -	\$ -	\$ -		\$ 2,000,000	\$ 2,000,000	\$ -	\$ 2,000,000	\$ 2,000,000	\$ -	\$ 4,000,000	\$ 4,000,000	\$ -
\$ 382,700,000	\$ 357,700,000	\$ 25,000,000		\$ 368,800,000	\$ 347,050,000	\$ 21,750,000	\$ 357,200,000	\$ 340,200,000	\$ 17,000,000	\$ 1,108,700,000	\$ 1,044,950,000	\$ 63,750,000
\$ 15,100,000	\$ 15,100,000	\$ -		\$ 14,200,000	\$ 14,200,000	\$ -	\$ 13,600,000	\$ 13,600,000	\$ -	\$ 42,900,000	\$ 42,900,000	\$ -
\$ 397,800,000	\$ 372,800,000	\$ 25,000,000		\$ 383,000,000	\$ 361,250,000	\$ 21,750,000	\$ 370,800,000	\$ 353,800,000	\$ 17,000,000	\$ 1,151,600,000	\$ 1,087,850,000	\$ 63,750,000
\$ 250,000	\$ -	\$ 250,000		\$ 250,000	\$ -	\$ 250,000	\$ 250,000	\$ -	\$ 250,000	\$ 750,000	\$ -	\$ 750,000
\$ 398,050,000	\$ 372,800,000	\$ 25,250,000		\$ 383,250,000	\$ 361,250,000	\$ 22,000,000	\$ 371,050,000	\$ 353,800,000	\$ 17,250,000	\$ 1,152,350,000	\$ 1,087,850,000	\$ 64,500,000

93.66% 6.34% 94.26% 95.35% 94.40% 5.60%

*DCPEF Program Support includes: 2 FTEs at 75%, 1 FTE at 25%, and operating expenses, such as accounting fees, telecommunications, and technology.

	<i>Pmt Dates</i>	<i>Need</i>	TBF	Robertson	Walton	Arnold
FY10	5/1/10; 9/1/10	\$25.25	\$4.00	\$7.25	\$10.00	\$4.00
FY11	3/1/11; 9/1/11	\$22.00	\$3.00	\$7.75	\$8.00	\$3.25
FY12	3/1/12; 9/1/12	\$17.25	\$3.00	\$4.50	\$7.00	\$2.75
TOTAL		\$64.50	\$10.00	\$19.50	\$25.00	\$10.00