

Summary of Terms

Prepared by: Sobrato Family Foundation (“Lender”)

Prepared for: Downtown College Prep Foundation (the “Borrower”)
 DCP Facilities 1, LLC (“DCP1”)
 DCP Facilities 2, LLC (“DCP2” and, together with DCP1, the “Landlord”)
 Across the Bridge Foundation (the “Tenant”, and together with the Borrower, the Landlord and the Tenant, the “School Parties”)

This summary is intended to provide a framework for discussions about a forbearance agreement with the School Parties for the 2024-2025 school year of the Tenant. This summary of terms is not a binding agreement or a commitment to provide financial support to the School Parties; rather it represents a willingness on the part of the Lender to negotiate definitive terms, to seek approval of, and to execute a forbearance agreement containing the terms and conditions outlined below, together with other terms typically found in forbearance agreements, and is subject to: (i)(A) the absence of any material adverse change in the financial condition, operations or prospects of the School Parties, (B) the absence of any material adverse change in the status of the Tenant’s charter or (C) the absence of any material adverse change in any law, rule or regulation (or their interpretation or administration), that, in each case, may adversely affect the operations of the School Parties, to be determined in the Lender’s sole discretion, (ii) such additional due diligence as the Lender may require, in its sole and absolute discretion, (iii) agreement as to all final terms and conditions and satisfactory documentation thereof; and (iv) receipt of satisfactory final terms from the holders of a majority in aggregate principal amount of the Bonds (the “Majority Bondholders”).

Capitalized terms used without definition herein shall have the meanings ascribed in the Loan Agreement herein after described.

Loan	Loan as of April 26, 2016 in the principal amount of Three Million Dollars (\$3,000,000) (“the Loan”), the terms of which were modified (i) via Addendum as of July 14, 2016 and (ii) via Amendment 2020-02 as of September 26, 2020 (together “the Loan Agreement”).
Parties to Forbearance	The Lender and the School Parties
Initial Forbearance Period	From July 1, 2024 through June 30, 2025 (the “Forbearance Period”). Extension of the Forbearance Agreement in 2025 is possible, subject to milestones to be agreed upon demonstrating an improved liquidity position, sustainable budget and improving enrollment.
Covered Defaults	Acknowledgement of inability to make loan payments; nonpayment of Loan payments during Forbearance Period.
Forbearance Amount and	Principal and interest payments owed during the Forbearance Period (due on each of July 26, 2024; October 26, 2024; January 26, 2025; April 26, 2025) totaling \$492,900.44 will be paused. School Parties shall propose a revised repayment

Payment Mechanism	schedule to include these payments; interest will continue to accrue as specified in the Loan Agreement during the Forbearance Period.
Tenant Performance Covenants	<p><u>Budget Covenant</u>: During the Forbearance Period, the Tenant shall use funds solely as set forth in a budget (the "Tenant Budget") developed by the Tenant and approved by the Lender, subject to permitted and agreed to variances from certain line items. Any amendments or modifications to the Tenant Budget outside of allowed variances shall require the consent of the Lender, acting in its sole and absolute discretion.</p> <p><u>Cash Covenant</u>: During Forbearance Period, Tenant must maintain a minimum cash level of an amount to be agreed in its operating bank account, tested monthly. If Tenant cash levels reach a sufficient level to resume payments on the Senior Bonds, Tenant will also resume payments on Lender's Loan, subject to the subordination provisions in the Loan Agreement. Treatment of restricted funds to be determined</p> <p><u>Average Daily Attendance</u>: The Tenant agrees to maintain an average daily attendance ("ADA") of 832.5 during the Forbearance Period measured as of the first day of each month. Future forbearances, if any, to include increased enrollment requirements.</p>
Borrower and Landlord Budget Covenants	During the Forbearance Period, the Borrower and Landlord shall use funds solely as set forth in a budget (the "Borrower Budget") developed by the Borrower and approved by the Lender, subject to permitted and agreed to variances from certain line items. Any amendments or modifications to the Borrower Budget outside of allowed variances shall require the consent of the Lender, acting in its sole and absolute discretion. Revenues of the Borrower shall be used to pay operating expenses of the Borrower as set forth in the Borrower Budget and any excess, if available after resuming payments on the Senior Bonds, shall be used to resume payments on Lender's Loan.
School Party Operating Covenants	No School Party shall engage in any material transaction outside the ordinary course of business of operating the schools, managing the Facilities or engaging in direct support of the Tenant, unless approved in advance by the Lender, including without limitation, affiliation, merger, sale or similar transactions, granting of a lien, mortgage or security interest in any property or otherwise encumbering any assets of any School Party, or entering into any partnership, joint venture, monetization, or similar transaction with respect to the assets of the School Parties.
Balanced Budget	The Tenant will work in good faith during the current Fiscal Year to cut expenses and grow enrollment in order to balance its budget as soon as possible.
Bank Statements	The School Parties agree to provide copies of bank statements to the Lender from May 2024 through the Effective Date and provide future bank statements monthly to the Lender by the seventh Business Day of each month.

<p>Tenant Reporting Requirements</p>	<p>The Tenant agrees to increased reporting requirements, which will be posted to EMMA, by the 15th day of each month, including all of the following information:</p> <ul style="list-style-type: none"> (1) the number of students enrolled at the Tenant as of the last day of the prior calendar month for the 2024-2025 school year, broken down by School, then per School by grade, average daily attendance, reported in the same fashion as enrollment, including information regarding applications broken down by grade, student retention and related metrics as requested in writing by the Lender; (2) a statement of monthly and fiscal year-to-date actual revenues and expenditures for the preceding calendar month and for its current fiscal year to prior calendar month end, with comparative statements to the Budget, for the Tenant on a consolidated basis, and broken down by school/central office; (3) updated cash flow projections as of the end of the preceding calendar month through the end of Fiscal Year 2024-2025 for the Tenant on a consolidated basis, and broken down by school/central office; (4) monthly and Fiscal Year to date income statement and balance sheet of the Tenant; and (5) cash balances as for prior month end for the Tenant on a consolidated basis, and broken down by school/central office. <p>For the avoidance of doubt, the Tenant shall be required to provide all reports, if any, described in the Loan Agreement, unless waived by the Lender acting in its sole and absolute discretion.</p>
<p>Borrower and Landlord Reporting Requirements</p>	<p>The Borrower and Landlord agree to report by posting to EMMA, all of the following information, on a separate basis (by entity):</p> <ul style="list-style-type: none"> (1) a statement of monthly and fiscal year-to-date actual revenues and expenditures for the preceding calendar month and for its current fiscal year to prior calendar month end, with comparative statements to its Budget; (2) monthly and Fiscal Year to date income statements and balance sheets; and (3) cash balances as for prior month end. <p>For the avoidance of doubt, the Borrower and Landlord shall be required to provide all reports, if any, described in the Loan Agreement when due, unless waived by the Lender acting in its sole and absolute discretion.</p>
<p>Investor Calls</p>	<p>The School Parties agree to monthly investor calls following posting of monthly financials to EMMA, starting September 2024.</p>
<p>Authorizer Communications</p>	<p>The School Parties agree to provide a copy of any communication from any authorizer body concerning the status of the Tenant’s charter contract or authorization to operate a charter school to the Lender within three Business Days of receipt.</p>

Additional Debt	No additional debt of any School Party is allowed during the Forbearance Period, and no School Party shall enter into any new Obligations without the prior written consent of the Lender, acting in its sole and absolute discretion.
Distributions	No School Party shall make any distributions or other payments to any other School Party, provided that the Tenant may make payments to or on behalf of any Landlord for the purpose of (1) maintaining the Facilities, (2) paying rent to Alum Rock USD on the Alum Rock campus, or (3) paying any applicable taxes or assessments on the Facilities.
Lender Fees and Expenses	The Tenant shall pay all costs, fees and expenses incurred by the Lender, including the expenses of attorney’s fees, charges and expenses, including the costs of negotiating and documenting this summary of terms and the Forbearance Agreement.
Standard Terms of Forbearance	The School Parties will be required to make typical reps and warranties to the Lender.
Releases and Indemnification	The School Parties will provide typical releases and indemnification to the Lender.
Forbearance Defaults & Termination	The Forbearance Agreement will include events of default typically found in a forbearance agreement for a charter school.
Approval of Term Sheet	The Borrower and the Tenant agree to cause their respective boards of directors to approve this term sheet by resolution duly adopted at meetings held on August 13, 2024. The Borrower, in its capacity as sole member of each Landlord, acting through its board of directors, agrees to also duly authorize the Landlords to execute this term sheet in accordance with the respective operating agreements of the Landlords.

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Subject to each of the terms and conditions hereof, including the introductory paragraph hereto, and to such due diligence as Lender and its counsel shall require in their sole and absolute discretion, the parties agree to cooperate to work toward execution of a forbearance agreement on the terms set forth herein.

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

SOBRATO FAMILY FOUNDATION, in its capacity as Lender

By: _____

Title: _____

DOWNTOWN COLLEGE PREP FOUNDATION, a California nonprofit, public benefit corporation

By: _____

Title: _____

DCP FACILITES 1, LLC, a California limited liability company

By: Downtown College Prep Foundation, a California nonprofit, public benefit corporation, its sole member

By: _____

Title: _____

DCP FACILITES 2, LLC, a California limited liability company

By: Downtown College Prep Foundation, a California nonprofit, public benefit corporation, its sole member

By: _____

Title: _____

ACROSS THE BRIDGE FOUNDATION, a California
nonprofit, public benefit corporation

By: _____

Title: _____