

Summary of Terms

Prepared by: Wilmington Trust, National Association, as bond trustee and master trustee, acting at the direction of the holders of a majority of the Bonds described below (collectively, the “Trustee”)

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 Trustee, acting through counsel and on behalf of bondholders, 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 Trustee’s sole discretion, (ii) such additional due diligence as the Trustee, its counsel or its consultant may require, in their sole and absolute discretion, (iii) agreement as to all final terms and conditions and satisfactory documentation thereof; and (iv) receipt of satisfactory direction and indemnity 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 Indenture or Master Indenture for the Bonds herein after described.

Bonds	California School Finance Authority Charter School Revenue Bonds (Downtown College Prep), Series 2016
Parties to Forbearance	The Trustee 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 demonstrating an improved liquidity position, sustainable budget and improving enrollment.
Covered Defaults	Acknowledgement of inability to make debt service payments; nonpayment of monthly installments of Base Rent during Forbearance Period; Base Rent Coverage Ratio of Tenant; Days Cash on Hand of Tenant (as modified by “Cash Covenant”) below).

Forbearance Amount and Support Mechanism	The intercept will remain in place. The Trustee will remit an amount consistent with the monthly budget (described below under “Performance Covenants”), from the effective date, up to a maximum monthly amount equal to the lesser of (i) the scheduled monthly Base Rent or (ii) the amount of State Intercept received by the Trustee in any one month or (iii) agreed budgeted amount, to the Tenant within three Business Days of receipt by ACH or wire transfer.
Subordinate Loan Obligations	The School Parties shall refrain from making any subordinate loan payments during the Forbearance Period.
Consultant	The School Parties agree to cooperate with Sabrina Bow, consultant to the Trustee (the “Consultant”), and promptly provide the Consultant with all information requested that is not protected from disclosure by law. The School Parties will follow all recommendations of the Consultant that are consistent with the Tenant’s charter petitions and applicable law and will not violate written directives from its charter authorizers. The School Parties agree to cooperate with the Trustee to amend the Forbearance Agreement to incorporate recommendations of the Consultant, as needed.
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 Consultant and the Trustee, acting at the direction of the Majority Bondholders, 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 Trustee, acting in its sole and absolute discretion.</p> <p><u>Cash Covenant:</u> During Forbearance Period, Tenant must maintain a minimum cash level in an amount to be agreed in its operating bank account, tested monthly. Should the Tenant reach an aggregate cash balance of an amount to be agreed, or more, in any one month, measured as of the last day of each month, the Tenant shall pay such excess to the Trustee for deposit into the Revenue Fund within seven Business Days of the end of the month. Treatment of restricted funds to be determined.</p> <p><u>Average Daily Attendance Covenant:</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 for itself and Landlord and approved by the Consultant and the Trustee, acting at the direction of the Majority Bondholders, 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 Consultant or the Trustee, 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 shall be transferred to the Trustee for deposit into the Revenue Fund held under the Indenture.

Budget Approval Timeline	All budgets required to be approved hereunder shall be approved by Consultant and Trustee, acting at the direction of the Majority Bondholders, within thirty days, subject to Consultant being provided access to information in a timely fashion, the parties acting in good faith.
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 Majority Bondholders, 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 Consultant from May 2024 through the Effective Date and provide future bank statements monthly to the Trustee by the seventh Business Day of each month.
Security Interests	The Borrower agrees to grant a security interest in all assets of the Borrower to the Trustee as security for its obligations under the Loan Agreement. The Tenant agrees to collateralize its obligations to the Landlord under the various leases via a security interest in all assets of the Tenant, which Landlord agrees to collaterally assign to the Trustee.
Tenant Reporting Requirements	<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, and information regarding applications broken down by grade, student retention and related metrics as requested in writing by the Trustee; (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

	<p>(5) cash balances as for prior month end for the Tenant on a consolidated basis, and broken down by school/central office.</p> <p>For the avoidance of doubt, the Tenant shall be required to provide all reports, if any, described in the Indenture, the Borrower Documents or the Tenant Documents when due, unless waived by the Trustee acting in its sole and absolute discretion.</p>
Borrower and Landlord Reporting Requirements	<p>The Borrower and Landlord agree to report by posting to EMMA, all of the following information, on a separate basis (by entity):</p> <p>(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;</p> <p>(2) monthly and Fiscal Year to date income statements and balance sheets; and</p> <p>(3) cash balances as for prior month end.</p> <p>For the avoidance of doubt, the Borrower and Landlord shall be required to provide all reports, if any, described in the Indenture, the Borrower Documents or the Tenant Documents when due, unless waived by the Trustee acting in its sole and absolute discretion.</p>
Investor Calls	<p>The School Parties agree to monthly investor calls following posting of monthly financials to EMMA, starting September 2024.</p>
Authorizer Communications	<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 Trustee within three Business Days of receipt.</p>
Additional Debt	<p>No additional debt of any School Party is allowed during the Forbearance Period, and neither the Obligated Group, nor the Borrower as the Obligated Group Representative, shall enter into any new Obligations under the Master Indenture without the prior written consent of the Trustee, acting in its sole and absolute discretion.</p>
Distributions	<p>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.</p>
Trustee Fees and Expenses	<p>The Tenant shall pay all costs, fees and expenses incurred by the Trustee, whereby the Trustee reduces the amount of support provided to the Tenant in the month following invoice therefor, including the expenses of the Consultant and attorney’s fees, charges and expenses, including the costs of negotiating and documenting this summary of terms and the Forbearance Agreement.</p>

Standard Terms of Forbearance	The School Parties will be required to make typical reps and warranties to the Trustee.
Releases and Indemnification	The School Parties will provide typical releases and indemnification to the Trustee and bondholders.
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 Trustee, its counsel, and its consultant 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.

WILMINGTON TRUST, NATIONAL ASSOCIATION,
in its capacity as Bond Trustee under the
Indenture

By: _____

Title: _____

WILMINGTON TRUST, NATIONAL ASSOCIATION,
in its capacity as Master Trustee under the Master
Indenture

By: _____

Title: _____

[Signatures continue on following page.]

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: _____