



**FIRST REPUBLIC BANK**  
It's a privilege to serve you®

The Accelerated Schools  
116 East Martin Luther King, Jr. Blvd,  
Los Angeles, CA 90011

Dear Mr. Shih,

First Republic Bank (“the Bank”) is pleased to present this proposal for a loan to **The Accelerated Schools** (“Borrower”) for the purpose of working capital. This conditional commitment is subject to the satisfactory completion of the Bank’s due diligence process, approval by the Bank’s Executive Loan Committee and the following terms and conditions:

**FACILITY:**

**Revolving Line of Credit**

***Borrower:***

The Accelerated Schools

***Account Owner:***

The Accelerated Schools

***Purpose:***

Working Capital

***Credit Facility:***

Revolving Line of Credit up to **\$3,500,000**

***Maturity/Tenure:***

Line of Credit term is one year. The Line of Credit will automatically renew for one year unless we inform you to the contrary at least thirty (30) days prior to the Maturity Date.

***Interest Rate:***

Floating at an annual rate of the 12-month Average Treasury Index plus a fixed Spread of 1.50% (The all-in rate rounds up to the nearest 1/8 of one percent). Today’s indicative annual rate is **1.625%**.

The “Index or 12MAT Index” is defined as the average of the twelve most recently published monthly yields on United States Treasury securities adjusted to a constant maturity of one year as published by the Board of Governors of the Federal Reserve System in the Statistical Release H.15 (the “1 Year CMT”). Lender shall calculate the 12MAT Index by adding the preceding twelve (12) published 1 Year CMT rates, dividing that total by 12, and rounding the result of this division up to the nearest one-tenthousandth of one percentage point (0.0001%). The Interest Rate will be adjusted on the monthly due date based on changes to the 12MAT Index. All Interest will be computed on the basis of a 365 day year for actual days elapsed.

***Loan Fee:***

\$0 (waived)

***Repayment:***

Interest only payments will be due monthly based on the outstanding Principal balance. Monthly payments will be directly charged to the Borrower's primary deposit account at First Republic Bank. If automatic payments are not established and maintained during the term of this facility, the Interest Rate will be increased by one percent (1.00%). The entire principal balance with interest thereon accrued due and payable upon expiration of the Term.

***Collateral:***

A perfected security interest in eligible and acceptable marketable securities held in the custody of First Republic Securities Company ("FRSC").

***Reporting:***

Borrower shall provide its CPA Audited Financial Statements to Lender upon Lender's request.

***Authority to Pledge:***

The Collateral may not include any funds that have been restricted by a donor for a specific purpose or to preclude use of more than a specific annual amount, whether such funds are permanently or temporarily restricted. Borrower will need to provide a representation and warranty that that pledged funds are not donor restricted and may be pledged to secure the Loan. Borrower will also need to provide documentation of any release of restrictions by a donor. Under certain circumstances, borrower's counsel may need to confirm to the Bank that the pledged funds are not legally restricted since Borrower is subject to its state-specific version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

***Advance Rates:***

The Bank will advance up to the lower of: (a) the Credit Facility commitment amount or (b) the Market Value of the Eligible Securities multiplied by the weighted average of the applicable Advance Rates percentage as defined in Exhibit A (attached).

***Collateral Maintenance:***

Collateral is to be maintained at FRSC such that the outstanding balance of the Credit Facility shall never equal or exceed the market value of the Eligible Securities pledged as Collateral multiplied by the weighted average of the applicable Top Up Rates during the entire term of the Credit Facility. If at any time during the Term of the Credit Facility the collateral value requirement is not maintained, Borrower shall have three (3) business days to pay down the outstanding balance of the facility or provide additional Collateral acceptable to the Bank to meet the collateral value requirement. If the collateral value requirement is not cured within three (3) business days, or the outstanding balance of the Credit Facility equals or exceeds the market value of the Eligible Securities pledged as Collateral multiplied by the weighted average of the applicable Sell Out Rates, the Bank will have the right to liquidate the Collateral immediately and the Borrower will be required to immediately fund any shortfall to retire the debt in full. The Top Up and Sell Out Rates are defined in Exhibit A.

Note: Lender recommends that Borrower fund the Collateral Account with sufficient investment assets to provide a cushion for market fluctuation in order to minimize the likelihood that the Collateral Maintenance requirement will be breached during the term of the loan.

***Disclosure:***

This letter is intended to be a confidential communication, and Bank will expect you to refrain from disclosing the content of the letter to others, outside of counsel and your CPA firm, without the written consent of Bank.

***Expenses:***

The Borrower for the facility above shall be responsible for, and shall promptly pay; all expenses, including legal and related costs and expenses, incurred in connection with the facility contemplated hereunder whether or not a closing occurs.

***Changes in***

***Condition:***

The terms and conditions established by this letter were based upon the information currently available to First Republic Bank. First Republic Bank reserves the right to reconsider this outline and each term, should additional information come to its attention or circumstances change.

This conditional commitment is intended only for the Borrower named herein and may not be assigned or transferred. The terms and conditions of this Commitment shall terminate at our option, if, in our opinion, a material adverse change in the financial condition of the Borrower occurs or will occur at any time prior to closing. This letter is not meant to be, nor shall it be, construed as an attempt to define all of the terms and conditions of the Credit Facility described above. Rather, it is intended only to outline the basic points of understanding around which the legal documentation is to be structured.

I wish to express my appreciation for your consideration of this conditional commitment and for allowing First Republic Bank the opportunity to assist you with your banking requirements. I truly look forward to continuing a long term, mutually beneficial banking relationship with you.

Sincerely,

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Greg Falvo, Senior Vice President  
Securities Loan Accounts

## Exhibit A

Eligible Securities <sup>6</sup>	Time to Maturity (in years)	Credit Rating	Market Cap	Advance Rate <sup>6</sup>	Top Up Rate <sup>6</sup>	Sell Out Rate <sup>6</sup>
<sup>1</sup> Cash/Cash Equivalents/UST-Bills	NA	NA	NA	95%	96%	97%
<sup>2</sup> Commercial Paper	NA	A-2/P2 or better	NA	80%	84%	89%
U.S. Treasury Securities						
Short Term	0-4	NA	NA	85%	88%	92%
Medium Term	5-9	NA	NA	75%	80%	86%
Long Term	10+	NA	NA	70%	76%	82%
U.S. Treasury Securities (Zero Coupon)						
Short Term	0-4	NA	NA	80%	84%	89%
Medium Term	5-9	NA	NA	70%	76%	82%
Long Term	10+	NA	NA	65%	71%	79%
<sup>2</sup> Corporate Bonds						
Short Term	0-4	Baa3/BBB- or better	NA	75%	80%	86%
Medium Term	5-9	Baa3/BBB- or better	NA	70%	76%	82%
Long Term	10+	Baa3/BBB- or better	NA	65%	71%	79%
<sup>2</sup> Corporate Bonds (Zero Coupon)						
Short Term	0-4	Baa3/BBB- or better	NA	70%	76%	82%
Medium Term	5-9	Baa3/BBB- or better	NA	60%	67%	75%
Long Term	10+	Baa3/BBB- or better	NA	55%	62%	71%
<sup>3</sup> Municipal Bonds						
Short Term	0-4	A3/A- or better	NA	75%	80%	86%
Medium Term	5-9	A3/A- or better	NA	70%	76%	82%
Long Term	10+	A3/A- or better	NA	65%	71%	79%
<sup>3</sup> Municipal Bonds (Zero Coupon)						
Short Term	0-4	A3/A- or better	NA	70%	76%	82%
Medium Term	5-9	A3/A- or better	NA	60%	67%	75%
Long Term	10+	A3/A- or better	NA	55%	62%	71%
<sup>3</sup> US Government Agencies						
Short Term	0-4	A3/A- or better	NA	75%	80%	86%
Medium Term	5-9	A3/A- or better	NA	70%	76%	82%
Long Term	10+	A3/A- or better	NA	65%	71%	79%
<sup>3</sup> US Government Agencies (Zero Coupon)						
Short Term	0-4	A3/A- or better	NA	70%	76%	82%
Medium Term	5-9	A3/A- or better	NA	60%	67%	75%
Long Term	10+	A3/A- or better	NA	55%	62%	71%
<sup>2</sup> Convertible Notes/Debentures	NA	Baa3/BBB- or better	NA	60%	67%	75%
<sup>2</sup> Preferred Stock	NA	Baa3/BBB- or better	NA	55%	62%	71%
<sup>4</sup> Equities - Major US Exchange Traded	NA	NA	\$1bn+	60%	67%	75%
<sup>4</sup> Equities - Major US Exchange Traded	NA	NA	\$500MM to \$1bn	55%	62%	71%
<sup>5</sup> Mutual Funds and Exchange Traded Funds (ETFs)	NA	NA	NA	50% to 95%	57% to 96%	67% to 97%

### Additional Restrictions, at Lender's discretion:

<sup>1</sup> Includes Deposit Accounts at First Republic Bank

<sup>2</sup> Minimum issuance size of \$250 million/Single issue concentration limit of up to 20%

<sup>3</sup> Single issue concentration limit of up to 20%

<sup>4</sup> Minimum share price of \$10/Single issue concentration limit of up to 20%

<sup>5</sup> Minimum unit cost of \$5/Minimum Total Fund Assets of \$100 million

<sup>6</sup> The Eligible Securities, Advance Rates, Top Up Rates and Sell Out Rates may be modified by Lender without prior notice